HDFC

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

www.hdfc.com

Ref. No.: SE/2019-20/105

July 3, 2019

BSE Limited
P. J. Towers
Dalal Street
Mumbai 400 001

Kind Attn: Sr. General Manager
DCS - Listing Department

National Stock Exchange of India Ltd.
Exchange Plaza, Plot No.C/1
G Block, Bandra-Kurla Complex
Bandra (East), Mumbai 400 051

Kind Attn: Head – Listing

Dear Sir,

Sub: Annual Report - 2018-19 and the notice convening the 42nd Annual General Meeting of the Corporation

Ref: Disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)

This is further to our letter dated May 13, 2019 wherein we had informed you that the 42nd Annual General Meeting of the Members of the Corporation (AGM) would be held on **Friday, August 2, 2019 at 2.30 p.m at "Birla Matushri Sabhagar", 19, New Marine Lines, Mumbai 400 020**.

In this connection and as required under the Listing Regulations, we hereby enclose the following for your information and record:

1. Notice convening the said AGM;
2. 42nd Annual Report of the Corporation in respect of the financial year 2018-19; and
3. Business Responsibilty Report for the financial year 2018-19.

We would like to inform you that the said documents are also uploaded on the website of the Corporation viz. *www.hdfc.com*.

The Corporation has commenced dispatch of said Notice and the Annual Report to the shareholders from today i.e. Wednesday, July 3, 2019. A certificate of commencement of dispatch of Annual Report is also enclosed herewith.

Thank you,

Yours faithfully,
For **Housing Development Finance Corporation Limited**

Ajay Agarwal
Company Secretary

Encl.: a/a

cc: London Stock Exchange
10, Paternoster Square, London, EC4M 7LS

HDFC

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Regd. Office: Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020
Corp. Office: HDFC House, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020
Corporate Identity Number: L70100MH1977PLC019916, Phone: +91-22-66316000, Fax: +91-22-22811203
Website: *www.hdfc.com*, E-mail: *investorcare@hdfc.com*

Notice

NOTICE IS HEREBY GIVEN THAT THE **FORTY SECOND ANNUAL GENERAL MEETING** OF HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED (THE "**CORPORATION**") WILL BE HELD ON **FRIDAY, AUGUST 2, 2019, AT 2:30 P.M.**, AT "BIRLA MATUSHRI SABHAGAR", 19, NEW MARINE LINES, MUMBAI 400 020, TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt:

(a) the audited financial statements of the Corporation for the financial year ended March 31, 2019 together with the reports of the Board of Directors and Auditors thereon; and

(b) the audited consolidated financial statements for the financial year ended March 31, 2019 together with the report of the Auditors thereon.

2. To confirm the payment of interim dividend on equity shares and to declare final dividend on equity shares for the financial year ended March 31, 2019.

3. To appoint a Director in place of Mr. V. Srinivasa Rangan (DIN:00030248), who retires by rotation and, being eligible, offers himself for re-appointment.

4. To fix the remuneration of Messrs B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022 issued by The Institute of Chartered Accountants of India), Statutory Auditors of the Corporation at ₹ 2,00,00,000 (Rupees Two crore only) plus applicable taxes and reimbursement of out of pocket expenses incurred by them in connection with the audit of the accounts of the Corporation.

SPECIAL BUSINESS:

5. **To consider, and if thought fit, to pass the following resolution as an <u>Ordinary Resolution</u> for appointment of Dr. Bhaskar Ghosh as an Independent Director of the Corporation:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and any other applicable rules made thereunder read with Schedule IV to the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment, modification, variation or re-enactment thereof, the Articles of Association of the Corporation and approval and recommendation of the Nomination and Remuneration Committee of Directors and the Board of Directors of the Corporation, Dr. Bhaskar Ghosh (DIN:06656458), be and is hereby appointed as an Independent Director of the Corporation for a period of 5 (five) consecutive years with effect from September 27, 2018 up to September 26, 2023 **AND THAT** he shall not be liable to retire by rotation."

6. **To consider, and if thought fit, to pass the following resolution as an <u>Ordinary Resolution</u> for appointment of Ms. Ireena Vittal as an Independent Director of the Corporation:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and any other applicable rules made thereunder read with Schedule IV to the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment, modification, variation or re-enactment thereof, the Articles of Association of the Corporation and the approval and recommendation of the Nomination and Remuneration Committee of Directors and the Board of Directors of the Corporation, Ms. Ireena Vittal (DIN:05195656), be and is hereby appointed as an Independent Director of the Corporation for a period of 5 (five) consecutive years with effect from January 30, 2019 up to January 29, 2024 **AND THAT** she shall not be liable to retire by rotation."

7. **To consider, and if thought fit, to pass the following resolution as a <u>Special Resolution</u> for re-appointment of Mr. Nasser Munjee as an Independent Director of the Corporation:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and any other applicable rules made thereunder read with Schedule IV to the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment, modification, variation or re-enactment thereof, the Articles of Association of the Corporation and the approval and recommendation of the Nomination and Remuneration Committee of Directors and the Board of Directors of the Corporation, Mr. Nasser Munjee (DIN:00010180) whose existing tenure as an Independent Director is up to July 20, 2019 and being eligible, be and is hereby re-appointed as an Independent Director of the Corporation to hold office for another term of 2 (two) consecutive years with effect from July 21, 2019 up to July 20, 2021 **AND THAT** he shall not be liable to retire by rotation."

8. **To consider, and if thought fit, to pass the following resolution as a <u>Special Resolution</u> for re-appointment of Dr. J. J. Irani as an Independent Director of the Corporation:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and any other applicable rules made thereunder read with Schedule IV to the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment, modification, variation or re-enactment thereof, the Articles of Association of the Corporation and the approval and recommendation of the Nomination and Remuneration Committee of Directors and the Board of Directors of the Corporation, Dr. J. J. Irani (DIN:00311104) whose existing tenure as an Independent Director is up to July 20, 2019 and who has attained the age of seventy five years and being eligible, be and is hereby re-appointed as an Independent Director of the Corporation to hold office for another term of 2 (two) consecutive years with effect from July 21, 2019 up to July 20, 2021 **AND THAT** he shall not be liable to retire by rotation."

9. **To consider, and if thought fit, to pass the following resolution as an <u>Ordinary Resolution</u> for ratification and approval of Related Party Transactions with HDFC Bank Limited:**

"**RESOLVED THAT** pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and any other applicable provisions, including any amendment, modification, variation or re-enactment thereof, the Members of the Corporation do hereby ratify as also accord further approval to the Board of Directors of the Corporation (hereinafter referred to as the "Board" which term shall be deemed to include any committee(s) constituted/ to be constituted by the Board, from time to time, to exercise its powers conferred by this resolution), for carrying out and/or continuing with arrangements and transactions (whether individual transaction or transactions taken together or series of transactions or otherwise) with HDFC Bank Limited ("HDFC Bank"), being a related party, whether by way of renewal(s) or extension(s) or modification(s) of earlier arrangements/ transactions or otherwise including the banking transactions, transactions for (i) sourcing of home loans for the Corporation by HDFC Bank against the consideration of the commission agreed upon or as may be mutually agreed upon from time to time, (ii) assignment/securitisation of such percentage of home loan sourced by HDFC Bank or others, as may be agreed from time to time mutually between the Corporation and HDFC Bank, (iii) servicing of home loans assigned/securitised against the consideration agreed upon or as may be mutually agreed upon, from time to time, and (iv) any other transactions including those as may be disclosed in the notes forming part of the financial statements for the relevant period, notwithstanding the fact that all these transactions during the financial year 2019-20, in aggregate, may exceed 10% of the annual consolidated turnover of the Corporation as per the Corporation's last audited financial statements or any other materiality threshold as may be applicable, from time to time."

"**RESOLVED FURTHER THAT** the Members of the Corporation do hereby accord its approval to the Board to sign and execute all such documents, agreements and writings and to do all such acts, deeds, matters and things as may be deemed necessary, expedient and incidental thereto and to delegate all or any of its powers herein conferred to any Committee of Directors and/or director(s) and/ or officer(s) of the Corporation, to give effect to this resolution."

10. **To consider, and if thought fit, to pass the following resolution as an <u>Ordinary Resolution</u> for payment of commission to the non-executive directors of the Corporation:**

"**RESOLVED THAT** pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment, modification, variation or re-enactment thereof, and the Articles of Association of the Corporation, the non-executive directors (including independent directors) of the Corporation in addition to sitting fees being paid/payable to them for attending the meetings of the Board of Directors of the Corporation and/or any committee(s), be paid individually, every year for a period of 5 (five) years, with effect from April 1, 2020, profit related commission of an amount as may be determined by the Board of Directors of the Corporation (hereinafter referred to as the "Board" which term shall be deemed to include the Nomination and Remuneration Committee of Directors duly constituted by the Board to exercise its powers conferred by this resolution), from time to time, subject to an overall ceiling of 1% of the net profits of the Corporation (computed in the manner referred to in Section 198 of the Companies

Act, 2013), in such manner as the Board may, from time to time, determine."

11. **To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution for approving the revision in the salary range of Mr. Keki M. Mistry, Managing Director (designated as "Vice Chairman & Chief Executive Officer") of the Corporation:**

"**RESOLVED THAT** pursuant to the provisions of Sections 196 and 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other rules framed thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment, modification, variation or re-enactment thereof, approval of the Members of the Corporation be and is hereby accorded to revise the range of salary payable to Mr. Keki M. Mistry (DIN:00008886), Managing Director (designated as "Vice Chairman & Chief Executive Officer") of the Corporation such that the upper limit of the salary payable to him be increased from ₹ 27,00,000 per month to ₹ 36,00,000 per month, with effect from January 1, 2019, with authority to the Board of Directors of the Corporation (hereinafter referred to as the "Board" which term shall be deemed to include the Nomination and Remuneration Committee of Directors duly constituted by the Board to exercise its powers conferred by this resolution), to determine his salary, from time to time, within the said limit."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such agreements, documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise in this regard as it may in its sole and absolute discretion deem fit and to delegate all or any of its powers herein conferred to any Committee of Directors and/or director(s) and/or officer(s) of the Corporation, to give effect to this resolution."

12. **To consider, and if thought fit, to pass the following resolution as a Special Resolution for issuance of Redeemable Non-Convertible Debentures and/or other hybrid instruments on private placement basis:**

"**RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013, the Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014, Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014, the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment, modification, variation or re-enactment to any of the foregoing and other applicable guidelines, directions or laws, the consent of the Members of the Corporation be and is hereby accorded to the Board of Directors of the Corporation (hereinafter referred to as the "Board" which term shall be deemed to include any committee(s) constituted/to be constituted by the Board, from time to time, to exercise its powers conferred by this resolution), to issue Redeemable Non-Convertible Debentures (NCDs) secured or unsecured and/or any other hybrid instruments (not in the nature of equity shares) which may or may not be classified as being Tier II capital under the provisions of the Housing Finance Companies (NHB) Directions, 2010, for cash either at par or premium or at a discount to the face value, for an aggregate amount not exceeding ₹ 1,25,000 crore (Rupees One lac Twenty Five thousand crore only) under one or more shelf disclosure document(s) and/or under one or more letter(s) of offer as may be issued by the Corporation and in one or more series, during a period of one year commencing from the date of this Annual General Meeting, on a private placement basis and on such terms and conditions as the Board may deem fit and appropriate for each series, as the case may be; provided however that the borrowings including by way of issue of NCDs and/or any other hybrid instruments will be within the overall limit of borrowing as approved by the Members of the Corporation, from time to time."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such agreements, documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise with regard to the said matter as it may in its sole and absolute discretion deem necessary and to delegate all or any of its powers herein conferred to any Committee of Directors and/or director(s) and/or officer(s) of the Corporation, to give effect to this resolution."

By Order of the Board

Ajay Agarwal
Company Secretary
FCS: 9023

MUMBAI
May 13, 2019

NOTES:

i. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a Member of the Corporation. The proxy form, to be valid and effective, should be lodged with the Corporation at its Registered Office, duly stamped, completed and signed, not less than 48 hours before the commencement of the AGM (i.e. on or before July 31, 2019, 2:30 p.m.).

ii. A person can act as a proxy on behalf of not more than fifty Members and holding in aggregate not more than 10% of the total share capital of the Corporation carrying voting rights. A Member holding more than 10% of the total share capital of the Corporation carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other Member.

iii. A proxy shall not have a right to speak at the AGM and shall not be entitled to vote except on a poll.

iv. Corporate Members intending to send their authorised representatives to attend the AGM are requested to send to the Corporation, a certified copy of the board resolution authorising their representative to attend and vote on their behalf at the AGM.

v. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote, provided the votes are not already cast through remote e-voting.

vi. The explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of the business under Item Nos. 5 to 12 is annexed hereto and forms part of this Notice.

vii. Information with regard to Mr. V. Srinivasa Rangan, Dr. Bhaskar Ghosh, Ms. Ireena Vittal, Mr. Nasser Munjee, Dr. J. J. Irani and Mr. Keki M. Mistry, as stipulated under the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and the applicable Secretarial Standard, is annexed hereto.

viii. The Register of Members and Share Transfer Books of the Corporation will remain closed from Tuesday, July 23, 2019 to Friday, August 2, 2019 (both days inclusive), for the purpose of payment of final dividend for the year ended March 31, 2019.

ix. Members holding shares in physical form are requested to note that SEBI vide its press release no.12/2019 dated March 27, 2019 has clarified that effective April 1, 2019, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialised form.

x. Members holding shares in physical form are requested to promptly notify in writing any change in their address, details relating to nomination, e-mail address etc. to the **Investor Services Department of the Corporation (ISD) at 5th Floor, Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020.** Members holding shares in electronic form are requested to notify the change in above particulars directly to their respective Depository Participant(s) (DP).

xi. Members are requested to update their PAN and bank account details with the Corporation (in case of physical holding) and with their respective DP (in case of electronic holding).

xii. The Annual Report of the Corporation for the year ended March 31, 2019 along with Notice is being sent by e-mail to those Members who have registered their e-mail address with the Corporation or with their respective DP.

xiii. This Notice and the Annual Report of the Corporation for the financial year 2018-19 is placed on the website of the Corporation, *www.hdfc.com.* The Notice is also placed on the website of National Securities Depository Limited (NSDL), *www.evoting.nsdl.com.*

xiv. In case a Member is desirous of obtaining the Notice or Annual Report in printed form, he/she may write to the Corporation or send an e-mail to *investorcare@hdfc.com.*

xv. All documents referred to in this Notice and other statutory registers are open for inspection by the Members at the Registered Office of the Corporation on all working days except Saturdays, Sundays and National Holidays between 10:00 a.m. and 12 noon from the date hereof up to the date of the AGM and also at the venue of the AGM. Proxy register would be available for inspection in accordance with the applicable laws.

xvi. In terms of the provisions of Section 107 of the Companies Act, 2013, since e-voting is being offered in respect of the resolutions set out in this Notice, the said resolutions will not be decided on a show of hands at the AGM.

xvii. The voting rights of the Members shall be in proportion to their share in the paid-up equity share capital of the Corporation as on the cut-off date i.e., Friday, July 26, 2019.

xviii. **Voting through electronic means**

In compliance with the provisions of Regulation 44 of the Listing Regulations and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and the Secretarial Standard on General Meetings, the Corporation is providing a facility to all its Members to enable them to cast their vote on the resolutions listed in this Notice by electronic means (e-voting). The e-voting facility is provided through e-voting portal of NSDL.

Steps for remote e-voting:

a) Visit the e-voting website of NSDL. Open the web browser and type the following URL: *www.evoting.nsdl.com.*

b) Once the home page of e-voting is launched, click on the icon "Login" which is available under "Shareholders" section.

c) A new screen will open. You will have to enter your User ID, Password and a Verification Code as shown on the screen.

d) If you are already registered with NSDL for e-voting, then use your existing User ID and Password for Login.

e) If you are logging in for the first time, then:

• In case you have received this Notice by e-mail, the User ID and Password is mentioned in the file attached. To open the file, please use your Client ID or Folio No. as password, as mentioned below:

Manner of holding shares i.e. Electronic (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID
c) For Members holding shares in Physical Form.	E-Voting Event Number (EVEN) followed by Folio No. registered with the Corporation. For e.g. : For Folio No. A0002561, the User ID will be 110702A0002561

• In case you have received this Notice in physical form, then the said details are provided in the Attendance Slip.

EVEN	USER ID	PASSWORD/ PIN
110702	Refer – Attendance Slip	

• The Password Change Menu will appear on your screen. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof. Note the new password. Please take utmost care to keep your password confidential.

f) Once the home page of e-voting opens, click on e-voting: Active Voting Cycles.

g) Select EVEN of Housing Development Finance Corporation Limited, which is provided above.

h) Once you select the EVEN, the Cast Vote page will open. Now you are ready for e-voting.

i) Cast your vote by selecting your favoured option, along with the number of shares for which you wish to cast your vote and then click on "Submit" and also "Confirm" when prompted.

j) Upon confirmation, the message "Vote cast successfully" will be displayed. Please note that once your vote is cast on a selected resolution, it cannot be modified.

k) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG format) of the relevant board resolution/authority letter, etc., together with attested specimen signature(s) of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutinizer by e-mail to *scrutinizer@hdfc.com* with a copy marked to *evoting@nsdl.co.in* by quoting the DP ID and Client ID or Folio No.

l) If you are unable to retrieve or have not received the "Initial Password" or have forgotten your password:

a. Click on "Forgot User Details/ Password?" (If you are holding shares in electronic form) option available on *www.evoting.nsdl.com.*

b. Click on "Physical User Reset Password?" (If you are holding shares in physical form) option available on *www.evoting.nsdl.com.*

xix. **Voting at AGM:**

Members who have not cast their vote through remote e-voting can exercise their voting rights at the AGM. The Corporation will make arrangements for voting at the AGM venue.

xx. **General Instructions:**

a) In case of any queries, please refer to the FAQs-Shareholders and e voting User Manual-Shareholder available in the Downloads section at *www.evoting.nsdl.com* or call on toll free no.: 1800-222-990. You can also mail your queries to NSDL by sending an e-mail to *evoting@nsdl.co.in* or contact Ms. Pallavi Mhatre - Manager, NSDL at the toll free number or at 022-24994600.

b) The remote e-voting period shall commence at 10:00 a.m. on Monday, July 29, 2019 and end at 5:00 p.m. on Thursday, August 1, 2019. The e-voting module shall be disabled by NSDL for voting thereafter. During this period, Members holding shares of the Corporation either in physical or electronic form, as on Friday, July 26, 2019, may cast their vote. The Members who have cast their vote electronically may participate at the AGM but shall not be allowed to change it subsequently and shall not be entitled to vote again.

c) Any person, who acquires shares of the Corporation and becomes a Member of the Corporation after dispatch of this Notice and holds shares as of the cut-off date i.e., Friday, July 26, 2019, may obtain User ID and Password by sending a request to *evoting@nsdl.co.in* by mentioning his/her Folio No./DP ID and Client ID. However, if you are already registered with NSDL for e-voting, then you can use your existing User ID and Password for casting your vote.

d) A person who is not a Member as on the cut-off date should treat this Notice solely for information purposes.

e) Mr. N. L. Bhatia, Company Secretary (Membership No. FCS 1176), Managing Partner, Messrs N L Bhatia & Associates, Practising Company Secretaries (C.P. No. 422) has communicated his willingness and has been appointed by the Corporation to act as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

f) The Scrutinizer shall submit a consolidated report of the total votes cast in favour of or against, if any, on each of the resolutions set out in this Notice, not later than 48 hours from the conclusion of the AGM, to the Chairman of the Corporation. The Chairman or any other person authorised by the Chairman shall declare the result of the voting forthwith.

g) The result, along with the Scrutinizer's Report shall be placed on the website of the Corporation and NSDL and shall be communicated to BSE Limited and National Stock Exchange of India Limited.

h) Subject to the receipt of requisite number of votes, the resolutions as set out in this Notice shall be deemed to be passed on the date of the AGM i.e., August 2, 2019.

i) For security reasons and for proper conduct of the AGM, entry to the AGM venue will be regulated by the Attendance Slip, which is annexed to this Notice. Members/proxies are requested to bring their Attendance Slip complete in all respects and signed at the place provided thereat and hand it over at the entrance of the venue. The route map of the AGM venue is also annexed to this Notice.

j) Members desiring any information relating to the financial statements of the Corporation are requested to write to the Corporation at least 10 days before the AGM, to enable the Corporation to keep the information ready at the AGM.

Annexure to the Notice

Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013

As required under Section 102(1) of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to the special business mentioned under Item Nos. 5 to 12 of this Notice. Explanation to ordinary business mentioned under Item No. 4 has been provided on a voluntary basis.

Item No. 4

The Members of the Corporation at the 40th Annual General Meeting (AGM) held on July 26, 2017 appointed Messrs B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022 issued by The Institute of Chartered Accountants of India) as the Statutory Auditors of the Corporation for a term of five consecutive years to hold office as such from the conclusion of the said AGM until the conclusion of the 45th AGM of the Corporation, subject to ratification by the Members at every AGM. At the said AGM, the Members also approved a remuneration of ₹ 1,67,00,000 plus applicable taxes and reimbursement of out of pocket expenses incurred by them in connection with the audit of the accounts of the Corporation.

Thereafter, the Ministry of Corporate Affairs vide Companies (Amendment) Act, 2017 dispensed with the requirement of seeking ratification of appointment of auditors by the Members at every AGM. Post the said amendment to the Companies Act, 2013, the Corporation is not required to seek the ratification of the Members for the appointment of Messrs B S R & Co. LLP as Statutory Auditors, every year. Accordingly and similar to last year, the Corporation is not seeking ratification of the said appointment and therefore the Board does not recommend seeking ratification of the said appointment.

The Corporation has however obtained a certificate from the auditors that they continue to meet the criteria for independence, eligibility and qualification as prescribed in Section 141 of the Companies Act, 2013. The Corporation also confirms that the Statutory Auditors do not render any such services as mentioned in Section 144 of the Companies Act, 2013 to either the Corporation or any of its subsidiaries.

During the year ended March 31, 2019, the Corporation has paid the following amount (excluding applicable taxes) to Messrs B S R & Co. LLP:

Particulars	Amount (₹ in crore)
Audit Fees	1.67
Internal Control and Financial Reporting	0.30
Limited Reviews	0.95
Tax Audit	0.60
One time fees towards convergence into Ind AS	0.70
Total	**4.22**

In addition to the above, the Corporation has also paid ₹ 0.65 crore towards other matters and certifications and ₹ 0.07 crore towards reimbursement of expenses.

It is proposed to increase the audit fee payable to the auditors to ₹ 2,00,00,000 plus applicable taxes and reimbursement of out of pocket expenses incurred by them in connection with the audit of the accounts of the Corporation for the financial year 2019-20 and for such years thereafter till the same is revised.

The Board recommends the payment of revised remuneration to Messrs B S R & Co. LLP being the Statutory Auditors of the Corporation as set out at Item No. 4 of this Notice for the approval of the Members.

None of the Directors or Key Managerial Personnel of the Corporation or their relatives are in any way concerned or interested, financially or otherwise, in the said matter as set out in Item No. 4.

Item Nos. 5 and 6

During the year, the Nomination and Remuneration Committee of Directors outlined the skill set required by the directors based on various factors including the business operations of the Corporation and the industry in which it operates. Thereafter, the Committee also mapped the skill set required with the skills that were possessed by the then directors and was of the view that the Corporation would need to appoint independent director(s) with expertise in information technology, data analytics, digital platforms and cyber security and also in consumer behaviour, sales and marketing.

After evaluating the candidature of several eminent persons, the Nomination and Remuneration Committee recommended the appointment of Dr. Bhaskar Ghosh (DIN:06656458), group chief executive of Accenture Technology Services being an expert in information technology, data analytics, digital platforms, cyber security, consumer behaviour, sales & marketing, risk management and strategic thinking, as an Independent Director of the Corporation.

The Nomination and Remuneration Committee further after perusing the profile of Ms. Ireena Vittal (DIN:05195656), who is an expert in strategy including digital, business finance, marketing (consumer behaviour & insights) & sales/ channel evolution and has vast experience in agriculture, urbanisation and rural sector recommended her appointment as an Independent Director of the Corporation.The Committee also noted that Dr. Ghosh and Ms. Vittal meet the various criteria enumerated in the Policy on Appointment of Directors and Members of Senior Management.

Profile of Dr. Bhaskar Ghosh and Ms. Ireena Vittal is provided as a part of this Notice.

The Corporation had also received declarations from Dr. Ghosh and Ms. Vittal confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “Listing Regulations”). They also confirmed that they satisfy the fit and proper criteria as prescribed under Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 and that they are not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013 nor have been debarred from holding the office of director by virtue of any order from Securities and Exchange Board of India (SEBI) or any such authority and have given their consent to act as Directors of the Corporation.

Based on the above, the Board of Directors of the Corporation opined that Dr. Ghosh and Ms. Vittal fulfill the conditions for independence specified in the Companies Act, 2013 and the Listing Regulations and are independent of the management of the Corporation. The Board thereafter approved the appointment of Dr. Bhaskar Ghosh and Ms. Ireena Vittal as Independent Directors of the Corporation with effect from September 27, 2018 and January 30, 2019 respectively, for a term of 5 (five) consecutive years each from their respective dates of appointment, subject to the approval of the Members of the Corporation. Dr. Ghosh and Ms. Vittal shall not be liable to retire by rotation.

The letter of appointment issued to Dr. Ghosh and Ms. Vittal setting out the terms and conditions and other material documents are available for inspection.

The approval of the Members is being sought for the appointment of Dr. Ghosh and Ms. Vittal as Independent Directors of the Corporation each for a term of five consecutive years each, with effect from September 27, 2018 and January 30, 2019 respectively, pursuant to the provisions of Sections 149, 152 and Schedule IV to the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 and any other applicable provisions and they shall not be liable to retire by rotation. The Corporation has received notices in writing under the provisions of Section 160 of the Companies Act, 2013 from certain Members proposing the candidature of Dr. Ghosh and Ms. Vittal for appointment as Independent Directors of the Corporation.

The Board recommends the passing of the ordinary resolutions as set out at Item Nos. 5 and 6 of this Notice, for the approval of the Members.

None of the Directors or Key Managerial Personnel of the Corporation or their relatives other than those mentioned in the respective resolutions and their relatives are in any way concerned or interested, financially or otherwise, in the resolutions as set out at Item Nos. 5 and 6 of this Notice.

Item Nos. 7 and 8

The Members of the Corporation at the 37th Annual General Meeting (AGM) held on July 21, 2014 appointed Mr. Nasser Munjee (DIN:00010180) and Dr. J. J. Irani (DIN:00311104) as Independent Directors of the Corporation for a term of 5 (five) consecutive years from the date of that AGM and accordingly they hold office as such up to July 20, 2019.

The Nomination and Remuneration Committee of Directors after evaluating the contribution of Mr. Nasser Munjee and Dr. J. J. Irani to the strategic direction of the Corporation and its overall growth, their performance and also considering the skills, experience and knowledge they bring to the Board, recommended the re-appointment of Mr. Nasser Munjee and Dr. J. J. Irani as Independent Directors each for another term of 2 (two) consecutive years with effect from July 21, 2019. The Board of Directors at its meeting held on May 13, 2019 considered and approved the said re-appointments, subject to the approval of the Members of the Corporation.

The Corporation has also received declarations from Mr. Munjee and Dr. Irani confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations"). They have also confirmed that they satisfy the fit and proper criteria as prescribed under Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 and that they are not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013 nor have been debarred from holding the office of director by virtue of any order from Securities and Exchange Board of India (SEBI) or any such authority and have given their consent to act as Directors of the Corporation.

Dr. J. J. Irani has completed seventy five years of age and according to the provisions of Listing Regulations he can be appointed/continue as director only if the Corporation has obtained the approval of its Members by way of a special resolution. Accordingly, the approval of Members for re-appointment of Dr. J. J. Irani as mentioned in resolution as set out at Item No. 8 is also sought towards the same.

In the opinion of the Board of Directors of the Corporation, Mr. Munjee and Dr. Irani continue to fulfill the conditions for independence specified in the Companies Act, 2013 and the Listing Regulations and are independent of the management of the Corporation. They also meet the various criteria enumerated in the Policy on Appointment of Directors and Members of Senior Management.

Draft of the letters of appointment to be issued to Mr. Munjee and Dr. Irani setting out the terms and conditions and other material documents are available for inspection.

In terms of the provisions of Section 149(10) of the Companies Act, 2013, re-appointment of an Independent Director for a second term requires passing of a special resolution. Accordingly, approval of Members by way of a special resolution is being sought for re-appointment of Mr. Munjee and Dr. Irani as Independent Directors for another term of 2 (two) years each.

The Corporation has received notices in writing under the provisions of Section 160 of the Companies Act, 2013 from certain Members proposing the candidature of Mr. Munjee and Dr. Irani for re-appointment as Independent Directors of the Corporation.

Profile of Mr. Nasser Munjee and Dr. J. J. Irani is provided as a part of this Notice.

The Board recommends the passing of the special resolutions as set out at Item Nos. 7 and 8 of this Notice, for the approval of the Members.

None of the Directors or Key Managerial Personnel of the Corporation or their relatives other than those mentioned in the respective resolutions and their relatives are in any way concerned or interested, financially or otherwise, in the resolutions as set out at Item Nos. 7 and 8 of this Notice.

Item No. 9

The provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") requires shareholders' approval by means of an ordinary resolution for all material related party transactions, even if such transactions are in the ordinary course of business of the concerned company and on an arm's length basis.

A transaction with a related party shall be considered material under the Listing Regulations, if the transaction(s) in a contract to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the company as per the last audited financial statements of the company.

Under the arrangement between the

Corporation and HDFC Bank Limited (hereinafter referred to as "HDFC Bank"), HDFC Bank sources home loans for the Corporation through its branches across India. On receipt of home loan application through HDFC Bank, the Corporation after necessary due diligence (credit, legal and technical) approves and disburses the loan. The loans form part of the Corporation's loan book. HDFC Bank receives a sourcing fee for the loans sourced by it. Under the current arrangement, HDFC Bank has a right but not an obligation to purchase a maximum of 70% or such percentage as may be mutually agreeable, of the disbursed home loans sourced under the said arrangement.

The above arrangement has been approved by the Board of Directors of the Corporation (hereinafter referred to as "Board" which term shall be deemed to include any committee constituted/to be constituted by the Board, from time to time, to exercise its powers conferred by the said resolution) and HDFC Bank. The arrangement for sourcing of home loans and also the assignment thereof is in the ordinary course of business of the Corporation and on an arm's length basis. The Board is of the opinion that such an arrangement is beneficial to both the companies based on the economic and commercial factors. The Corporation has access to HDFC Bank's wide customer base spread across a network of 5,103 branches. HDFC Bank in turn gets the benefit of an additional retail finance product together with the expertise of the Corporation in credit, legal and technical appraisals of home loans, which has been time tested over last several years. The Corporation continues to service the loans and the synergy of the arrangement makes it beneficial to the Members and customers of both the organisations. As per the arrangement, the loans continue to be serviced by the Corporation, for which it is paid a consideration on mutually agreeable terms.

In addition to the above, the Corporation enters into various transactions with HDFC Bank including banking transactions and those disclosed in the notes forming part of the financial statements. In the financial year 2018-19, all these aforementioned transactions in terms of aggregate value, have exceeded 10% of the Corporation's annual consolidated turnover for the relevant year for which necessary approval was taken from the Members of the Corporation at the 41st AGM held on Monday, July 30, 2018. The transactions have been continued so far in the financial year 2019-20 and are expected to exceed the prescribed threshold limits under the Listing Regulations so as to qualify as material related party transactions.

Accordingly, as per Regulation 23 of the Listing Regulations, approval of the Members is sought for ratification of the arrangements/transactions undertaken whether by way of continuation/extension/renewal/ modification of earlier arrangements/ transactions or otherwise so far in the financial year 2019-20. The Audit Committee of Directors has already granted approval for assignment/ sale of home loans and other types of transactions with HDFC Bank under the omnibus route for the financial year 2019-20. The Corporation may assign/ sell home loans up to an amount of ₹ 25,000 crore to HDFC Bank during the financial year 2019-20.

Accordingly, the Corporation proposes to obtain approval of its Members for ratifying as also for giving further approval to the Board for carrying out and/or continuing with the following arrangements and transactions with HDFC Bank: (i) whether by way of renewal(s) or extension(s) or modification(s) of earlier arrangements/transactions or otherwise including banking transactions; (ii) transactions for sourcing of home loans for the Corporation against the consideration of the commission agreed upon or as may be mutually agreed upon, from time to time; (iii) assignment/ securitisation of such percentage of home loans to HDFC Bank sourced by it as may be agreed upon, from time to time, mutually between the Corporation and HDFC Bank; (iv) arrangement of servicing of the home loans assigned/securitised by the Corporation against the consideration agreed upon or as may be mutually agreed upon, from time to time; and (v) any other transactions including transactions as may be disclosed in the notes forming part of the financial statements for the relevant period; during the financial year 2019-20.

The above stated arrangements and transactions with HDFC Bank amount to related party transactions falling within the purview of the Listing Regulations and all these arrangements and transactions in aggregate, within the financial year 2019-20, may exceed 10% of the annual consolidated turnover of the Corporation as per its last audited financial statements or any other threshold for qualifying a transaction as material related party transaction as may be applicable, from time to time, under the Listing Regulations.

The above transactions are in the ordinary course of business of the Corporation and on an arm's length basis.

The Board recommends passing of the ordinary resolution as set out at Item No. 9 of this Notice, for the approval of the Members.

Mr. Keki M. Mistry is a Director of HDFC Bank. None of the other Directors or Key Managerial Personnel of the Corporation or their relatives, other than to the extent of their shareholding in the Corporation and HDFC Bank, if any, are in any way, concerned or interested, financially or otherwise, in the resolution as set out at Item No. 9 of this Notice.

The Members may please note that in terms of the provisions of the Listing Regulations, all related parties as defined thereunder are prohibited from voting in favour of the resolution as set out at Item No. 9 of this Notice.

Item No. 10

The Members of the Corporation had at the 37th Annual General Meeting (AGM) held on Monday, July 21, 2014 approved the payment of commission to the non-executive directors of the Corporation of an amount in aggregate to all of them, equivalent to such sum as may be determined by the Board of Directors, subject to an overall ceiling of 1% of net profits of the Corporation to be computed in accordance with Section 198 of the Companies Act, 2013, for a period of 5 years with effect from April 1, 2015.

The non-executive directors are also paid fees for attending the meetings of Board of Directors/Committees, as decided by the Board of Directors from time to time, within the limits prescribed under the Companies Act, 2013.

While in terms of Section 197(1) of the Companies Act, 2013, the approval of the Members is not required for the payment of commission to the non-executive directors up to 1% of the net profits of the Corporation, Regulation 17(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires the approval of shareholders for payment of all fees or compensation to the non-executive directors including independent directors.

The details of commission and sitting fees paid/payable to the non-executive directors for the financial year 2018-19 are disclosed in Form No. MGT-9 forming part of Director's Report. It may be noted that the commission payable to the non-executive directors including independent directors for the financial year 2018-19 is way below the approved ceiling of 1% of the net profits of the Corporation i.e., ₹ 115.94 crore calculated in terms of section 198 of the Companies Act, 2013 whereas the commission as approved by the Board of Directors and payable to the non-executive directors for the financial year 2018-19 is ₹ 4.27 crore which represents 0.04% of the net profit calculated as aforesaid.

Accordingly, the ordinary resolution as set out at Item No. 10 of this Notice is an enabling authority to the Board of Directors of the Corporation to decide on the commission payable to the non-executive directors for a period of 5 years, with effect from April 1, 2020.

The Board recommends passing of the ordinary resolution as set out at Item No. 10 of this Notice, for the approval of the Members.

All the non-executive directors including independent directors of the Corporation and their relatives are interested in the resolution as set out at Item No. 10 of this Notice. None of the whole-time directors or Key Managerial Personnel of the Corporation or their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution.

Item No. 11

Considering the contribution of Mr. Keki M. Mistry to the growth in operations and profitability of the Corporation and as part of the annual revision, the Nomination and Remuneration Committee of Directors had at its meeting held on March 6, 2019, revised the salary of Mr. Keki M. Mistry to ₹ 28,35,000 per month from ₹ 25,30,000 per month with effect from January 1, 2019, representing an increase of 12.06%. However, since the said salary is beyond the current upper range of his salary i.e., ₹ 27,00,000 approved by the Members on July 26, 2017, Mr. Keki M. Mistry is being paid ₹ 27,00,000 per month effective January 1, 2019.

The Nomination and Remuneration Committee is of the view that Mr. Keki M. Mistry has provided meritorious services and significant contribution to the overall growth of the Corporation and hence recommended the revision in the upper limit of his salary from ₹ 27,00,000 per month to ₹ 36,00,000 per month with effect from January 1, 2019, for the approval of the Members. The increase in the upper limit of the salary to ₹ 36,00,000 per month is only an enabling resolution providing authority to the Board/ Nomination and Remuneration Committee to decide on the salary payable to Mr. Keki M. Mistry upto the said upper limit, from time to time.

Subsequent to receipt of the approval of the Members, Mr. Keki M. Mistry would be paid the difference i.e., ₹ 1,35,000 per month (revised salary ₹ 28,35,000 per month minus existing upper limit ₹ 27,00,000 per month) with effect from January 1, 2019. The other terms of his appointment/remuneration shall remain the same as approved by the Members at the 41st Annual General Meeting held on July 30, 2018.

It may be noted that the salary payable to the managing directors commensurate with the performance of the Corporation, which in accordance with the remuneration policy, is reviewed every year by the Nomination and Remuneration Committee. The Committee based on the performance and growth of the Corporation and various other factors, decides on annual increment which during the last three years have been in the range of 12% to 15%.

The Board recommends passing of the ordinary resolution as set out at Item No. 11 of this Notice, for the approval of the Members.

Mr. Keki M. Mistry and his relatives are interested in the resolution set out at Item No. 11 of this Notice. None of the other Directors or Key Managerial Personnel of the Corporation or their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution. Profile of Mr. Keki M. Mistry is provided as a part of this Notice.

Item No. 12

The Members of the Corporation at the 41st Annual General Meeting (AGM) held on July 30, 2018, approved the issuance of Redeemable Non-Convertible Debentures (NCDs), secured or unsecured and/or any other hybrid instruments (not in the nature of equity shares) which may or may not be classified as being Tier II capital under the provisions of the Housing Finance Companies (NHB) Directions, 2010, for an amount not exceeding ₹ 85,000 crore during a period of 1 (one) year from the date of the said AGM. Pursuant to the said authority, the Corporation raised ₹ 48,177 crore by issuance of secured NCDs.

As on March 31, 2019, the outstanding secured NCDs issued by the Corporation was ₹ 1,28,341.75 crore and unsecured NCDs was ₹ 5,500 crore.

In terms of Section 71 which deals with the issue of debentures read with Section 42 of the Companies Act, 2013, which deals with the offer or invitation for subscription of securities of a company on private placement basis read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a company can make private placement of its securities including NCDs only after receipt of prior approval of its shareholders by way of a special resolution. The Companies (Prospectus and Allotment of Securities) Rules, 2014 further provides that the said special resolution must be passed in respect of all offers/invitations for the NCDs to be issued during a year and such a special resolution is required to be passed every year in case the proposed amount to be raised exceeds the limit as specified in Section 180(1)(c) of the Companies Act, 2013 i.e. if it exceeds the aggregate of paid-up capital, free reserves and securities premium of the concerned company. The NCDs proposed to be issued by the Corporation is likely to exceed the aforesaid limit. In view of the above requirements, the approval of the Members is being sought by way of a special resolution.

The Board of Directors would offer NCDs to such persons as identified under Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as stated above, at such time(s) as deemed fit, within the limits prescribed by the Members. These NCDs will be issued for cash either at par or premium or at a discount to face value depending upon the prevailing market conditions. In case of issuance of secured NCDs, the security would be by way of creating a mortgage on the property of the Corporation and a negative lien on the assets of the Corporation except to the extent of charge created in favour of its depositors pursuant to the regulatory requirement under Section 29B of the National Housing Bank Act, 1987.

Accordingly, the approval of the Members is being sought by way of special resolution authorising the Board of Directors to issue NCDs and/or any other hybrid instruments (not in the nature of equity shares) which may or may not be classified as being Tier II capital under the provisions of the Housing Finance Companies (NHB) Directions, 2010, for an aggregate amount not exceeding ₹ 1,25,000 crore on private placement basis during a period of 1 (one) year from the date of this AGM.

The Board recommends the passing of the special resolution as set out at Item No. 12 of this Notice, for the approval of the Members.

None of the Directors or Key Managerial Personnel of the Corporation or their relatives, other than to the extent of their shareholding in the Corporation, if any, are in any way, concerned or interested, financially or otherwise, in the resolution as set out at Item No. 12 of this Notice.

By Order of the Board

Ajay Agarwal
Company Secretary
FCS: 9023

MUMBAI
May 13, 2019

Information with regard to the Directors mentioned in the resolutions as set out in this Notice

Resolution No.	3	5	6
Name of the Director	**Mr. V. Srinivasa Rangan**	**Dr. Bhaskar Ghosh**	**Ms. Ireena Vittal**
Director Identification Number	00030248	06656458	05195656
Age	59	59	50
Nationality	Indian	Indian	Indian
Qualification	• Bachelor of Commerce from University of Delhi • Associate of The Institute of Chartered Accountants of India • Associate of The Institute of Cost Accountants of India	• Bachelor of Science degree from Calcutta University • Master's degree in Business Administration from Calcutta University • Doctorate in Business Management from Utkal University in India	• Bachelor of Science degree (Electronics) from Osmania University • Post Graduate Diploma in Business Management from the Indian Institute of Management, Calcutta
Brief Profile	Mr. Rangan joined the Corporation in 1986 and has served in Delhi Region and was the Senior General Manager – Corporate Planning & Finance since 2001. He was appointed as the Executive Director of the Corporation, with effect from January 1, 2010. He is responsible for mobilisation of funds for the Corporation, investments, asset liability management and risk management.	Dr. Ghosh is the group chief executive of Accenture Technology Services with overall responsibility for the Accenture Application Services and Infrastructure business. He directs strategy and investments for Accenture Technology Services and in addition, leads platforms, products and global technology delivery. Under Dr. Ghosh's leadership, Accenture transformed its Applications Services business and launched the Future of Applications vision, which emphasised that business leaders will play a bigger role in building applications and IT will play a bigger role in strategy. He has been awarded patents in multiple areas, including IT automation.	Ms. Vittal was a partner with McKinsey & Co., for 16 years where she served global companies on issues of growth and sustainable scale up. She has co-authored several studies relating to agriculture and urbanisation. She is among India's most respected consultant and advisor. She has also served government and public institutions to design and implement solutions core to India's development, such as inclusive urban development and sustainable rural growth. She is a recognised thought partner to consumer facing companies looking to build large-scale and profitable businesses in emerging markets.
No. of shares held	4,72,025	-	-
Terms and conditions of appointment/ re-appointment	Mr. V. Srinivasa Rangan is a Whole-time Director (designated as Executive Director), liable to retire by rotation. There is no change in the terms and conditions which were approved by the Members at the 37th AGM held on July 21, 2014.	5 years with effect from September 27, 2018.	5 years with effect from January 30, 2019.
Remuneration sought to be paid	As approved by the Members at the 37th AGM held on July 21, 2014 and 40th AGM held on July 26, 2017.	Sitting fees and commission	Sitting fees and commission
Date of first appointment on Board	January 1, 2010	September 27, 2018	January 30, 2019

Information with regard to the Directors mentioned in the resolutions as set out in this Notice (contd.)

Resolution No.	3	5	6
Name of the Director	Mr. V. Srinivasa Rangan	Dr. Bhaskar Ghosh	Ms. Ireena Vittal
Directorships held in other companies	*Equity Listed Companies* 1. Atul Limited *Unlisted Companies (HDFC Group Companies)* 2. HDFC Credila Financial Services Private Limited 3. HDFC Education and Development Services Private Limited 4. HDFC Investments Limited 5. HDFC Property Ventures Limited 6. HDFC Trustee Company Limited 7. H T Parekh Foundation (set up by HDFC as a Section 8 company) *Other Unlisted Companies* 8. Computer Age Management Services Private Limited* 9. True North Corporate Private Limited* 10. TVS Credit Services Limited **Appointed as a Nominee of HDFC*	–	*Equity Listed Companies* 1. Godrej Consumer Products Limited 2. The Indian Hotels Company Limited 3. Titan Company Limited 4. Wipro Limited *Unlisted Companies* 5. Foundation to Educate Girls Globally 6. Jal Seva Charitable Foundation 7. Vidhi Centre for Legal Policy *Foreign Companies* 8. Compass Plc.
Membership/Chairmanship of committees in other companies	*Audit Committee – Member* 1. Atul Limited 2. HDFC Education and Development Services Private Limited 3. HDFC Investments Limited 4. HDFC Property Ventures Limited 5. HDFC Trustee Company Limited 6. H T Parekh Foundation 7. TVS Credit Services Limited	–	*Audit Committee – Member* 1. Godrej Consumer Products Limited 2. The Indian Hotels Company Limited 3. Titan Company Limited 4. Wipro Limited *Stakeholders Relationship Committee-Member* 5. Wipro Limited

Information with regard to the Directors mentioned in the resolutions as set out in this Notice (contd.)

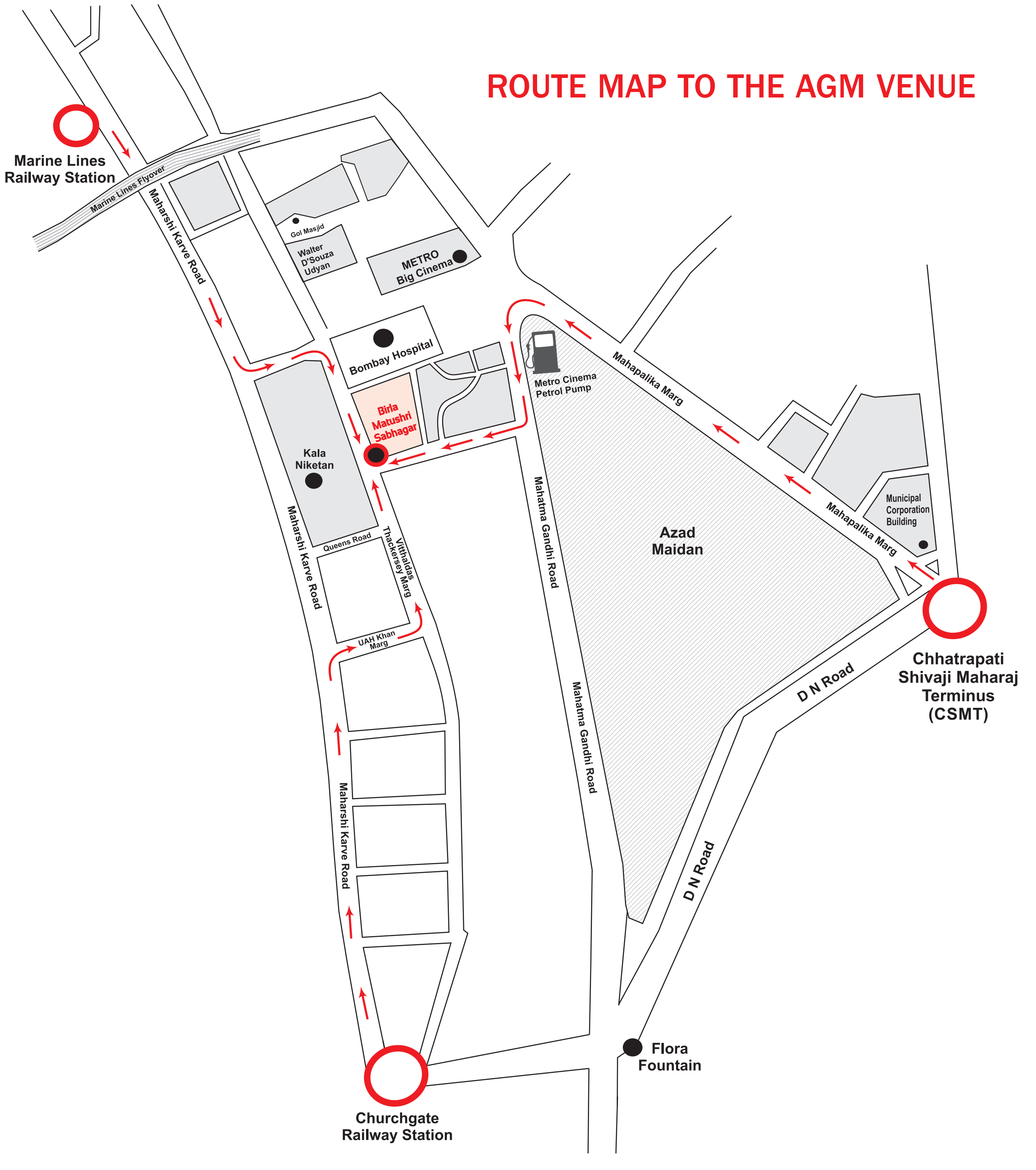
Resolution No.	7	8	11
Name of the Director	**Mr. Nasser Munjee**	**Dr. J. J. Irani**	**Mr. Keki M. Mistry**
Director Identification Number	00010180	00311104	00008886
Age	66	82	64
Nationality	Indian	Indian	Indian
Qualification	• Master's degree in Economics from London School of Economics, United Kingdom	• Master of Science from Nagpur University • Master of Metallurgy from University of Sheffield, United Kingdom • Doctorate of Metallurgy from the University of Sheffield, United Kingdom	• Fellow of The Institute of Chartered Accountants of India
Brief Profile	Mr. Munjee is deeply interested in development and infrastructure issues. He has consulted across the world on housing finance including Asian Development Bank, World Bank, United Nations Capital Development Fund (UNCDF) and UN (Habitat) including in Sri Lanka, Bhutan, Ethiopia, Thailand and Indonesia. Mr. Munjee was also on the executive committee of the International Union of Housing Finance Institutions and editor of its flagship journal Housing Finance International for five years. He is the Chairman of DCB Bank Limited. He was earlier the Executive Director of the Corporation and was working with the Corporation from 1978 to 1997.	Dr. Irani has been conferred with the award of Padma Bhushan in 2007 by the President of India for his services to trade and industry in India. Queen Elizabeth II conferred on him honorary Knighthood (KBE) for his contribution to Indo-British Trade and Co-operation.	Mr. Mistry joined the Corporation in 1981. He was appointed as the Executive Director of the Corporation in 1993, as the Deputy Managing Director in 1999 and as the Managing Director in 2000. He was re-designated as the Vice Chairman & Managing Director of the Corporation in October 2007 and as the Vice Chairman & Chief Executive Officer, with effect from January 1, 2010. He was also a member of the Committee of Corporate Governance set up by the Securities and Exchange Board of India (SEBI). He is currently the Chairman of CII National Council on Corporate Governance and a member of Primary Markets Advisory Committee set up by the SEBI.
No. of shares held	-	65,000	6,56,981
Terms and conditions of appointment/ re-appointment	Re-appointment for 2 consecutive years with effect from July 21, 2019.	Re-appointment for 2 consecutive years with effect from July 21, 2019.	Mr. Keki M. Mistry is the Managing Director (designated as Vice Chairman & Chief Executive Officer), liable to retire by rotation. The approval of Members has been sought for increase in the upper limit of salary payable to him.
Remuneration sought to be paid	Sitting fees and commission	Sitting fees and commission	Please refer explanatory statement
Date of first appointment on Board	February 1, 1993	January 18, 2008	February 1, 1993
Directorships held in other companies	*Equity Listed Companies* 1. ABB India Limited 2. Ambuja Cements Limited 3. Cummins India Limited 4. DCB Bank Limited 5. Tata Chemicals Limited 6. Tata Motors Limited	*Equity Listed Companies (HDFC Group Companies)* 1. HDFC Life Insurance Company Limited	*Equity Listed Companies (HDFC Group Companies)* 1. GRUH Finance Limited 2. HDFC Asset Management Company Limited 3. HDFC Bank Limited 4. HDFC Life Insurance Company Limited *Other Equity Listed Companies* 5. Tata Consultancy Services Limited 6. Torrent Power Limited

Information with regard to the Directors mentioned in the resolutions as set out in this Notice (contd.)

Resolution No.	7	8	11
Name of the Director	Mr. Nasser Munjee	Dr. J. J. Irani	Mr. Keki M. Mistry
	Unlisted Companies 7. Aga Khan Rural Support Programme (India) 8. Indian Institute for Human Settlements 9. Karta Initiative India Foundation 10. Tata Motors Finance Limited *Foreign Companies* 11. Adsum Capital Limited, UAE 12. Aga Khan Foundation 13. Astarda Limited, Dubai, UAE 14. Jaguar Land Rover Automotive PLC, UK 15. Tata Chemicals North America Inc., USA 16. TCE Group Limited, UK		*Unlisted Companies (HDFC Group Companies)* 7. HDFC ERGO General Insurance Company Limited 8. H T Parekh Foundation (set up by HDFC as a Section 8 company) *Other Unlisted Companies* 9. Greatship (India) Limited *Foreign Companies* 10. CDC Group, London 11. Griha Investments, Mauritius (wholly-owned subsidiary of HDFC) 12. Griha Pte Limited, Singapore (wholly-owned subsidiary of HDFC)
Membership/Chairmanship of committees in other companies	*Audit Committee – Chairperson* 1. ABB India Limited 2. Cummins India Limited 3. Tata Chemicals Limited 4. Tata Motors Limited *Audit Committee – Member* 5. Ambuja Cements Limited	*Audit Committee – Member* 1. HDFC Life Insurance Company Limited	*Audit Committee – Chairperson* 1. Greatship (India) Limited 2. Torrent Power Limited *Audit Committee – Member* 3. GRUH Finance Limited 4. HDFC Asset Management Company Limited 5. HDFC ERGO General Insurance Company Limited 6. HDFC Life Insurance Company Limited 7. H T Parekh Foundation 8. Tata Consultancy Services Limited *Stakeholders Relationship Committee – Chairperson* 9. HDFC Life Insurance Company Limited *Stakeholders Relationship Committee – Member* 10. Tata Consultancy Services Limited

For other details, such as number of meetings of the Board attended during the year and remuneration drawn in respect of the above directors, please refer the Report on Corporate Governance and Form No. MGT - 9. None of the Directors and Key Managerial Personnel are related to each other.

ROUTE MAP TO THE AGM VENUE



HDFC

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Regd. Office: Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020
Corp. Office: HDFC House, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020
Corporate Identity Number: L70100MH1977PLC019916, Phone: +91-22-66316000, Fax: +91-22-22811203
Website: *www.hdfc.com,* E-mail: *investorcare@hdfc.com*

ATTENDANCE SLIP

(Please hand over this slip at the entrance of the Meeting hall)

Name and Address of the Member	

Folio No./Client ID	
DP ID	

I/We hereby record my/our presence at the 42nd Annual General Meeting of the Members of the Corporation held at "Birla Matushri Sabhagar", 19, New Marine Lines, Mumbai 400 020, on Friday, August 2, 2019 at 2:30 p.m.

Full name of the Member/Proxy attending the Meeting	
Member's/Proxy's Signature	

Note: Your entry to the Meeting will be regulated by this attendance slip.

ELECTRONIC VOTING PARTICULARS

EVEN (E-Voting Event Number)	USER ID	PASSWORD/ PIN	CUT OFF DATE FOR E-VOTING	E-VOTING PERIOD AND TIME
110702			**Friday, July 26, 2019**	**Monday, July 29, 2019 (10:00 a.m.) to Thursday, August 1, 2019 (5.00 p.m.)**

Note: Please read the instructions given in the Notes to the Notice dated May 13, 2019 convening the 42nd Annual General Meeting of the Members of the Corporation carefully before exercising your vote electronically.

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Regd. Office: Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020
Corp. Office: HDFC House, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020
Corporate Identity Number: L70100MH1977PLC019916, Phone: +91-22-66316000, Fax: +91-22-22811203
Website: *www.hdfc.com,* E-mail: *investorcare@hdfc.com*

FORM NO. MGT – 11

PROXY FORM

[Pursuant to the provisions of Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) :		E-mail ID :	
Registered Address :		Folio No./Client ID :	
		DP ID :	

I/We being the Member(s) holding _________ equity shares of ₹ 2 each of Housing Development Finance Corporation Limited, hereby appoint:

1. Name : ____________________

   Address : ____________________

   E-mail ID : ____________________ Signature : ____________________, or failing him/her

2. Name : ____________________

   Address : ____________________

   E-mail ID : ____________________ Signature : ____________________, or failing him/her

3. Name : ____________________

   Address : ____________________

   E-mail ID : ____________________ Signature : ____________________,

as my/our Proxy to attend and vote for me/us and on my/our behalf at the 42nd Annual General Meeting of the Corporation, to be held on Friday, August 2, 2019 at 2:30 p.m. at "Birla Matushri Sabhagar", 19, New Marine Lines, Mumbai 400 020 and at any adjournment(s) thereof, in respect of such resolutions in the manner as are indicated below:

Resolution No.	Brief details of the Resolution	Optional (Refer Note No. iv)	
		For	Against
1(a)	Adoption of the audited financial statements of the Corporation for the financial year ended March 31, 2019 together with the reports of the Board of Directors and Auditors thereon.		
1(b)	Adoption of the audited consolidated financial statements for the financial year ended March 31, 2019 together with the report of the Auditors thereon.		
2	Declaration of final dividend on equity shares of the Corporation.		
3	Re-appointment of Mr. V. Srinivasa Rangan, who retires by rotation and, being eligible, offers himself for re-appointment.		
4	Fixing the remuneration of Messrs B S R & Co. LLP, Chartered Accountants, Statutory Auditors of the Corporation.		
5	Appointment of Dr. Bhaskar Ghosh as an Independent Director of the Corporation.		
6	Appointment of Ms. Ireena Vittal as an Independent Director of the Corporation.		
7	Re-appointment of Mr. Nasser Munjee as an Independent Director of the Corporation.		
8	Re-appointment of Dr. J. J. Irani as an Independent Director of the Corporation.		

Resolution No.	Brief details of the Resolution	Optional (Refer Note No. iv)	
		For	Against
9	Approval of related party transactions with HDFC Bank Limited.		
10	Approval for payment of commission to the non-executive Directors of the Corporation.		
11	Approval for revision in the salary range of Mr. Keki M. Mistry, Managing Director (designated as the "Vice Chairman & Chief Executive Officer") of the Corporation.		
12	Approval to issue Redeemable Non-Convertible Debentures and/ or any other hybrid instruments on private placement basis, up to an amount not exceeding ₹1,25,000 crore.		

Signed: this ____________________ day of _______________________, 2019

Signature of Member(s): ____

Signature of the Proxy holder(s): _____________________________________

Affix
Revenue
Stamp

Notes:

i. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Corporation, not less than 48 hours before the commencement of the Meeting (on or before 2.30 p.m. on July 31, 2019).

ii. A Proxy need not be a Member of the Corporation.

iii. A person appointed as Proxy shall act on behalf of not more than 50 (Fifty) Members and holding in aggregate not more than 10% of the total share capital of the Corporation carrying voting rights. However, a Member holding more than 10% of the total share capital of the Corporation carrying voting rights may appoint a single person as Proxy and such person shall not act as Proxy for any other person or Member.

iv. Optional. Please put a '√' in the appropriate column against the resolutions indicated in the box.

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

HDFC

millions more to

SERVE

miles to go...

FORTY SECOND ANNUAL REPORT 2018-19

reaching one and all

A large population of our rapidly developing nation needs affordable housing. Recent incentives by the Government have helped renew the interest of home-buyers, specifically first time home-buyers who look forward to enjoy the benefits of home-ownership. HDFC's contribution is noteworthy and a significant portion of its housing loans have been disbursed in affordable housing projects. A large section of the population in India, including the middle class and the economically weaker sections, have responded positively and these initiatives will go a long way in making our country a property-owning democracy.

FINANCIAL HIGHLIGHTS

(₹ in Crore)

	Indian GAAP								Ind AS	
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Income	11,361	12,878	17,354	21,148	24,198	27,471	30,957	33,160	40,707	**43,378**
Profit After Tax	2,826	3,535	4,123	4,848	5,440	5,990	7,093	7,443	10,959[1]	**9,632**
Shareholders' Funds	15,198	17,317	19,018	24,830	27,955	30,970	34,121	39,645	65,265	**77,355**
Loans from Banks and Financial Institutions	32,137	42,490	40,697	17,824	32,952	26,194	42,802	37,270	46,802	**77,668**
Market Borrowings	41,347	48,296	62,138	89,071	94,443	1,16,317	1,20,845	1,56,690	1,81,645	**1,81,999**
Deposits	23,081	24,327	36,293	51,933	56,578	66,706	74,670	86,574	91,269	**1,05,599**
Loans Under Management[2]	1,08,268	1,29,274	1,55,431	1,87,010	2,17,763	2,53,333	2,91,531	3,38,478	4,02,880	**4,61,913**
Loans Outstanding	97,967	1,17,127	1,40,875	1,70,046	1,97,100	2,28,181	2,59,224	2,96,472	3,62,811	**4,06,607**
Dividend (%)	360	450	550	625	700	750	850	900	1,000	**1,050**
Book Value per Share (₹)[3]	106	118	129	162	179	197	216	250	389	**449**
Earnings per Share (₹)[3]	20	24	28	32	35	38	44	46	67[1]	**57**

[1] Includes proceeds from stake sale in HDFC Life, hence numbers of FY18 and FY19 are not comparable.

[2] Inclusive of outstanding loans sold.

[3] The face value of equity shares of the Corporation was sub-divided to ₹ 2 per equity share from ₹ 10 per equity share in FY11.

The Corporation has adopted Indian Accounting Standards (Ind AS) with effect from April 1, 2018.

CONTENTS

MILLIONS MORE TO SERVE

Annual General Meeting

Date: Friday, August 2, 2019 Time: 2.30 p.m.

Venue: Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai - 400 020.

Date for determining eligibility for final Dividend - **Monday, July 22, 2019**

Date of Payment of Dividend - on or after **Saturday, August 3, 2019**

42nd E-VOTING SCHEDULE	CUT OFF DATE	START DATE	END DATE
	Friday, July 26, 2019	Monday, July 29, 2019 (10.00 a.m.)	Thursday, August 1, 2019 (5.00 p.m.)

Ease of

ACCESS

One of the greatest strengths of a successful organisation is its ability to channelise its efforts in upholding its vision. Since its inception, HDFC's efforts have been to provide Indians the security and happiness of home-ownership.

In its bid to cover new geographies and new audiences, HDFC has continuously invested in innovation, both in its products as well as services. Today, more than 7 million home owners stand testimony to its continued endeavours.

The Government's thrust on affordable housing over the last few years has been a great step in realising Indian citizens' property-ownership dreams. These affirmative actions have revived the interest of home-buyers, especially the salaried class and small business owners.

HDFC looks forward to empowering many more in their quest for home-buying.

ESS


STAB

Strength of STABILITY

A sizeable population in India is engaged in the informal sector. These sectors have lacked access to avail the products offered by financial institutions in the past, due to limiting factors such as absence of valid documentation. Like everyone else, these people are keen to experience the stability of being home-owners.

HDFC has always taken initiatives to act as a bridge between homes and potential buyers. The Government's impetus to affordable housing finds resonance in HDFC's efforts to reach out to the masses.

Under the Government's 'Housing for All by 2022' mission, Pradhan Mantri Awas Yojana – Gramin and Pradhan Mantri Awas Yojana – Urban, affordable housing is gaining momentum with budgetary support for these schemes.

The subsidy offered under the Credit Linked Subsidy Scheme is a huge attraction for the customer and is helping new segments of population enjoy the benefits of home ownership.

Comfort of DEPENDABILITY

HDFC's prudent leadership over the years has been an outcome of professionalism, discipline and a systematic approach. It is a matter of pride for HDFC to be consistently ranked among the most trustworthy brands in the country.

In spite of the changing market scenarios and new entrants in the market, HDFC's clear vision and customer-centric products and services have successfully contributed to the well-being of all its stakeholders.

Considering the size of the nation and the need of its population, the housing challenge is by no means small. But a huge opportunity exists and we are scaling up the efforts and building upon it.

DEPEND

ABILITY

Essence of GROWTH

In recent years, migration to cities has been the prime reason of burgeoning urban population. The reasons for this migration are not hard to see - more professional opportunities and a better lifestyle.

The cities offer good quality of life, better education, opportunities for growth and development in terms of employment, infrastructure, sanitation, modern facilities and health care. This has also led to an increased need of housing in India's urban centres.

HDFC has been consistently reaching out and educating home-buyers in metropolitan areas through specifically targeted products and service offerings. This has induced potential customers to take the decisive step towards home-buying.


TEAM

MILLIONS MORE TO SERVE

Power of TEAMWORK

The relationship between the customer and the financial institution is a long term one. The customer looks at dependability as the key factor in decision-making. HDFC, over the years, with its strong value system, customised product offerings and professional services, has been a trusted choice for many customers.

HDFC remains one of the main players involved in developing the home-building and home-buying ecosystem. It has always ensured that right fundamentals are the reason of growth rather than the temporary trends of the times. In the last few years, HDFC has partnered with leading developers for development of affordable and mid-income housing projects in India.

Government policies have been favourable and HDFC has undertaken initiatives like working with regulators, training developers and its employees, guiding customers and focussing on effective execution of plans, to ensure that the ecosystem remains robust and healthy.

The resultant momentum can be seen in the increased number of better affordable housing options in the market. Leveraging its vast experience, HDFC plans to make a bigger impact in the times to come.

There are miles to go and millions more to reach...

WORK

Board of Directors

Mr. Deepak S. Parekh
Chairman

Mr. Nasser Munjee

Dr. J. J. Irani

Mr. U. K. Sinha

Mr. Jalaj Dani

Dr. Bhaskar Ghosh

Ms. Ireena Vittal

Mr. V. Srinivasa Rangan
Executive Director

Ms. Renu Sud Karnad
Managing Director

Mr. Keki M. Mistry
Vice Chairman & Chief Executive Officer

Brief Profile of the Directors of the Corporation

- **Mr. Deepak S. Parekh** (DIN: 00009078) is the Chairman of the Corporation and its key subsidiaries. Mr. Parekh joined the Corporation in a senior management position in 1978. He was inducted as a whole-time director of the Corporation in 1985 and subsequently appointed as the Managing Director of the Corporation (designated as 'Chairman') in 1993. He retired as the Managing Director on December 31, 2009. He was appointed as a non-executive director of the Corporation with effect from January 1, 2010. He is also the Chairman of the Corporate Social Responsibility Committee of Directors. Mr. Parekh has been honoured with several awards and accolades viz. Padma Bhushan, one of the highest civilian awards by Government of India in 2006; Bundesverdienstkreuz-Germany's Cross of the Order of Merit, one of the highest distinction by the Federal Republic of Germany in 2014; Knight in the Order of the Legion of Honour, one of the highest distinctions by the French Republic in 2010; first of a network of international ambassadors for championing London across the globe by the Mayor of London in 2017 and first international recipient of the Outstanding Achievement Award by The Institute of Chartered Accountants in England and Wales in 2010.

Key Skills and Competencies

Mr. Parekh is a Fellow of The Institute of Chartered Accountants in England and Wales. He is an expert in finance, accountancy, audit, treasury, mergers & acquisition, contemporary corporate governance and risk management. He has vast experience in housing finance, real estate and infrastructure sector.

Directorships in Other Listed Companies

- Siemens Limited - Non-Executive Chairman (Independent Director).
- HDFC Asset Management Company Limited and HDFC Life Insurance Company Limited – Non-Executive Chairman.
- The Indian Hotels Company Limited - Independent Director.

- **Mr. Nasser Munjee** (DIN: 00010180) joined the Corporation in 1978. He was appointed as the Executive Director of the Corporation in 1993 and was subsequently appointed as the non-executive director of the Corporation in October 1997. He is the Chairman of Risk Management Committee and a member of the Audit and Governance Committee of Directors and Nomination and Remuneration Committee of Directors. He is deeply interested in development and infrastructure issues. He has consulted across the world on housing finance including Asian Development Bank, World Bank, United Nations Capital Development Fund (UNCDF) and UN (Habitat) in Sri Lanka, Bhutan, Ethiopia, Thailand and Indonesia. Mr. Munjee was also on the executive committee of the International Union of Housing Finance Institutions and editor of its flagship journal Housing Finance International for five years. He is the Chairman of DCB Bank Limited.

Key Skills and Competencies

Mr. Munjee holds a Master's degree in Economics from the London School of Economics, UK. He is an expert in finance, accountancy, audit, economics, contemporary corporate governance, legal & regulatory compliance, risk management and strategic thinking. He has vast experience in housing, real estate and infrastructure sector.

Directorships in Other Listed Companies

- DCB Bank Limited – Non-Executive Chairman.
- Cummins India Limited, Ambuja Cements Limited, ABB India Limited, Tata Chemicals Limited and Tata Motors Limited – Independent Director.

- **Dr. J. J. Irani** (DIN: 00311104) has been a Director of the Corporation since 2008. Dr. Irani is the Chairman of Stakeholders Relationship Committee of Directors and the Nomination and Remuneration Committee of Directors. He has been conferred with the award of Padma Bhushan in 2007 by the President of India for his services to trade and industry in India. Queen Elizabeth II conferred on him honorary Knighthood (KBE) for his contribution to Indo-British Trade and Co-operation.

Key Skills and Competencies

Dr. Irani holds a Master's degree in Science from the

Nagpur University. He also holds a Master's degree and is a Doctorate in Metallurgy from University of Sheffield, UK. He is an expert in finance, accountancy, audit, consumer behaviour, sales & marketing, contemporary corporate governance and strategic thinking. He has vast experience in real estate, manufacturing and finance sector.

Directorships in Other Listed Companies

- HDFC Life Insurance Company Limited – Independent Director.

Mr. U. K. Sinha (DIN: 00010336) has been appointed as an Independent Director of the Corporation for a period of 5 years with effect from April 30, 2018. Mr. Sinha is a member of the Nomination and Remuneration Committee of Directors. He was the Chairman of the Securities and Exchange Board of India (SEBI) for a period of over six years between 2011 and 2017. During his stewardship, SEBI is credited with having brought in significant regulatory amendments in areas such as Takeover Code, Foreign Portfolio Investors, Alternative Investment Funds, REITs, InvITs, Corporate Governance etc. Prior to this, he was the Chairman and Managing Director at UTI Asset Management Company Private Limited from 2005 until February 2011. Preceding this, he was the Joint Secretary in Department of Economic Affairs at Ministry of Finance and looked after Banking Division and Capital Markets Division – including external commercial borrowings, pension reforms and foreign exchange management functions. For his contribution as Chairman of SEBI, he was conferred with many awards viz. CNBC-TV18 India Business Leader Awards (IBLA) – Outstanding Contribution to Indian Business Award 2014 and Economic Times - Business Reformer of the Year Award 2014 to name a few.

Key Skills and Competencies

Mr. Sinha holds a Master's degree in Science and Bachelor's degree in Law from Patna University. He was an officer of the Indian Administrative Service. He is an expert in finance, accountancy, audit, economics, contemporary corporate governance, legal & regulatory compliance, risk management and strategic thinking. He has vast experience in mutual fund and finance sector and also as a regulator.

Directorships in Other Listed Companies

- Vedanta Limited and Havells India Limited – Independent Director.

Mr. Jalaj Dani (DIN: 00019080) has been appointed as an Independent Director of the Corporation for a period of 5 years with effect from April 30, 2018. Mr. Dani is the Chairman of the Audit and Governance Committee of Directors and a member of the Stakeholders Relationship Committee of Directors, Corporate Social Responsibility Committee of Directors and IT Strategy Committee. He is a co-promoter of Asian Paints Limited and has spent over the last two decades in various capacities with Asian Paints Limited. He is actively involved in Confederation of Indian Industry (CII), Young President's Organisation (YPO), Federation of Indian Chambers of Commerce and Industry (FICCI) and other Business Councils in various capacities. He also serves on Next Generation of Leaders Board (NGLB) in Indian School of Business (ISB), Hyderabad. He was identified as 'Stars 2000' Potential Leaders in the New Millennium by 'Business India' Magazine in the year 1998.

Key Skills and Competencies

Mr. Dani has pursued Chemical Engineering at University of Wisconsin-Madison, USA. He also did Advanced Management Program at INSEAD, Fontainebleau, Paris. He is an expert in information technology, data analytics, digital platforms, cyber security, consumer behaviour, sales & marketing, contemporary corporate governance, risk management and strategic thinking. He has vast experience in housing and real estate sector.

Directorships in Other Listed Companies

- Havells India Limited – Independent Director.
- Hitech Corporation Limited - Non-Executive Director.

Dr. Bhaskar Ghosh (DIN: 06656458) has been appointed as an Independent Director of the Corporation for a period of 5 years with effect from September 27, 2018, subject to the approval of members at the 42nd Annual General Meeting. Dr. Ghosh is the Chairman of IT Strategy Committee and a member of the Audit and Governance Committee and Risk Management Committee. He is the group chief executive of Accenture Technology Services with overall responsibility for the Accenture Application Services and Infrastructure business. He directs strategy and investments for Accenture Technology Services and in addition, leads platforms, products and global technology delivery. Under Dr. Ghosh's leadership, Accenture transformed its Applications Services business and launched the Future of Applications vision, which emphasised that business leaders will play a bigger role in building applications and IT will play a bigger role in strategy. He has been awarded patents in multiple areas, including IT automation.

Key Skills and Competencies

Dr. Ghosh holds a Bachelor's degree in Science and a Master's degree in Business Administration from Calcutta University. He is also a Doctorate in Business Management from Utkal University. He is an expert in information technology, data analytics, digital platforms, cyber security, consumer behaviour, sales & marketing, risk management and strategic thinking and has vast experience in information technology sector.

He is not a Director of any other Company.

- **Ms. Ireena Vittal** (DIN: 05195656) has been appointed as an Independent Director of the Corporation for a period of 5 years with effect from January 30, 2019, subject to the approval of Members at the 42nd Annual General Meeting. Ms. Vittal is a member of the Audit and Governance Committee of Directors and Nomination and Remuneration Committee of Directors. She was a partner with McKinsey & Co., for 16 years where she served global companies on issues of growth and sustainable scale up. She has co-authored several studies relating to agriculture and urbanisation. She is among India's most respected consultant and advisor. She has also served government and public institutions to design and implement solutions core to India's development, such as inclusive urban development and sustainable rural growth. She is a recognised thought partner to consumer facing companies looking to build large-scale and profitable businesses in emerging markets.

Key Skills and Competencies

Ms. Vittal holds a Bachelor's degree in Science (Electronics) from Osmania University and a Post Graduate Diploma in Business Management from Indian Institute of Management, Calcutta. She is an expert in strategy including digital, business finance, marketing (consumer behaviour & insights) & sales/ channel evolution and has vast experience in agriculture, urbanization and rural sector.

Directorships in Other Listed Companies

- Godrej Consumer Products Limited, Wipro Limited, The Indian Hotels Company Limited – Independent Director.
- Titan Company Limited – Independent Director and Shareholder Director.

- **Mr. V. Srinivasa Rangan** (DIN: 00030248) is the Executive Director of the Corporation. Mr. Rangan joined the Corporation in 1986 and has served in Delhi Region and was the Senior General Manager – Corporate Planning & Finance function since 2001. He was appointed as the Executive Director of the Corporation, with effect from January 1, 2010. He is responsible for mobilisation of funds for the Corporation, investments, asset liability management and risk management. Mr. Rangan is also a member of the Stakeholders Relationship Committee of Directors, Corporate Social Responsibility Committee of Directors and Risk Management Committee.

Key Skills and Competencies

Mr. Rangan holds a Bachelor's degree in Commerce and is an Associate of The Institute of Chartered Accountants of India and that of The Institute of Cost Accountants of India. He is an expert in finance, accountancy, audit, economics, contemporary corporate governance, legal & regulatory compliance, risk management and strategic thinking. He has vast experience in housing finance and real estate sector.

Directorships in Other Listed Companies

- Atul Limited – Independent Director.

- **Ms. Renu Sud Karnad** (DIN: 00008064) is the Managing Director of the Corporation. She was appointed as the Managing Director of the

Corporation, with effect from January 1, 2010. Ms. Karnad is a member of the Corporate Social Responsibility Committee of Directors, Risk Management Committee and IT Strategy Committee of the Corporation. Ms. Karnad has served as the President of the International Union for Housing Finance (IUHF), an association of housing finance firms present across the globe.

Key Skills and Competencies

Ms. Karnad holds a Master's degree in Economics from the University of Delhi and a Bachelor's degree in law from the University of Mumbai. She is a Parvin Fellow – Woodrow Wilson School of Public and International Affairs, Princeton University, USA. She is an expert in finance, economics, human resources and risk management. She has vast experience in housing finance, real estate and infrastructure sector.

Directorships in Other Listed Companies

- GlaxoSmithKline Pharmaceuticals Limited – Non-Executive Chairperson.
- ABB India Limited and Maruti Suzuki India Limited – Independent Director.
- HDFC Asset Management Company Limited and HDFC Life Insurance Company Limited – Non-Executive Director.

▸ **Mr. Keki M. Mistry** (DIN: 00008886) is the Vice Chairman & Chief Executive Officer of the Corporation. Mr. Mistry joined the Corporation in 1981. He was appointed as the Executive Director of the Corporation in 1993, as the Deputy Managing Director in 1999 and as the Managing Director in 2000. He was re-designated as the Vice Chairman & Managing Director of the Corporation in October 2007 and as the Vice Chairman & Chief Executive Officer, with effect from January 1, 2010. He was also a member of the Committee of Corporate Governance set up by the Securities and Exchange Board of India (SEBI). He is currently the Chairman of CII National Council on Corporate Governance and a member of Primary Markets Advisory Committee set up by the SEBI. Mr. Mistry is also a member of the Corporate Social Responsibility Committee of Directors and Risk Management Committee.

Key Skills and Competencies

Mr. Mistry is a Fellow of The Institute of Chartered Accountants of India. He is an expert in finance, accountancy, audit, economics, consumer behaviour, sales & marketing, contemporary corporate governance, risk management and strategic thinking. He has vast experience in housing finance, real estate and infrastructure sector.

Directorships in Other Listed Companies

- GRUH Finance Limited – Non-Executive Chairman.
- Torrent Power Limited and Tata Consultancy Services Limited – Independent Director.
- HDFC Bank Limited, HDFC Asset Management Company Limited and HDFC Life Insurance Company Limited – Non-Executive Director.

MILLIONS MORE TO SERVE

Senior Executives

MEMBERS OF EXECUTIVE MANAGEMENT

- Mr. R Arivazhagan
- Mr. Conrad D'Souza
- Ms. Madhumita Ganguli
- Mr. Mathew Joseph
- Mr. Suresh Menon
- Mr. Rajeev Sardana

ASSOCIATE MEMBER OF EXECUTIVE MANAGEMENT

- Mr. K Suresh Kumar

SENIOR GENERAL MANAGERS

- Mr. Praveen Kumar Bhalla
- Mr. Nikhil B Dwivedi
- Mr. Dipta Bhanu Gupta
- Mr. Prosenjit Gupta
- Mr. Sudhir Kumar Jha
- Ms. Sonal Modi
- Mr. Subodh Salunke
- Mr. Sunil V Shaligram
- Mr. R Sankaranarayan
- Mr. Dilip Shetty

ADDITIONAL SENIOR GENERAL MANAGERS

- Mr. Sanjay Joshi
- Mr. K V Vishwanathan

GENERAL MANAGERS

- Mr. Vikas Bajpai
- Mr. Satrajit Bhattacharya
- Mr. S K Chaudhari
- Ms. Himani Datar
- Ms. Rosy Dias
- Mr. Varghese George
- Mr. Ankur Gupta
- Mr. Arjun Gupta
- Mr. T A Jaishanker
- Mr. Deven Kumar
- Mr. Vinayak P Parkhi
- Mr. T Ravishankar
- Mr. Mahesh Shah
- Mr. Sujir Udayanand

COMPANY SECRETARY

- Mr. Ajay Agarwal

STATUTORY AUDITORS

- B S R & Co. LLP
  Chartered Accountants

DEBENTURE TRUSTEES

- IDBI Trusteeship Services Ltd.

  Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai 400 001.

PRINCIPAL BANKERS

- HDFC Bank Ltd.
- Axis Bank Ltd.
- State Bank of India

SECRETARIAL AUDITORS

- Vinod Kothari & Company
  Company Secretaries

SOLICITORS AND ADVOCATES

- Wadia Ghandy & Co.
- AZB & Partners
- Argus Partners
- Shardul Amarchand Mangaldas & Co.

IN-HOUSE SHARE TRANSFER AGENT

- Investor Services Department
  5th Floor, Ramon House,
  H. T. Parekh Marg,
  169, Backbay Reclamation,
  Churchgate, Mumbai 400 020.
  Tel. No. : +91 22-6141 3900
  Fax No. : +91 22-2414 7301
  E-mail : investorcare@hdfc.com

REGISTERED OFFICE

- Ramon House, H. T. Parekh Marg,
  169, Backbay Reclamation,
  Churchgate, Mumbai 400 020.

  Tel. No. : +91 22-6176 6000

  Fax No. : +91 22-2281 1205

  CIN : L70100MH1977PLC019916

  Website: www.hdfc.com

CORPORATE OFFICE

- HDFC House, H.T. Parekh Marg,
  165-166, Backbay Reclamation,
  Churchgate, Mumbai 400 020.

  Tel. Nos. : +91 22-6631 6000,
  2282 0282

  Fax Nos.: +91 22-2204 6834,
  2204 6758

CHAIRMAN'S LETTER

TO OUR SHAREHOLDERS

ACCESS TO DIVERSIFIED RESOURCES, VOLUME-DRIVEN GROWTH AND A STRONG SENSE OF PURPOSE DEFINED US IN FY 2019.

What does it take for a company to be resilient in the face of turmoil? This is a question most investors have on their mind. The latter half of the financial year 2019 was challenging for several sectors across the Indian economy as liquidity tightened, risk averseness built up and consumption slowed.

As a forty-two year old company, HDFC has witnessed various market cycles and navigated through booms and busts. Each of these extreme market cycles have been different from the previous ones, but there have always been invaluable lessons learnt.

HDFC's advantage has been its access to diversified resources. We tapped into new lenders through external commercial borrowings and masala bonds. Our strength has been our ability to seamlessly straddle between wholesale and retail funding. They say, "little by little, a little becomes a lot." This best characterises the growth in our retail deposits. We cannot be more grateful to the thousands of small investors who entrust their hard-earned savings with us.

Reflecting back, in the first half of the financial year, we were often asked why we were not growing as aggressively as others in certain segments of the commercial real estate market. We held our ground by consciously staying away from funding what we perceived were riskier assets. Unsurprisingly, in the second half of the year, we were asked what we did differently that enabled us to stay resilient and be the preferred choice in the flight to safety. Perhaps a combination of experience and adhering to our risk appetite held us in good stead.

In the current environment, we have had to work extremely hard to preserve asset quality. While our non-performing loans have been considerably lower than several others in the financial sector, we know we cannot rest on these laurels.

We try to err on the side of caution in our non-individual lending, but admittedly, we did make a few wrong calls and underestimated certain risks. Many would agree that this is par for the course in any lending business. Yet, we know that stakeholders value us for our transparency and we will not compromise or shy away from owning up to genuine mistakes.

In instances where we have had to write off loans, it has been done only after we have exhausted all possible options. Barring these few loans, our ethos of being conservative in our financial decisions has paid off. We know that the best time to save for a rainy day is when we have windfall gains. This has ensured that we always have adequate buffers for contingencies.

BEYOND THE FRAMEWORK OF RULES, ETHICS AND PRACTICES MUST LIE THE SPIRIT OF FAIRNESS AND CONSIDERATION.

As I look back over the years, I have the satisfaction of knowing that it has been a rewarding journey at HDFC. Though we won more and lost some, we always did it with soul and the conviction that it must be the honest path to take. It is tempting to be propelled towards earnest and rapid growth, often missing the fine print of transparency. It is also difficult to swim against the rapacious tide of expediency. Yet, whatever be our trajectory, it has been underscored by values, ethics and uncompromising principles.

When markets are nervous, the strength of long-term relationships are put to test. We have not turned our back on customers who have honoured their commitments, but now find themselves trapped in a quagmire of risk averseness. Some of these relationships have been nurtured for three decades or more. Lending is our bread and butter business. Yet, in unusual times, we know we must not be gripped with fear but continue to do what we perceive is right with conviction and courage.

Financial markets work on trust and confidence. If lending institutions do not get the support or find the courage to lend, then who will fund India's growth aspirations and who will build India? Rightly so, the Indian financial system is moving to a new landscape, backed by a stronger regulatory and supervisory framework. This may entail recalibration amongst all players, but it will provide stronger safeguards at a systemic level.

I remain confident that the new government along with the regulators will prioritise re-instilling a culture of trust across the Indian banking and financial sector. Culture always precedes positive results.

RETAIL HOME LOANS REMAIN THE BRIGHT SPOT. HOUSING HAS BECOME DISTINCTLY MORE AFFORDABLE. GROWTH HAS BEEN DRIVEN BY VOLUME AND THIS IS THE KEY REASON FOR OUR OPTIMISM.

Amongst retail finance in India, home loans continue to stand out – both, in terms of growth and asset quality. For us, it has been rewarding that our growth has come from increased volume rather than large-ticket loans. This is reflective of two key aspects – we are successfully penetrating deeper into the market and the pipeline of supply of houses at affordable price points is getting stronger.

Housing remains a key priority area of the new government. We look forward to supporting the government's mission of striving towards 'Housing for All'. We are indeed proud of our achievement of garnering over 100,000 customers who are beneficiaries under the Pradhan Mantri Awas Yojana - Credit Linked Subsidy Scheme (CLSS) - a housing scheme launched by the Prime Minister of India. HDFC is the first housing finance player to have achieved this target. To my mind, the CLSS is amongst India's most effective and well executed welfare schemes for housing. The success of the scheme lies in offering first-time homeowners a small helping hand when they need it the most. Due credit must be given to the government for facilitating this scheme, but more importantly, for recognising the central role housing plays in an economy, in job creation and in providing a strong sense of security to people. We look forward to a continued partnership with the Ministry of Housing and Urban Affairs and the National Housing Bank in increasing the number of beneficiaries under the scheme.

The individual home loan market in India is dominated by a few financially strong players. Competition is good for us – it keeps us alert, on our toes and pushes us to constantly raise the bar in increasing our reach and improving our customer service.

So far, the housing market in India has been looked at from the lens of India's young demographic profile. With 65% of the population being under the age of 35 years, this trend is likely to continue.

There is another demographic aspect that India now needs to focus on. The population of senior citizens in India is expected to grow to 173 million by 2025 - a growth of more than double in a decade's time. By 2050, India is estimated to have 240 million senior citizens. The Ministry of Housing and Urban Affairs has demonstrated foresight by issuing model guidelines for development and regulation of retirement homes for senior citizens.

These guidelines deserve more attention than they have got so far. The model guidelines call for a tripartite agreement between the developer, resident of the retirement home and the service provider. The service provider's role is to offer customised services to senior citizens such as medical, security, infrastructure, house-keeping, amongst others. One hopes the housing ministry will take up the responsibility to ensure that every state in India adopts these guidelines. This in turn would help widen the bouquet of housing finance products.

OUR RESOLVE IS TO KEEP ENGAGING DEEPLY WITH OUR STAKEHOLDERS AND MEET RISING INVESTOR EXPECTATIONS.

We appreciate the efforts of shareholders who engage with us - not just from a perspective of being an investor, but also discussing broader issues of contemporary corporate governance and how we can better serve our communities. We recognise the benefits of ensuring that our management always stays accessible to discuss HDFC's performance, the impact of the changing macro environment on the organisation and articulating our long-term strategic plans.

Our belief is that shareholders are best served when they exercise their judgment and vote on resolutions based on substance and on a case-by-case basis rather than entirely outsourcing this effort, which is often an algorithm based one-size-fits-all approach.

We have gradually refreshed our board with independent directors who bring to the table core skills and perspectives that will help us steer our path in the current environment. We reiterate that this is still an on-going process.

I also believe it is important to articulate the role of HDFC's executive directors in the context of their directorships in HDFC group companies. The objective of having these directorships is to best protect the interests of HDFC's shareholders. HDFC is the parent company and has investments in its subsidiary and associate companies. Taking care of our strategic investments is a core function at HDFC. So to reiterate, directorships of HDFC's executive directors in HDFC group companies is an extension of their responsibilities at HDFC. It would be erroneous to construe these directors as being over boarded.

Our board does review the outside involvement of our executive directors to ensure that the balance between broadening their perspective and managing the demands on their time is optimal.

I offer my assurance that the external directorships held by our executive directors in no way impinges on their responsibilities at HDFC. Many of our shareholders, both large and small regularly interact with our executive directors and perhaps can vouch for this as well. Keki, Renu and Rangan are outstanding professionals and are rightfully being recognised for their capabilities.

As far as India is concerned, it is important to stay optimistic and recognise that the economy will tide over some of the short-term challenges. This should not take away focus from the broader picture that India stands tall today. Several countries are in the midst of a political storm, while India has voted decisively for stability and continuity. This is a strong mark of confidence and India stands ready to welcome patient capital seeking to earn attractive returns to fund its growth ambitions.

Directors' Report

TO THE MEMBERS

Your directors are pleased to present the forty-second annual report of your Corporation with the audited accounts for the year ended March 31, 2019.

Financial Results	**For the year ended March 31, 2019** (₹ in crore)	For the year ended March 31, 2018 (₹ in crore)
Profit Before Sale of Investments and Provision for Expected Credit Loss	**12,841.42**	9,695.64
Profit on Sale of Investments	**1,212.35**	5,609.00
Impairment on Financial Instruments (Expected Credit Loss)	**(935.00)**	(2,115.00)
Profit Before Tax	**13,118.77**	13,189.64
Tax Expense	**3,486.31**	2,230.30
Net Profit After Tax	**9,632.46**	10,959.34
Other Comprehensive Income	**(131.53)**	(71.97)
Total Comprehensive Income	**9,500.93**	10,887.37
Retained Earnings		
Opening Balance	**7,929.24**	5,295.72
Profit for the year	**9,632.46**	10,959.34
Re-measurement of Defined Benefit Plan	**(11.94)**	(6.23)
Amount Available for Appropriations	**17,549.76**	16,248.83
Appropriations:		
Special Reserve No. II	**1,850.00**	1,355.00
General Reserve	**-**	2,432.10
Statutory Reserve (Under Section 29C of the National Housing Bank Act, 1987)	**100.00**	1,078.00
Interim Dividend (₹ 3.50 per equity share of ₹ 2 each) & Tax on Interim Dividend	**616.70**	590.87
Final Dividend & Tax pertaining to the previous year paid during the year	**3,347.82**	2,863.62
Surplus in Statement of Profit & Loss	**11,635.24**	7,929.24

Note: *The financial statements for the year ended March 31, 2019 have been prepared under Indian Accounting Standards (Ind AS). The financial statements for the year ended March 31, 2018 have been restated in accordance with Ind AS for comparative purposes.*

Dividend

In March 2019, your directors declared an interim dividend of ₹ 3.50 per equity share of ₹ 2 each which was same as in the previous financial year. The interim dividend was paid in March 2019.

Your directors recommend payment of final dividend for the financial year ended March 31, 2019 of ₹ 17.50 per equity share of ₹ 2 each compared to ₹ 16.50 per equity share for the previous year.

The total dividend for the year is ₹ 21 per equity share as against ₹ 20 per equity share for the previous year.

The dividend pay-out ratio for the year ended March 31, 2019 is 44.1%.

The dividend declared/recommended is in accordance with the principles and criteria as set out in the Dividend Distribution Policy which has been approved by the Board of Directors. The policy is placed on the Corporation's website, *www.hdfc.com*.

Management Discussion and Analysis Report, Report of the Directors on Corporate Governance and Business Responsibility Report

In accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and directions issued by the National Housing Bank (NHB), the Management Discussion and Analysis Report (MD&A) and the Report of the Directors on Corporate Governance form part of this report.

In accordance with the Listing Regulations, the Business Responsibility Report (BRR) has been placed on the Corporation's website. Members who wish to receive a physical copy of the BRR are requested to write to the Corporation. The policy on Business Responsibility is also placed on the Corporation's website.

Adoption of Indian Accounting Standards (Ind AS)

The Ministry of Corporate Affairs vide its press release dated January 18, 2016 had issued directions for implementation of Ind AS for the accounting period beginning April 1, 2018 along with comparatives for the period beginning April 1, 2017. NHB vide its circular dated April 16, 2018 and June 14, 2018 had directed HFCs to comply with Ind AS as stated above.

Accordingly, the standalone and the consolidated financial statements for the financial year ended March 31, 2019, forming part of this annual report, have been prepared in accordance with Ind AS specified under the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013. The adoption of Ind AS has resulted in significant changes in the financial statements, details of which are provided in the notes to accounts.

Conversion of Warrants

In October 2015, the Corporation had issued 3,65,00,000 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 ₹ 2 each of the Corporation at any time on or before October 5, 2018, at a warrant exercise price of ₹ 1,475 per equity share, to be paid by the warrant holder at the time of exchange of the warrants.

As at October 5, 2018, 3,64,99,471 warrants had been lodged for exchange with equity shares of the Corporation, representing 99.99% of the warrants issued. Accordingly, the Corporation issued and allotted 3,64,99,471 equity shares of ₹ 2 each and realised an amount of ₹ 5,384 crore (of which ₹ 5,308 crore was received during the year). The equity shares so issued rank *pari passu* with the existing equity shares of the Corporation in all respects.

The amount received upon the exchange of warrants was utilised for on lending for housing finance and capital requirements of the Corporation.

Lending Operations

The Corporation is a housing finance company registered with NHB and is engaged in financing the purchase and construction of residential houses, real estate and certain other purposes in India. All other activities of the Corporation revolve around the main business.

The Assets Under Management (AUM) as at March 31, 2019 amounted to ₹ 4,61,913 crore as compared to ₹ 4,02,880 crore in the previous year.

On an AUM basis, the growth in the individual loan book was 17% and the non-individual loan book was 8%. The growth in the total loan book on an AUM basis was 15%.

The Corporation's outstanding loan book stood at ₹ 4,06,607 crore as at March 31, 2019, compared to ₹ 3,62,811 crore in the previous year. The lower growth in the loan book was due to the unfavourable lending environment for non-individual loans that prevailed in the second half of the financial year. Tight liquidity conditions, over leverage and credit rating downgrades led to heightened risks across the corporate sector. In order to preserve asset quality, the Corporation opted to be prudent by curtailing some of its lending to non-individual loans.

The loan book also reflects a lower growth because loans assigned during the year were significantly higher at ₹ 25,150 crore compared to ₹ 6,453 crore in the previous year. Loans assigned during the year included a backlog of loans of the previous year. There were no loans assignments in the second half of FY18 as certain regulatory clarifications pertaining to the Goods and Services Tax were awaited. Loan assignments resumed from June 2018 onwards once necessary clarifications were received.

Further details of lending operations are provided in the MD&A.

Market Borrowings

The Corporation is in compliance with the provisions of the Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014 and has been regular in payment of principal and interest on the non-convertible debentures.

During the year, the Corporation also raised funds under its Medium Term Note (MTN) Programme in accordance with Reserve Bank of India's External Commercial Borrowings policy.

Details of market borrowings are provided in the MD&A and notes to accounts.

Deposits

Deposits outstanding as at March 31, 2019 amounted to ₹ 1,05,599 crore as compared to ₹ 91,269 crore in the previous year.

CRISIL and ICRA have for the twenty-fourth consecutive year, reaffirmed their 'CRISIL FAAA/Stable' and 'ICRA MAAA/Stable' ratings respectively for HDFC's deposits. These ratings represent the highest degree of safety regarding timely servicing of financial obligations.

Increasing uncertainties in market conditions led to a flight to safety, which was reflected in the strong mobilisation of retail deposits of the Corporation, particularly in the second half of the financial year.

There has been no default in repayment of deposits or payment of interest during the year. All the deposits accepted by the Corporation are in compliance with the requirements of Chapter V of the Companies Act, 2013.

As of March 31, 2019, public deposits amounting to ₹ 769 crore had not been claimed by 45,752 depositors. Since then, 10,007 depositors have claimed or renewed deposits of ₹ 223 crore. Depositors were intimated regarding the maturity of deposits with a request to either renew or claim their deposits. Where the deposit remains unclaimed, reminder letters are sent to depositors periodically and follow up action is initiated through the concerned agent or branch.

Deposits remaining unclaimed for a period of seven years from the date they became due for payment have to be transferred to the Investor Education and Protection Fund (IEPF) established by the central government. The concerned depositor can claim the deposit from the IEPF. During the year, an amount of ₹ 1.56 crore was transferred to the IEPF.

Capital Adequacy Ratio

The Corporation's capital adequacy ratio (CAR) stood at 19.1%, of which Tier I capital was 17.5% and Tier II capital was 1.6%. The investment in HDFC Bank has been considered as a deduction in the computation of Tier I capital.

As per regulatory norms, the minimum requirement for the capital adequacy ratio and Tier I capital is 12% and 6% respectively.

Regulatory Guidelines

The Corporation has complied with the Housing Finance Companies (NHB) Directions, 2010 and other directions/guidelines prescribed by NHB regarding deposit acceptance, accounting standards, prudential norms for asset classification, income recognition, provisioning, capital adequacy, credit rating, corporate governance, information technology framework, fraud monitoring, concentration of investments, capital market exposure norms and know your customer and anti-money laundering.

Corporate Social Responsibility (CSR)

During the year, the Corporation's CSR activities focused on three key sectors – healthcare, education and skilling and livelihoods. The Corporation contributed to rebuilding efforts of homes in the state of Kerala that were damaged due to floods in August 2018. The Corporation also supported projects relating to community development, differently abled, environment and sports. The Corporation contributed directly and through H T Parekh Foundation to these identified social sectors.

Further details on the prescribed CSR spend under Section 135 of the Companies Act, 2013 and the amount committed and disbursed during the year under review are provided in the Annual Report on CSR activities annexed to this report.

Subsidiary and Associate Companies

In accordance with the provisions of Section 136 of the Companies Act, 2013, the annual report of the Corporation, the annual financial statements and the related documents of the Corporation's subsidiary companies are placed on the website of the Corporation.

Shareholders may download the annual financial statements and detailed information on the subsidiary companies from the Corporation's website or may write to the Corporation for the same. Further, the documents shall also be available for inspection by the shareholders at the registered office of the Corporation.

In July 2018, HDFC Bank Limited on a preferential basis allotted 3,90,96,817 equity shares of ₹ 2 each at an issue price of ₹ 2,174.09 per equity share to the Corporation. This investment amounting to ₹ 8,500 crore has enabled the Corporation, along with its wholly owned subsidiaries to retain its shareholding in HDFC Bank at 21.4%. The investment was made out of the proceeds of equity shares issued by the Corporation on a preferential and qualified institutions placement basis in the previous financial year.

During the year, the Corporation offered for sale 4.08% of the paid-up and issued equity share capital of HDFC Asset Management Company Limited (HDFC AMC), a subsidiary of the Corporation in the initial public offer (IPO) of HDFC AMC. HDFC AMC's equity shares were listed on BSE and NSE on August 6, 2018. As at March 31, 2019, the Corporation's shareholding in HDFC AMC stood at 52.8%.

In August 2018, the Corporation acquired 30,52,469 equity shares of Good Host Spaces Private Limited (Good Host), representing 25.01% of the paid-up share capital of the company. Good Host operates and manages hostel facilities for students. Pursuant to the acquisition, Good Host became an associate company of the Corporation.

On January 7, 2019, the Board of Directors of GRUH Finance Limited (GRUH), a listed subsidiary of the Corporation approved the scheme of amalgamation of GRUH with and into Bandhan Bank Limited (Bandhan). As per the scheme, the appointed date is January 1, 2019 and the share exchange ratio is 568 equity shares of face value ₹ 10 each of Bandhan for every 1,000 fully paid-up equity shares of face value ₹ 2 each of GRUH. In April 2019, the RBI granted its approval to the Corporation to acquire up to 9.9% of the paid-up voting equity capital of Bandhan upon the effective date of the scheme. The application for the proposed merger has been filed by GRUH and Bandhan with the National Company Law Tribunal, Ahmedabad and Kolkata bench respectively. The scheme has also received approval from the Competition Commission of India and remains subject to other regulatory and statutory approvals, including the respective shareholders and creditors of GRUH and Bandhan.

The Corporation has not made any loans or advances in the nature of loans to any of its subsidiary or associate company or companies in which its directors are deemed to be interested, other than in the ordinary course of business.

The Corporation is in compliance with the provisions of the Foreign Exchange Management Act, 1999 with respect to downstream investments made in/by its subsidiaries and in other companies during the year. Further, as required by the RBI Master Direction - Foreign Investments in India, the Corporation has obtained a certificate from its statutory auditors on the same.

A review of the key subsidiary and associate companies of the Corporation form part of the MD&A which forms part of this report.

Particulars of Employees

HDFC had 2,840 employees as of March 31, 2019. During the year, 12 employees were in receipt of remuneration of ₹ 1.02 crore or more per annum.

In accordance with the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and particulars of the top ten employees in terms of remuneration drawn and of the aforesaid employees are set out in the annex to the Directors' Report. In terms of the provisions of Section 136(1) of the Companies Act, 2013 read with the rule, the Directors' Report is being sent to all shareholders of the Corporation excluding the annex. Any shareholder interested in obtaining a copy of the annex may write to the Corporation.

Further disclosures on managerial remuneration are annexed to this report.

Prevention, Prohibition and Redressal of Sexual Harassment of Women at the Workplace

The Corporation has a policy on prevention, prohibition and redressal of sexual harassment of women at the workplace and has an Internal Complaints Committee (ICC) in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Corporation's policy on the same is placed on the Corporation's website. Members of the Corporation's ICC are responsible for reporting and conducting inquiries pertaining to such complaints.

The Corporation on a regular basis sensitises its employees including outsourced employees on the prevention of sexual harassment at the workplace through workshops, group meetings, online training modules and awareness programmes. The Corporation also conducted a special training programme for the members of the ICC. During the year, one complaint was received by the committee. The case was reviewed and disposed of and thus there were no pending complaints with the committee as at March 31, 2019.

Particulars of Loans, Guarantees or Investments

Since the Corporation is a housing finance company, the disclosures regarding particulars of the loans given, guarantees given and security provided is exempt under the provisions of Section 186(11) of the Companies Act, 2013.

As regards investments made by the Corporation, the details of the same are provided in notes to the financial statements of the Corporation for the year ended March 31, 2019 (note 10).

Particulars of Contracts or Arrangements with Related Parties

The particulars of contracts or arrangements with related parties as prescribed in Form No. AOC–2 of the Companies (Accounts) Rules, 2014, is annexed to this report. Details of related party transactions are given in the notes to the financial statements.

The policy on Related Party Transactions of the Corporation ensures proper approval and reporting of the concerned transactions between the Corporation and its related parties.

The policy on Related Party Transactions is published elsewhere in the annual report and is also placed on the Corporation's website.

Particulars Regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

During the year ended March 31, 2019, earnings in foreign currency stood at ₹ 8 crore and expenditure in foreign currency stood at ₹ 1,367 crore.

The Corporation is in the business of housing finance and hence its operations are not energy intensive. The Corporation is cognisant of the importance of imbibing measures towards optimum energy utilisation and conservation.

Employees Stock Option Scheme (ESOS)

Presently, stock options granted to the employees operate under the following schemes – ESOS-07, ESOS-08, ESOS-11, ESOS-14 and ESOS-17. There has been no variation in the terms of the options granted under any of these schemes and all the schemes are in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014.

The disclosures as required under the regulations have been placed on the website of the Corporation.

Unclaimed Dividend and Shares

As at March 31, 2019, dividend amounting to ₹ 25.04 crore had not been claimed by shareholders of the Corporation. The Corporation takes various initiatives to reduce the quantum of unclaimed dividend and has been periodically intimating the concerned shareholders, requesting them to encash their dividend before it becomes due for transfer to the Investor Education and Protection Fund (IEPF).

Unclaimed dividend amounting to ₹ 1.62 crore for FY 2010-11 was transferred to the IEPF on August 28, 2018. Further, in compliance with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the Corporation transferred 73,237 equity shares of ₹ 2 each (corresponding to the dividend for the FY 2010-11 and remaining unclaimed for a continuous period of 7 years) in favour of the IEPF. However, the concerned shareholders may claim the unclaimed dividend and unclaimed shares from IEPF, the procedure for which is detailed in the Shareholders' Information section.

The unclaimed dividend in respect of FY 2011-12 must be claimed by shareholders on or before August 10, 2019, failing which the Corporation would be required to transfer the unclaimed dividend and the corresponding shares to the IEPF within a period of 30 days from the said date.

Directors

Independent directors, Mr. B. S. Mehta and Dr. Bimal Jalan resigned from the board with effect from July 30, 2018. The independent directors resigned on account of personal commitments. The board placed on record its sincere appreciation for the wise counsel and enormous contributions made by the directors to the board over the years.

The board appointed Dr. Bhaskar Ghosh and Ms. Ireena Vittal with effect from September 27, 2018 and January 30, 2019 respectively, as independent directors of the Corporation for a term of five consecutive years each. Their appointments are subject to the approval of the members of the Corporation at the ensuing AGM.

The board has approved the re-appointment of Dr. J. J. Irani and Mr. Nasser Munjee as independent directors of the Corporation for a term of two consecutive years each with effect from July 21, 2019, subject to the approval of members at the ensuing AGM as their present tenure expires on July 20, 2019. The board deliberated on the contributions made by Dr. J. J. Irani and Mr. Nasser Munjee and concluded that given their vast experience, knowledge and strategic inputs to the board, it would be beneficial for the Corporation to retain them as directors.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Corporation, Mr. V. Srinivasa Rangan, executive director of the Corporation is liable to retire by rotation at the ensuing AGM. He is eligible for re-appointment.

The necessary resolutions for the appointment/re-appointment of the directors and their brief profiles have been included in the notice convening the ensuing AGM.

All the directors of the Corporation have confirmed that they satisfy the fit and proper criteria as prescribed under the applicable regulations and that they are not disqualified from being appointed as directors in terms of Section 164(2) of the Companies Act, 2013.

The details on the number of board/ committee meetings held are provided in the Report of the Directors on Corporate Governance, which forms part of this report.

Auditors

At the 40th AGM of the Corporation, the members had appointed Messrs B S R & Co. LLP, Chartered Accountants, (firm registration number 101248W/W-100022) as the statutory auditors for a term of 5 consecutive years and to hold office until the conclusion of the 45th AGM.

Messrs B S R & Co. LLP, Chartered Accountants, is a leading firm of chartered accountants and adheres to high professional standards and benchmarks. The firm has several experienced partners on a pan-India basis.

The Auditors' Report annexed to the financial statements for the year under review does not contain any qualifications.

During the year, Messrs B S R & Co. LLP, chartered accountants and all entities in the network firm of which the statutory auditor is a part received a total remuneration of ₹ 6.25 crore from the Corporation and its certain subsidiaries. The remuneration pertains to fees for audit, internal financial control reporting, limited reviews, tax audits and taxation services, certifications and other matters and reimbursement of expenses.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Corporation has appointed Messrs Vinod Kothari & Company, practicing company secretaries to undertake the secretarial audit of the Corporation. The Secretarial Audit Report is annexed to this report and does not contain any qualifications.

The Secretarial Compliance Report as prescribed by SEBI is provided elsewhere in the annual report.

Significant and Material Orders Passed by Regulators

During the year, there were no significant or material orders passed by the regulators or courts or tribunals that would impact the going concern status or operations of the Corporation in the future.

Directors' Responsibility Statement

In accordance with the provisions of Section 134(3)(c) of the Companies Act, 2013 and based on the information provided by the management, your directors state that:

a) In the preparation of annual accounts, the applicable accounting standards have been followed;

b) Accounting policies selected have been applied consistently. Reasonable and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Corporation as at March 31, 2019 and of the profit of the Corporation for the year ended on that date;

c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Corporation and for preventing and detecting frauds and other irregularities;

d) The annual accounts of the Corporation have been prepared on a going concern basis;

e) Internal financial controls have been laid down to be followed by the Corporation and such internal financial controls are adequate and operating effectively; and

f) Systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

Internal Financial Control

The Corporation has put in place adequate policies and procedures to ensure that the system of internal financial control is commensurate with the size and nature of the Corporation's business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Corporation, prevention and detection of frauds, accuracy and completeness of accounting records and ensuring compliance with corporate policies.

Extract of Annual Return – Form No. MGT-9

The details forming part of the extract of the annual return in Form No. MGT-9 is annexed to this report. The annual return for the financial year 2018-19 is uploaded on the website of the Corporation.

Material changes and commitment, if any, affecting the financial position of the Corporation from the financial year end till the date of this report

There are no material changes and commitments affecting the financial position of the Corporation which have occurred after March 31, 2019 till the date of this report.

Acknowledgements

The directors place on record their gratitude for the support of various regulatory authorities including National Housing Bank, Reserve Bank of India, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Pension Fund Regulatory and Development Authority, Ministry of Housing and Urban Affairs, Ministry of Corporate Affairs, Registrar of Companies, Financial Intelligence Unit (India), the stock exchanges and the depositories.

The Corporation acknowledges the role of all its key stakeholders - shareholders, borrowers, channel partners, depositors, deposit agents and lenders for their continued support to the Corporation.

Your directors place on record their appreciation for the hard work and dedication of all the employees of the Corporation.

On behalf of the Board of Directors

MUMBAI
May 13, 2019

DEEPAK S. PAREKH
Chairman

Annex to Directors' Report - 1

DISCLOSURES ON MANAGERIAL REMUNERATION

Details of remuneration as required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided below:

Ratio of remuneration of each director to the median employees' remuneration for FY 2019

Name	Designation	Ratio of remuneration to the median employees' remuneration
Mr. Deepak S. Parekh	Chairman	21
Mr. D. M. Sukthankar[1]	Non-Executive Director	0.4
Mr. B. S. Mehta[2]	Independent Director	1
Mr. D. N. Ghosh[1]	Independent Director	0.4
Dr. Bimal Jalan[2]	Independent Director	1
Mr. Nasser Munjee	Independent Director	4
Dr. J. J. Irani	Independent Director	4
Mr. U. K. Sinha[3]	Independent Director	4
Mr. Jalaj Dani[3]	Independent Director	4
Dr. Bhaskar Ghosh[4]	Independent Director	2
Ms. Ireena Vittal[5]	Independent Director	1
Mr. V. Srinivasa Rangan	Executive Director	74
Ms. Renu Sud Karnad	Managing Director	106
Mr. Keki M. Mistry	Vice Chairman & CEO	116

[1] Resigned as a director of the Corporation w.e.f. April 30, 2018.

[2] Resigned as a director of the Corporation w.e.f. July 30, 2018.

[3] Appointed as a director of the Corporation w.e.f. April 30, 2018.

[4] Appointed as a director of the Corporation w.e.f. September 27, 2018.

[5] Appointed as a director of the Corporation w.e.f. January 30, 2019.

Percentage increase in the remuneration of each director and key managerial personnel in FY 2019

Key Managerial Personnel

Name	Designation	Increase in Remuneration (%)
Mr. Keki M. Mistry	Vice Chairman & CEO	14
Ms. Renu Sud Karnad	Managing Director	13
Mr. V. Srinivasa Rangan	Executive Director	20
Mr. Ajay Agarwal	Company Secretary	11

Non-Executive/Independent Directors

During FY 2019, the commission paid to each non-executive/independent director (other than the Chairman of the Corporation) was ₹ 25 lac compared to ₹ 20 lac in the previous year. The commission paid to each of the directors is proportionate to the tenure of their directorship. The Chairman was paid a commission of ₹ 2.40 crore, the same as the previous year. During the year, sitting fees paid for board meetings was unchanged at ₹ 1 lac per meeting. Sitting fees paid for meetings of committees of the board was increased from ₹ 50,000 to ₹ 1 lac, post the board meeting held on April 30, 2018.

Further details are provided in Form No. MGT- 9.

Number of permanent employees

HDFC had 2,840 employees as of March 31, 2019.

Percentage increase in the median remuneration of employees in FY 2019

The percentage increase in the median remuneration of employees in FY 2019 stood at 12%.

Average percentile increase already made in salaries of employees other than managerial personnel in last financial year and its comparison with the percentile increase in managerial remuneration.

The average increase in the remuneration of all employees was 12% in FY 2019. The average increase in remuneration of managerial personnel stood at 15% and that of non-managerial personnel was 12%.

The average increase in the remuneration of both, the managerial and non-managerial personnel was determined based on the overall performance of the Corporation. Further, the criteria for increase in remuneration of non-managerial personnel is based on an internal evaluation of Key Result Areas (KRAs), while the increase in remuneration of the managerial personnel is based on the remuneration policy as recommended by the Nomination and Remuneration Committee of Directors and approved by the Board of Directors.

There were no exceptional circumstances which warranted an increase in managerial remuneration which was not justified by the overall performance of the Corporation.

The remuneration of key managerial personnel is based on the overall performance of the Corporation.

Annex to Directors' Report - 2

FORM NO. AOC - 2

(Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
2. Details of material contracts or arrangements or transactions at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	HDFC Bank Ltd., Associate Company	Consideration on Assignment / Sale of Loans	April 2018 - March 2019	HDFC Bank Ltd. has an option to buy 70% of the loans disbursed out of the loans sourced by it for the Corporation. As per the agreements, the loans continue to be serviced by the Corporation, for which it is paid a consideration on mutually agreeable terms.	-	-
2	HDFC Bank Ltd., Associate Company	DSA Commission expense (home loans sourcing)	April 2018 - March 2019	The Corporation pays Direct Sourcing Arrangement (DSA) commission to HDFC Bank Ltd. for loans sourced, at the prevailing market rate and based on the volume of loans sourced.	-	-
3	HDFC Sales Pvt. Ltd., Wholly-Owned Subsidiary Company	DSA Commission expense (home loans sourcing)	April 2018 - March 2019	HDFC Sales Pvt. Ltd. generates leads for the Corporation for which the Corporation pays commission on the conversion of such leads to loans. The Corporation pays a commission at the prevailing market rate after taking into account the leads and the infrastructure provided by it.	-	-
4	HDFC Life Insurance Company Ltd., Subsidiary Company	Name usage fees	April 2018 - March 2019	HDFC Life Insurance Company Ltd. pays name usage fees to the Corporation for using the brand 'HDFC' at the rate of 0.3-0.5% of gross premium earned for each financial year.	-	-

The above-mentioned transactions were entered into by the Corporation in its ordinary course of business. The materiality threshold is as prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014, as amended.

On behalf of the Board of Directors

MUMBAI
May 13, 2019

DEEPAK S. PAREKH
Chairman

Annex to Directors' Report - 3

Annual Report on Corporate Social Responsibility (CSR) Activities

1. **A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.**

Overview of HDFC's CSR activities:

Housing Development Finance Corporation Limited (HDFC/the Corporation) has framed a Corporate Social Responsibility (CSR) Policy in compliance with the provisions of Companies Act, 2013, which outlines its CSR objectives and the manner in which it will be implemented. The CSR Policy is available on HDFC's website: https://www.hdfc.com/allpolicies/CSRPolicy.pdf. HDFC primarily implements its CSR initiatives through the H T Parekh Foundation, a Section 8 registered charitable institution set up by HDFC in October 2012.

Over the past few years, HDFC's CSR activities have focused on three key sectors – Healthcare & Sanitation, Education and Skilling & Livelihoods. As these sectors are broad based, HDFC has identified and prioritised critical sub-themes within each of these sectors. Apart from these core sectors, HDFC has identified a few special projects in specific sectors such as supporting the Differently Abled, Environment Conservation and Sports. HDFC's CSR activities are not restricted to a particular geographic area and the beneficiaries are from both urban and rural areas. In terms of geographic spread, 43% of HDFC's CSR projects were in the Western region of India, 22% in the North, 22% in the South and 13% were in Eastern region which includes the North East. Our projects are based on areas of established need and experience of our implementing partners. The Corporation's CSR partners are selected based on governance, experience and quality of implementation.

Healthcare formed 39% of the total CSR expenditure during the year. The Corporation continued to support programmes for the detection, prevention and treatment of cancer. India has a high incidence of cancer and despite several public and private health systems, majority of cancers are detected at an advanced stage. Further, cancer is no longer a disease affecting people in urban & semi-urban areas only – it is deeply entrenched in rural India. Consequently, HDFC supported capital and programmatic needs in cancer care. Some of the projects supported were a head & neck cancer specialty hospital and residential accommodation for children who are undergoing treatment for cancer.

During the year, a major cause supported by the Corporation was the prevention and treatment of avoidable blindness. Support for a diabetic retinopathy programme, an ocular oncology centre for early diagnosis and treatment of eye cancer especially among children below 5 years, a hospital specialised in cataract surgeries and screening & subsidised eye surgeries for underprivileged patients were some of the programmes focused in eye care.

HDFC continued to support critical life changing surgeries (i.e. cochlear implants, craniofacial surgeries, liver transplants and heart transplants) with experienced partners for children coming from low income families. Nutritional issues were addressed by supporting mid-day meals programmes in government schools, centralised kitchens that prepare mid-day meals and vehicles that deliver food to schools.

HDFC continued to support sustainable, community driven sanitation programmes as well as supporting programmes that provide access to safe drinking water in areas that have water scarcity and high fluoride content. HDFC collaborated with the Ministry of Drinking Water & Sanitation, Government of India for a project to promote education and behaviour change in rural sanitation practices.

Education constituted 33% of HDFC's CSR expenditure during the year. One of the focus areas was on better learning outcomes, in which the Corporation supported organisations that provided additional learning tools to students (e.g. e-learning and supplementary educational aids) and holistic development of students. The objective was to ensure that students continue with their education and excel in their studies.

India has made significant progress in access to education through various government programmes and the implementation of the Right of Children to Free and Compulsory Education Act. However, as students progress through higher classes, the dropout ratios become more alarming. During the year, the Corporation

Annual Report on Corporate Social Responsibility (CSR) Activities (Continued)

partnered with organisations that had a specific objective of identifying and mainstreaming school dropouts (especially the girl child from rural areas) and improving their learning outcomes in mathematics and language. Additionally, scholarships were offered to deserving students from underprivileged backgrounds. HDFC supported organisations that also mentored and offered career guidance to students.

To enhance the quality of educators in government and affordable private schools, HDFC partnered with organisations on teacher training programmes that enabled them to be more effective and scale their impact. During the year, the Corporation also partnered with organisations that addressed enhancing the quality of the school education system. This included conducting workshops, trainings and building capacities of local communities, school management committees, teachers, Anganwadi workers (pre-primary government educators), head masters and education officers across hierarchies.

HDFC supported organisations that empowered children with special needs through effectively designed curriculum, well-trained teachers and qualified therapists. These schools are accessible to children from all walks of life.

In Skilling and Livelihoods, the Corporation has incrementally scaled up projects with existing partners and identified new partners. The sector contributed to 22% of the CSR expenditure during the year. HDFC's support has primarily been for empowering the excluded and neglected segments of the workforce i.e. unskilled migrant workers, Persons with Disabilities (PwDs) and women. The Corporation has also worked with partners whose core competency is enhancing livehood opportunities for strengthening the rural economies.

HDFC continued supporting organisations working towards job linked skilling for construction workers. Youth with disabilities need specially designed programmes to facilitate inclusion in the workforce. HDFC partnered with organisations that focused on skilling and job placement of PwDs and worked with employers to create inclusive work places. The women focussed livelihoods projects included programmes for women entrepreneurs, spinners and weavers, young girls training to be healthcare professionals such as optometrists and nurse aides.

Taking cognisance of the severe drought that Maharashtra has been facing year after year, HDFC supported a project that trains and equips villagers with both technical know-how (on building water conservation structures and implementing saving technologies) as well as leadership skills to tackle the issue of drought in their villages.

In Community Development, the Corporation contributed towards the efforts of rebuilding homes in Kerala that were severely damaged due to the devastating floods in August 2018. HDFC has supported the construction of 75 disaster resilient houses for families belonging to the lower socio economic groups, in the worst affected villages of Paravoor region in Ernakulam District and Kuttanad region of Alleppey District. The project is being implemented through two local partners in consultation with HDFC, local communities, technical consultants and the Panchayat (village local governance) administration.

Some of the **other Special Projects** were in Environment, where HDFC supported ecology & conservation efforts in two tiger reserves. Towards the promotion of Sports, HDFC supported athletes for shooting, wrestling and archery, where the athletes were selected on the basis of talent, consistent performance and potential to win an Olympic medal for India.

2. The Composition of the CSR Committee

Mr. Deepak S. Parekh (Chairman)
Mr. Jalaj Dani (Independent Director)
Mr. Keki M. Mistry (Director)
Ms. Renu Sud Karnad (Director)
Mr. V. Srinivasa Rangan (Director)

Annual Report on Corporate Social Responsibility (CSR) Activities (Continued)

Mr. D. N. Ghosh, Independent Director consequent to his resignation as a Director of the Corporation effective April 30, 2018, ceased to be a member of the Committee from that date. During the year under review, the Committee met four times on April 30, 2018, July 30, 2018, January 29, 2019 and March 6, 2019. The details of attendance of the Directors at the said meetings are provided in Report of the Directors on Corporate Governance.

3. **Average net profit of the Company for the last three financial years: ₹ 8,340.57 crore**

4. **Prescribed CSR Expenditure (2% of the amount in Point 3 above): ₹ 166.81 crore**

5. **Details of CSR spent during the financial year:**

   a. **Total amount spent during the financial year 2018-19: ₹ 173.52 crore**

   b. **Amount unspent, if any: Nil**

   c. **Manner in which the amount was spent during the financial year is detailed below:**

Sr. No.	CSR Project/Activity	Sector	Locations	Budget for Projects/ Programmes	Amount Spent: Direct on Projects/ Programmes	Cumulative Expenditure up to Reporting Period[II]	Amount Spent: Direct/ Implementing Agency[I]
			Districts (State)	₹ Crore	₹ Crore	₹ Crore	
1A	Programmes for the detection, prevention & treatment of cancer, renal diseases, eye diseases & institutional support	Healthcare (Detection, Prevention & Treatment)	Vizianagaram, West Godavari (Andhra Pradesh); Jorhat (Assam); Dahod, Kutch, Valsad (Gujarat); Dhanbad, Ramgarh, Seraikela (Jharkhand); Bengaluru (Karnataka) ; Ahmednagar, Latur, Mumbai, Nashik, Raigad, Sangli (Maharashtra); Balangir, Balasore, Bhadrak, Khurda, Gajapti, Kalahandi, Kandhamal , Kendrapada, Koraput, Malkangiri, Narsinghpur, Nawarangpur, Nayagarh, Puri, Rayagada, (Odisha); Chennai, Vellore (Tamil Nadu); Ballia (Uttar Pradesh); Kolkata, Siliguri (West Bengal)	26.30	26.30	38.17	H T Parekh Foundation & Implementing Agency

Annual Report on Corporate Social Responsibility (CSR) Activities (Continued)

Sr. No.	CSR Project/Activity	Sector	Locations	Budget for Projects/ Programmes	Amount Spent: Direct on Projects/ Programmes	Cumulative Expenditure up to Reporting Period[II]	Amount Spent: Direct/ Implementing Agency[I]
			Districts (State)	₹ Crore	₹ Crore	₹ Crore	
1B	Transformational surgeries including cochlear implants, craniofacial surgeries, heart surgeries and therapies for children with special needs, malnutrition support, child protection & safety	Healthcare (Child Focused)	Surguja (Chhattisgarh); Bengaluru (Karnataka); Kochi (Kerala); Barwani, Betul, Bhind, Chhindwara, Damoh, Dewas, Gwalior, Jhabua, Mandla, Mandsaur, Raisen, Satna, Shahdol, Tikamgarh, Vidisha (Madhya Pradesh); Mumbai, Palghar, Pune, Raigad, Thane (Maharashtra); Bargarh (Odisha); New Delhi (Delhi); Udaipur (Rajasthan); Chennai (Tamil Nadu); Kolkata (West Bengal)	14.76	14.76	41.92	H T Parekh Foundation & Implementing Agency
1C	Safe drinking water and sanitation programmes	Healthcare (Drinking Water & Sanitation)	Ahmedabad (Gujarat); Mumbai, Panvel (Maharashtra); New Delhi (Delhi); Jodhpur, Pali, Sirohi (Rajasthan)	8.32	8.32	10.41	H T Parekh Foundation & Implementing Agency
1D	Programmes for leprosy, tuberculosis & menstrual hygiene	Healthcare (Public Health)	Amravati, Bhandara, Gondia, Mumbai, Nagpur, Raigad, Thane (Maharashtra); Pali, Sirohi (Rajasthan)	2.04	2.04	4.94	H T Parekh Foundation & Implementing Agency

Annual Report on Corporate Social Responsibility (CSR) Activities (Continued)

Sr. No.	CSR Project/Activity	Sector	Locations	Budget for Projects/ Programmes	Amount Spent: Direct on Projects/ Programmes	Cumulative Expenditure up to Reporting Period[II]	Amount Spent: Direct/ Implementing Agency[I]
			Districts (State)	₹ Crore	₹ Crore	₹ Crore	
2A	Capital & operating expenditure for educational institutions and support for academic research	Education (Institutional Support & Research)	Chittoor (Andhra Pradesh); Panjim (Goa); Ahmedabad (Gujarat); Gurugram (Haryana); Bengaluru (Karnataka); Ernakulam (Kerala); Igatpuri, Raigad, Mumbai (Maharashtra); New Delhi (Delhi); Jaipur (Rajasthan)	19.22	19.22	37.12	H T Parekh Foundation & Implementing Agency
2B	Programmes to support scholarships and learning aids for lifeskills and all-round development of children and youth	Education (Holistic Development & Retaining Children in Schools)	Guwahati (Assam); Bengaluru (Karnataka); Barwani, Khandwa (Madhya Pradesh); Amravati, Mumbai, Palghar, Pune, Wardha, All Districts of Vidarbha (Maharashtra); New Delhi (Delhi); Jaipur, Kishanganj, Laxmangarh, Sawai Madhopur, Pindwara (Rajasthan); Dehradun (Uttarakhand); Farrukhabad, Lucknow (Uttar Pradesh); South 24 Parganas, Kolkata (West Bengal)	12.40	12.40	22.43	H T Parekh Foundation & Implementing Agency

Annual Report on Corporate Social Responsibility (CSR) Activities (Continued)

Sr. No.	CSR Project/Activity	Sector	Locations	Budget for Projects/ Programmes	Amount Spent: Direct on Projects/ Programmes	Cumulative Expenditure up to Reporting Period[II]	Amount Spent: Direct/ Implementing Agency[I]
			Districts (State)	₹ Crore	₹ Crore	₹ Crore	
2C	Training and capacity building of school teachers at pre-school, primary and secondary levels	Education (Teacher Training & Development)	Dumka, East Singhbhum, Hazaribag, Koderma, Ranchi (Jharkhand); Bengaluru (Karnataka); Amravati, Gadchiroli, Mumbai, Nandurbar, Nasik, Palghar, Parbhani, Pune, Thane (Maharashtra); New Delhi (Delhi); Chennai (Tamil Nadu); Hyderabad, Khammam (Telangana)	10.30	10.30	19.92	H T Parekh Foundation & Implementing Agency
2D	Special education for children and adults with intellectual disabilities	Education (Special Education)	Vadodara (Gujarat); Mumbai (Maharashtra); New Delhi (Delhi); Chennai (Tamil Nadu)	2.34	2.34	4.76	H T Parekh Foundation & Implementing Agency
3A	Rural livelihoods enhancement projects (agricultural and non-agricultural)	Skilling & Livelihoods (Rural Livelihood)	Guwahati (Assam); Chikkaballapur (Karnataka); Ahmednagar, Akola, Amravati, Aurangabad, Beed, Buldhana, Dhule, Hingoli, Jalgaon, Jalna, Latur, Nanded, Nandurbar, Nagpur, Nasik, Osmanabad, Parbhani, Pune, Sangli, Satara, Solapur, Wardha, Washim, Yavatmal (Maharashtra); Koraput (Odisha); Madurai, Pudukkottai (Tamil Nadu)	15.59	15.59	30.60	H T Parekh Foundation & Implementing Agency

MILLIONS MORE TO SERVE

Annual Report on Corporate Social Responsibility (CSR) Activities (Continued)

Sr. No.	CSR Project/Activity	Sector	Locations	Budget for Projects/ Programmes	Amount Spent: Direct on Projects/ Programmes	Cumulative Expenditure up to Reporting Period[II]	Amount Spent: Direct/ Implementing Agency[I]
			Districts (State)	₹ Crore	₹ Crore	₹ Crore	
3B	Skilling of underprivileged youth in construction industry trades	Skilling and Livelihoods (Construction Workers)	Ahmedabad (Gujarat); Gumla, Simdega (Jharkhand); Bengaluru (Karnataka); New Delhi (Delhi); Kalahandi (Odisha); Udaipur (Rajasthan); Mirzapur (Uttar Pradesh); Murshidabad (West Bengal)	5.11	5.11	7.25	H T Parekh Foundation
3C	Vocational training & development for the differently abled	Skilling & Livelihoods (Persons with Disabilities)	Belgaum, Bengaluru, Kalaburagi, Mysore (Karnataka); Mumbai (Maharashtra); Chennai, Tirunelveli (Tamil Nadu); Kolkata (West Bengal)	4.21	4.21	5.40	H T Parekh Foundation & Implementing Agency
3D	Women focused skilling & livelihood enhancement programmes	Skilling & Livelihoods (Empowering Women)	Saran (Bihar); Kutch (Gujarat); Mumbai, Nashik, Pune, Thane, Wardha (Maharashtra); New Delhi (Delhi)	4.00	4.00	7.27	H T Parekh Foundation
4	Projects to construct disaster resilient houses and programmes for the upliftment of marginalised / vulnerable communities	Community Development	Kawardha (Chhattisgarh); Alleppey, Kochi (Kerala); Mumbai (Maharashtra); Varanasi (Uttar Pradesh)	3.17	3.17	3.65	H T Parekh Foundation & Implementing Agency
5	Programmes for environmental sustainability including recycling, conservation, animal & wildlife protection and the ecology	Environmental Sustainability	Kangra (Himachal Pradesh); Bengaluru (Karnataka); Satpura (Madhya Pradesh); Chandrapur, Palghar, Pune (Maharashtra); Kandhamal (Odisha); Chittorgarh, Pali (Rajasthan)	4.11	4.11	6.74	H T Parekh Foundation & Implementing Agency

Annual Report on Corporate Social Responsibility (CSR) Activities (Continued)

Sr. No.	CSR Project/Activity	Sector	Locations	Budget for Projects/ Programmes	Amount Spent: Direct on Projects/ Programmes	Cumulative Expenditure up to Reporting Period[II]	Amount Spent: Direct/ Implementing Agency[I]
			Districts (State)	₹ Crore	₹ Crore	₹ Crore	
6	Special projects which include the promotion of performing arts and training of Indian athletes for global sporting events	Art and Sports	Bengaluru, (Karnataka); Mumbai (Maharashtra); New Delhi (Delhi)	1.65	1.65	3.88	Implementing Agency
7	Contribution to the H T Parekh Foundation towards corpus for CSR activities, as per the focus areas listed in HDFC's CSR Policy	Various sectors covered by Schedule VII of the Companies Act, 2013		40.00	40.00	170.00	H T Parekh Foundation
	Total		**Grand Total**	**173.52**	**173.52**	**414.46**	

Notes:

I. **Details of Implementing Agencies:** HDFC carries out its CSR activities through the H T Parekh Foundation and other implementing agencies (non-profit organisations). Some significant ones are as below (in alphabetical order):

Organisation	**Sector**
Agastya International Foundation	Education
ALERT India	Healthcare
Annamrita Foundation	Healthcare
CanCare Charitable Trust	Healthcare
Changanacherry Social Service Society & Ernakulam Social Service Society	Community Development
Enable India	Skilling for the Differently Abled
Foundation for Promotion of Sports and Games	Sports
Foundation to Educate Girls Globally	Education
Harsha Trust	Skilling & Livelihoods
Indian Institute of Technology Madras	Differently Abled
Jai Vakeel Foundation and Research Centre	Special Education
Mahila Housing SEWA Trust	Sanitation
Mann Deshi Foundation	Skilling & Livelihoods
Medical Research Foundation	Healthcare
Mobile Creches (Delhi, Pune, Mumbai)	Healthcare
Nudge Lifeskills Foundation	Skilling & Livelihoods
Paani Foundation	Skilling & Livelihoods
Pan IIT Alumni Reach for India Foundation	Skilling & Livelihoods
Project with the Ministry of Drinking Water & Sanitation	Sanitation

Annual Report on Corporate Social Responsibility (CSR) Activities (Continued)

Sampark Foundation	Education
St. Jude India Childcare Centres	Healthcare
Teach to Lead	Education
The Akshaya Patra Foundation	Healthcare
The Bombay Community Public Trust	Community Development
Ummeed Child Development Centre	Healthcare (Children with Special Needs)
Vision Foundation of India	Healthcare
Yugrishi Shriram Sharma Acharya Charitable Trust	Healthcare / Skilling & Livelihoods
Yuva Unstoppable	Healthcare & Education

The complete list of implementing agencies is available for inspection.

II. Cumulative expenditure on programmes includes expenditure incurred for an ongoing project or programme from FY 2014-15 up to the current reporting period.

Administrative expenses and overheads of ₹ 2.10 crore have been met primarily out of the interest income earned by the H T Parekh Foundation during the year.

6. In case the Company has failed to spend 2% of the average net profit of the last 3 financial years or any part thereof, the Company shall provide the reasons for not spending the amount:

Not applicable.

7. The CSR Committee hereby confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of HDFC.

For Housing Development Finance Corporation Limited

MUMBAI
May 13, 2019

KEKI M. MISTRY
Vice Chairman & CEO

DEEPAK S. PAREKH
Chairman - CSR Committee

Annex to Directors' Report - 4

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	:	L70100MH1977PLC019916
Registration Date	:	October 17, 1977
Name of the Company	:	**HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED**
Category/Sub-Category of the Company	:	Company limited by shares/ Non-Government Company
Address of the Registered office and contact details	:	Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai - 400 020. Tel No.: +91-22–6176 6000 Fax No.: +91-22-2414 7301
Whether listed company Yes/No	:	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Registered as an in-house share transfer agent Housing Development Finance Corporation Limited Investor Services Department 5th Floor, Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai – 400 020. Tel. No.: +91-22-6141 3900 Fax No.: +91-22-2414 7301 E-mail: *investorcare@hdfc.com*

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main Products/Services	NIC Code of the Product/Service	% of total turnover of the Company
1.	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.	64192	99.93

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	**GRUH FINANCE LTD.** "GRUH", Netaji Marg, Nr. Mithakali Six Roads, Ellisbridge, Ahmedabad 380 006	L65923GJ1986PLC008809	Subsidiary	56.09	2(87)
2.	**HDFC INVESTMENTS LTD.** Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020	U65990MH1994PLC083933	Subsidiary	100	2(87)
3.	**HDFC TRUSTEE CO. LTD.** HDFC House, 2nd Floor, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U65991MH1999PLC123026	Subsidiary	100	2(87)
4.	**HDFC ASSET MANAGEMENT CO. LTD.** HDFC House, 2nd Floor, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	L65991MH1999PLC123027	Subsidiary	52.77	2(87)

Annex to Directors' Report - 4 (Continued)

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
5.	**HDFC HOLDINGS LTD.** Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020	U65993MH2000PLC123680	Subsidiary	100	2(87)
6.	**HDFC LIFE INSURANCE CO. LTD.** (Formerly known as HDFC Standard Life Insurance Co. Ltd.) 13th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai 400 011	L65110MH2000PLC128245	Subsidiary	51.48	2(87)
7.	**HDFC ERGO GENERAL INSURANCE CO. LTD.** HDFC House, 1st Floor, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U66030MH2007PLC177117	Subsidiary	50.49	2(87)
8.	**HDFC SALES PVT. LTD.** HDFC House, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U65920MH2004PTC144182	Subsidiary	100	2(87)
9.	**HDFC VENTURES TRUSTEE CO. LTD.** HDFC House, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U65991MH2004PLC149329	Subsidiary	100	2(87)
10.	**HDFC VENTURE CAPITAL LTD.** HDFC House, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U65991MH2004PLC149330	Subsidiary	80.50	2(87)
11.	**HDFC CREDILA FINANCIAL SERVICES PVT. LTD.** B - 301, Citi Point, Next to Kohinoor Continental, Andheri-Kurla Road, Andheri (East), Mumbai 400 059	U67190MH2006PTC159411	Subsidiary	90.75	2(87)
12.	**HDFC PROPERTY VENTURES LTD.** HDFC House, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U74140MH2006PLC165539	Subsidiary	100	2(87)
13.	**HDFC PENSION MANAGEMENT CO. LTD.** (Through HDFC Life Insurance Co. Ltd.) 14th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai 400 011	U66020MH2011PLC218824	Subsidiary	51.48	2(87)
14.	**HDFC EDUCATION AND DEVELOPMENT SERVICES PVT. LTD.** Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020	U80301MH2011PTC224035	Subsidiary	100	2(87)
15.	**HDFC CAPITAL ADVISORS LTD.** Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020	U74999MH2015PLC264030	Subsidiary	100	2(87)
16.	**GRIHA PTE. LTD.** (Through HDFC Investments Ltd.) 1 Raffles Place #44-01, One Raffles Place, Singapore 048616	-	Subsidiary	100	2(87)
17.	**GRIHA INVESTMENTS** (Through HDFC Holdings Ltd.) IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Mauritius	-	Subsidiary	100	2(87)
18.	**HDFC INTERNATIONAL LIFE AND RE CO. LTD.** (Through HDFC Life Insurance Co. Ltd.) Unit OT 17-30, Level 17, Central Park Offices, Dubai International Financial Centre (DIFC), Dubai 114 603, United Arab Emirates	-	Subsidiary	51.48	2(87)
19.	**HDFC BANK LTD.** HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013	L65920MH1994PLC080618	Associate	21.38*	2(6)

Annex to Directors' Report - 4 (Continued)

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
20.	**MAGNUM FOUNDATIONS PVT. LTD.** (Through HDFC Property Ventures Ltd.) No. 3, Mangesh Street, T. Nagar, Chennai 600 017	U45201TN1998PTC039924	Associate	50.00	2(6)
21.	**TRUE NORTH VENTURES PVT. LTD.** Suite F9C, Grand Hyatt Plaza, Santacruz (East), Mumbai 400 055	U67190MH2000PTC123712	Associate	21.51	2(6)
22.	**GOOD HOST SPACES PVT. LTD.** Plot No.123/124, Manipal Country Road, Singasandra Post, Begur Hobli, Off Hosur Road, Bangalore 560 068	U74994KA2005PTC036023	Associate	25.01	2(6)

* includes the holding of HDFC Investments Ltd. and HDFC Holdings Ltd.

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

(i) Category-wise Shareholding:

Category of shareholder	No. of shares held at the beginning of the year (April 1, 2018)				No. of shares held at the end of the year (March 31, 2019)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A) Promoter									
(1) Indian									
Sub-total (A) (1)									
(2) Foreign									
Sub-Total (A) (2)									
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	-	-	-	-	-	-	-	-	-
(B) Public Shareholding									
(1) Institutions									
(a) Mutual Funds	10,06,13,774	2,250	10,06,16,024	6.00	13,61,08,773	250	13,61,09,023	7.91	1.91
(b) Financial Institutions/ Banks	6,18,596	7,100	6,25,696	0.04	17,76,095	7,100	17,83,195	0.10	0.06
(c) Central Government/ State Government(s)	29,57,332	-	29,57,332	0.18	35,95,171	-	35,95,171	0.21	0.03
(d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e) Insurance Companies	10,71,51,841	-	10,71,51,841	6.39	10,96,15,480	-	10,96,15,480	6.37	(0.02)
(f) Foreign Institutional Investors/ Foreign Portfolio Investors	123,96,34,960	-	123,96,34,960	73.97	127,71,64,851	-	127,71,64,851	74.19	0.22
(g) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(h) Any Other									
(i) Alternate Investment Funds	33,53,852	-	33,53,852	0.20	27,29,953	-	27,29,953	0.16	(0.04)
(ii) Foreign Corporate Bodies (FDI)	4,18,61,735	-	4,18,61,735	2.50	29,62,581	-	29,62,581	0.17	(2.33)
Sub-total (B)(1)	**149,61,92,090**	**9,350**	**149,62,01,440**	**89.28**	**153,39,52,904**	**7,350**	**153,39,60,254**	**89.11**	**(0.17)**
(2) Non-institutions									
(a) Bodies Corporate	1,64,79,180	3,10,610	1,67,89,790	1.00	1,89,67,257	95,610	1,90,62,867	1.11	0.11
(b) Individuals -									

Annex to Directors' Report - 4 (Continued)

Category of shareholder	No. of shares held at the beginning of the year (April 1, 2018)				No. of shares held at the end of the year (March 31, 2019)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	9,68,02,158	1,10,11,749	10,78,13,907	6.44	10,07,65,015	75,77,930	10,83,42,945	6.29	(0.15)
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2,95,26,483	1,03,400	2,96,29,883	1.77	3,18,07,312	1,41,600	3,19,48,912	1.86	0.09
(c) Any Other (specify)									
i. Directors & their relatives	80,95,953	-	80,95,953	0.48	73,94,795	-	73,94,795	0.43	(0.05)
ii. Hindu Undivided Families	13,10,245	-	13,10,245	0.08	14,20,331	-	14,20,331	0.08	#
iii. Foreign Nationals	1,680	-	1,680	#	1,390	-	1,390	#	#
iv. NRIs	50,74,475	15,600	50,90,075	0.30	49,00,320	44,500	49,44,820	0.29	(0.01)
v. Clearing Members	32,51,506	-	32,51,506	0.19	55,47,007	-	55,47,007	0.32	0.13
vi. Trusts	76,95,414	-	76,95,414	0.46	88,14,069	-	88,14,069	0.51	0.05
Sub-total (B)(2)	**16,82,37,094**	**1,14,41,359**	**17,96,78,453**	**10.72**	**17,96,17,496**	**78,59,640**	**18,74,77,136**	**10.89**	**0.17**
Total Public Shareholding (B) = (B)(1)+(B)(2)	**166,44,29,184**	**1,14,50,709**	**167,58,79,893**	**100**	**171,35,70,400**	**78,66,990**	**172,14,37,390**	**100**	**-**
TOTAL (A)+(B)	**166,44,29,184**	**1,14,50,709**	**167,58,79,893**	**100**	**171,35,70,400**	**78,66,990**	**172,14,37,390**	**100**	**-**
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A) + (B) + (C)	**166,44,29,184**	**1,14,50,709**	**167,58,79,893**	**100**	**171,35,70,400**	**78,66,990**	**172,14,37,390**	**100**	

Represents percentage less than 0.01.

(ii) **Shareholding of Promoters:** Not applicable – The Corporation does not have any promoter.

(iii) **Change in Promoters' Shareholding (please specify, if there is no change) :** Not applicable - The Corporation does not have any promoter.

(iv) **Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Name	Shareholding at the beginning of the year (April 1, 2018)		Shareholding at the end of the year (March 31, 2019)	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Life Insurance Corporation of India*	6,43,64,604	3.84	6,43,64,604	3.74
Government of Singapore*+	3,21,80,433	1.92	6,32,01,485	3.67
Oppenheimer Developing Markets Fund*	4,97,95,081	2.97	5,10,33,026	2.96
Europacific Growth Fund*	3,18,13,425	1.90	3,18,13,425	1.85
SBI-ETF Nifty 50*	1,94,10,298	1.16	3,15,19,651	1.83
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds*	2,63,18,278	1.57	2,69,73,349	1.57
Vanguard Total International Stock Index Fund*	2,13,75,247	1.28	2,67,17,434	1.55
Abu Dhabi Investment Authority – Behave*	2,23,17,918	1.33	2,02,56,730	1.18
Stichting Depositary APG Emerging Markets Equity Pool#	1,48,22,504	0.88	1,92,15,846	1.12
ICICI Prudential Balanced Advantage Fund#	1,17,08,553	0.70	1,79,28,536	1.04
Ishares India Index Mauritius Company@	1,75,93,676	1.05	1,69,68,686	0.99
Waverly Pte. Ltd.@+	3,01,26,589	1.80	-	-

HDFC

Annex to Directors' Report - 4 (Continued)

1. The shares of the Corporation are substantially held in dematerialised form and are traded on a daily basis and hence, the date wise increase/decrease in shareholding is not indicated.

2. * Common top 10 shareholders as on April 1, 2018 and March 31, 2019
   @ Top 10 shareholders only as on April 1, 2018
   # Top 10 shareholders only as on March 31, 2019
   +Shareholding of Waverly Pte. Ltd. transferred to Government of Singapore consequent to release of lock-in on February 28, 2019

(v) **Shareholding of Directors and Key Managerial Personnel*:**

Name of the Director/ Key Managerial Personnel	Shareholding at the beginning of the year (April 1, 2018)	Number of shares allotted pursuant to exercise of stock options during FY 2018-19	Number of shares sold during FY 2018-19	Shareholding at the end of the year (March 31, 2019)	% of total shares of the Company
Mr. Deepak S. Parekh	11,60,000	2,60,000	2,60,000	11,60,000	0.07
Mr. Nasser Munjee	-	-	-	-	-
Dr. J. J. Irani	65,000	-	-	65,000	@
Mr. U. K. Sinha[1]	-	-	-	-	-
Mr. Jalaj Dani[1]	-	-	-	-	-
Dr. Bhaskar Ghosh[2]	-	-	-	-	-
Ms. Ireena Vittal[3]	-	-	-	-	-
Mr. V. Srinivasa Rangan	5,54,025	1,84,000	2,66,000	4,72,025	0.03
Ms. Renu Sud Karnad	26,34,658	4,95,750	3,48,890	27,81,518	0.16
Mr. Keki M. Mistry	6,38,845	4,50,500	4,32,364	6,56,981	0.04
Mr. Ajay Agarwal	37,710	23,000	24,350	36,360	@

[1] Appointed as a Director of the Corporation w.e.f. April 30, 2018

[2] Appointed as a Director of the Corporation w.e.f. September 27, 2018

[3] Appointed as a Director of the Corporation w.e.f. January 30, 2019

* Date wise increase/ decrease in shareholding of the directors and the key managerial personnel is available on the websites of National Stock Exchange of India Limited and BSE Limited.

@ Represents percentage less than 0.01.

Shareholding of Directors resigned during the year ended March 31, 2019:

Name of the Director	Shareholding at the beginning of the year (April 1, 2018)	Date of Resignation	Number of shares acquired/ (sold) (from April 1, 2018 till date of resignation)	Shareholding on the date of resignation
Mr. D. M. Sukthankar	1,76,500	April 30, 2018	-	1,76,500
Mr. D. N. Ghosh	1,44,935	April 30, 2018	-	1,44,935
Mr. B. S. Mehta	4,35,000	July 30, 2018	-	4,35,000
Dr. Bimal Jalan	15,000	July 30, 2018	-	15,000

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

₹ in Crore

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,56,736.66	71,710.34	91,268.70	3,19,715.70
ii) Interest due but not paid	-	-	85.84	85.84
iii) Interest accrued but not due	4,569.75	1,071.75	3,921.10	9,562.60
Total (i+ii+iii)	**1,61,306.41**	**72,782.09**	**95,275.64**	**3,29,364.14**
Change in Indebtedness during the financial year				
i) Addition	28,736.22	3,179.27	14,946.35	46,861.84
ii) Reduction	-	-	-	-
Net Change	**28,736.22**	**3,179.27**	**14,946.35**	**46,861.84**

Annex to Directors' Report - 4 (Continued)

₹ in Crore

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year				
i) Principal Amount	1,84,906.98	74,759.76	1,05,598.95	3,65,265.69
ii) Interest due but not paid	-	-	105.90	105.90
iii) Interest accrued but not due	5,135.65	1,201.60	4,517.14	10,854.39
Total (i+ii+iii)	**1,90,042.63**	**75,961.36**	**1,10,221.99**	**3,76,225.98**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Mr. Keki M. Mistry (Managing Director - Vice Chairman & CEO) (₹)	Ms. Renu Sud Karnad (Managing Director) (₹)	Mr. V. Srinivasa Rangan (Executive Director & CFO) (₹)	Total Amount (₹)
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961 [(1)]	5,50,42,891	5,00,32,333	3,54,04,795	14,04,80,019
	(b) Value of perquisites under Section 17(2) of the Income tax Act, 1961[(2)]	52,98,487	43,79,832	32,55,315	1,29,33,634
	(c) Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961	-	-	-	-
2.	Stock Option[(3)]	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- Others, specify	7,59,00,000	6,91,50,000	4,83,00,000	19,33,50,000
5.	Others, please specify	-	-	-	-
	Total	**13,62,41,378**	**12,35,62,165**	**8,69,60,110**	**34,67,63,653**
	Ceiling as per the Companies Act, 2013				**11,59,43,02,937**

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

[2] Excludes value of perquisite upon exercise of stock options granted during earlier financial years. Even if the same were to be added to the aforesaid remuneration the total remuneration of the above personnel would be within the ceiling as provided in Section 197 of the Companies Act, 2013. Stock options are always granted at the prevailing market price and as such the intrinsic value of the options is nil. However, effective from April 1, 2018, the Corporation has converged to Ind AS and in compliance with Ind AS 102, an aggregate amount of ₹ 16.91 crore has been charged to the Statement of Profit and Loss Account with a corresponding credit to the Reserves.

[3] During the year, no stock options were granted.

B. Remuneration to other Directors:

Name of Directors	Particulars of Remuneration			
	Fees for attending board/committee meetings# (₹)	Commission paid for financial year* (₹)	Others, please specify	Total Amount (₹)
Mr. Deepak S. Parekh[1]	9,00,000	2,40,00,000	-	2,49,00,000
Mr. D. M. Sukthankar	1,50,000	2,91,667	-	4,41,667
Mr. B. S. Mehta	5,00,000	11,57,258	-	16,57,258
Mr. D. N. Ghosh	1,50,000	2,91,667	-	4,41,667
Mr. Nasser Munjee	15,00,000	35,00,000	-	50,00,000
Dr. Bimal Jalan	2,00,000	11,57,258	-	13,57,258
Dr. J. J. Irani	14,00,000	35,00,000	-	49,00,000
Mr. U. K. Sinha	11,00,000	32,18,055	-	43,18,055
Mr. Jalaj Dani	17,00,000	32,18,055	-	49,18,055

Annex to Directors' Report - 4 (Continued)

Name of Directors	Particulars of Remuneration			
	Fees for attending board/committee meetings# (₹)	Commission paid for financial year* (₹)	Others, please specify	Total Amount (₹)
Dr. Bhaskar Ghosh	11,00,000	17,88,889	-	28,88,889
Ms. Ireena Vittal	2,00,000	6,02,150	-	8,02,150
Total	**89,00,000**	**4,27,24,999**	**-**	**5,16,24,999**
Overall Ceiling as per the Companies Act, 2013				**1,15,94,30,294@**

The sitting fees paid to the non-executive directors for attending meetings of the Board Committees/ Independent Directors was increased to ₹ 1,00,000 from ₹ 50,000 for meetings held post April 30, 2018.

* As a practice, commission will be paid to the directors after the financial statements are adopted by the members at the ensuing AGM.

1 Excludes value of perquisite upon exercise of stock options granted during earlier financial years. Stock options are always granted at the prevailing market prices and as such the intrinsic value of the options is nil.

@ Excludes sitting fees.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Sr. No.	Particulars of Remuneration	Mr. Ajay Agarwal (Company Secretary) (₹)
1.	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961(1) (b) Value of perquisites under Section 17(2) of the Income tax Act, 1961(2) (c) Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961	 27,63,891 6,03,351 -
2.	Stock Option(3)	-
3.	Sweat Equity	-
4.	Commission - as % of profit - Others, specify	 - -
5.	Others, please specify	-
	Total	**33,67,242**

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

2 Excludes value of perquisite upon exercise of stock options granted during earlier financial years. Stock options are always granted at the prevailing market price and as such the intrinsic value of the options is nil. However, effective from April 1, 2018, the Corporation has converged to Ind AS and in compliance with Ind AS 102, an aggregate amount of ₹ 0.35 crore has been charged to the Statement of Profit and Loss Account with a corresponding credit to the Reserves.

3 During the year, no stock options were granted.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

During the year under review, the Corporation, its directors or any of its officers were not liable for any penalty, punishment or any compounding of offences under the Companies Act, 2013.

Annex to Directors' Report - 5

FORM NO. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

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

To,

The Members,

Housing Development Finance Corporation Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Housing Development Finance Corporation Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019, according to the provisions of:

1. The Companies Act, 2013 ('the Act') and the rules made thereunder including any re-enactment thereof;

2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings;

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

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

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

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (till November 9, 2018);

d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (w.e.f. November 10, 2018);

e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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

h. The Securities and Exchange Board of India (Intermediaries) Regulations, 2008;

i. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

j. The Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to obligations of Issuer Company); and

6. Specific laws applicable as mentioned hereunder:

a. National Housing Bank Act, 1987;

b. The Housing Finance Companies (NHB) Directions, 2010;

c. Guidelines on 'Know Your Customer' and Anti-Money Laundering Measures;

d. Returns to be submitted by Housing Finance Companies;

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

f. Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014;

g. Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016;

h. Housing Finance Companies – Auditor's Report (National Housing Bank) Directions, 2016;

i. Guidelines on Fair Practices Code for HFCs;

j. Miscellaneous Circulars;

k. Policy Circulars;

l. Guidelines for Entry of Housing Finance Companies into Insurance Business;

m. Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015;

n. Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2018;

o. Pension Fund Regulatory and Development Authority (Redressal of Subscriber Grievance) Regulations, 2015; and

p. SEBI Circular on strengthening the Guidelines and Raising Industry standards for RTA, Issuer Companies and Banker to an Issue.

We have also examined compliance with the applicable clauses of the Secretarial Standards 1, 2 and 3 issued by the Institute of Company Secretaries of India.

We report that during the Audit Period, the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards etc. mentioned above.

Management Responsibility:

i. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit;

ii. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;

iii. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company;

iv. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.;

v. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis; and

vi. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Recommendations as a matter of best practice:

In the course of our audit, we have made certain recommendations for good corporate practices to the compliance team, for its necessary consideration and implementation by the Company.

We have also observed that all the recommendations made by us have been accepted / put into practice by the Company.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings and Committee meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while dissenting members' views were not required to be captured and recorded as part of the minutes as there were no such instance.

We further report that there are adequate systems and processes in the Company, which commensurates with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit Period, the Company has not undertaken any specific events/ actions that can have a major bearing on the Company's compliance responsibility in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., except as follows:

i. Issue of equity shares under Employee Stock Option Scheme (ESOS) 2011, 2014 and 2017:

During the audit period, the Company allotted 95,72,626 (Ninety Five lakh Seventy Two thousand Six hundred and Twenty Six) equity shares of INR 2 each to its employees and few directors under the ESOS 2011, 2014 and 2017.

ii. Issue of equity shares pursuant to exercise of warrants:

During the audit period, the Company allotted 3,59,84,871 (Three crore Fifty Nine lakh Eighty Four thousand Eight hundred and Seventy One) equity shares of INR 2 each at a price of INR 1,489 per equity share (including warrant issue price of INR 14 per warrant received at the time of subscription to the said warrants) pursuant to exercise of 3,59,84,871 (Three crore Fifty Nine lakh Eighty Four thousand Eight hundred and Seventy One) warrants, in terms of placement document dated October 01, 2015.

iii. Private Placement of Non-Convertible Debentures (NCDs):

During the Audit Period, the Company has issued NCDs amounting to INR 48,176.75 crore from series U-001 to U-010; V-001 to V-004.

iv. Redemption of NCDs:

During the audit period, the Company redeemed NCDs amounting to INR 43,554.2 crore pursuant to maturity/ early redemption.

For M/s Vinod Kothari & Company
Practising Company Secretaries

Vinita Nair
Partner

MUMBAI — Membership No.: A31669
April 15, 2019 — C P No.: 11902

HDFC

Annex to Directors' Report - 6

SECRETARIAL COMPLIANCE REPORT

SECRETARIAL COMPLIANCE REPORT OF HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED FOR THE YEAR ENDED MARCH 31, 2019

We, M/s Vinod Kothari & Company, have examined:

(a) all the documents and records made available to us and explanation provided by Housing Development Finance Corporation Limited ("the listed entity"),

(b) the filings/submissions made by the listed entity to the stock exchanges,

(c) website of the listed entity,

(d) any other document/filing, as may be relevant, which has been relied upon to make this certification,

for the year ended March 31, 2019 ("Review Period") in respect of compliance with the provisions of:

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

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

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

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (till November 9, 2018);

(c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (w.e.f. November 10, 2018);

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

(e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(h) Securities and Exchange Board of India (Intermediaries) Regulations, 2008;

(i) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations,1993;

(j) Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to obligations of Issuer Company);

and circulars/guidelines issued thereunder;

and based on the above examination, We hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
Not Applicable			

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from our examination of those records.

(c) The following are the details of actions taken against the listed entity/ ~~its promoters~~[1]/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
Not Applicable				

[1]*The listed entity does not have an identifiable promoter.*

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
Not Applicable				

For M/s Vinod Kothari & Company
Practising Company Secretaries

Vinita Nair
Partner
Membership No.: A31669
C P No.: 11902

MUMBAI
April 15, 2019

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[pursuant to Regulation 34(3) and Schedule V Para-C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members of
Housing Development Finance Corporation Limited
Ramon House, 169, Backbay Reclamation,
H T Parekh Marg, Churchgate
Mumbai - 400 020

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Housing Development Finance Corporation Limited having CIN L70100MH1977PLC019916 and having registered office at Ramon House, 169, Backbay Reclamation, H T Parekh Marg, Churchgate, Mumbai- 400 020 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN
1.	Deepak Shantilal Parekh	00009078
2.	Nasser Mukhtar Munjee	00010180
3.	Jamshed Jiji Irani	00311104
4.	Upendra Kumar Sinha	00010336
5.	Jalaj Ashwin Dani	00019080
6.	Bhaskar Ghosh	06656458
7.	Ireena Vittal	05195656
8.	Vedanthachari Srinivasa Rangan	00030248
9.	Renu Sud Karnad	00008064
10.	Keki Minoo Mistry	00008886

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **N. L. Bhatia & Associates**
Practicing Company Secretaries
UIN: P1996MH055800

N. L. Bhatia
(Managing Partner)
FCS: 1176
CP. No. 422

MUMBAI
May 15, 2019

Compliance Certificate on Corporate Governance

TO THE MEMBERS OF HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

We have examined the compliance of conditions of Corporate Governance by Housing Development Finance Corporation Limited ("the Corporation") for the year ended on 31st March, 2019, as stipulated in chapter IV of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Corporation for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Corporation.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Corporation has complied with the conditions of Corporate Governance as specified in chapter IV of the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Corporation nor the efficiency or effectiveness with which the Management has conducted the affairs of the Corporation.

For Bhandari & Associates
Company Secretaries

S. N. Bhandari
Partner
FCS No: 761
C P No. : 366

MUMBAI
May 13, 2019

Report of the Directors on Corporate Governance

The corporate governance landscape is witnessing a defining shift from a focused approach on board effectiveness to a broader canvas that endeavours to engage more meaningfully on issues like the 'purpose' of an organisation and its culture. Investors are seeking tangible and measurable outcomes from companies on environment, social and governance issues. Companies in turn are widening their narrative from performance based parameters to articulating their stance on diversity, employees' wellbeing, cyber security, long-term sustainability and succession planning.

The investor stewardship ecosystem is changing as shareholders seek greater influence on the quality of the board and its composition. They are prioritising gender diversity, board skills, board refreshments and closely assessing the effectiveness of directors.

The Securities and Exchange Board of India (SEBI) has further strengthened the corporate governance framework in India and has provided specific timelines for adherence to the new norms. This bodes well for India Inc.

Philosophy on Corporate Governance

The Corporation was founded on the core values of trust, integrity and transparency. These values are ingrained in the Corporation's culture and corporate governance practices revolve around these values.

The Corporation has, over the years, built goodwill by nurturing long-term relationships with its stakeholders including borrowers, channel partners, depositors, agents and shareholders. Constant engagement with investors has remained one of the key focus areas for the Corporation. The senior management devotes considerable time and effort towards engaging with investors. This approach enables the Corporation to articulate its long-term strategies and in turn the close engagement enables the Corporation to better understand investors' expectations.

The Corporation has adhered to its commitment of undergoing a phased process of board renewal, with the induction of new directors. Through this process, the board has strengthened its core skill sets to meet with the changing requirements of the business environment.

The Corporation has complied with the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

Board of Directors

Composition

The Board of Directors comprises ten members. There are seven non-executive directors including the Chairman of the Corporation. The three whole-time directors include the Vice Chairman & Chief Executive Officer (CEO), the Managing Director and the Executive Director. Of the seven non-executive directors, six are independent directors. The composition of the board is in conformity with the Listing Regulations and Companies Act, 2013.

None of the directors are related to each other. All the directors of the Corporation have confirmed that they satisfy the fit and proper criteria as prescribed under the applicable regulations.

The role of the chairperson and the chief executive officer are distinct and separate.

In the opinion of the board, the independent directors fulfill the criteria prescribed for an independent director as stipulated in Regulation 16(1)(b) of the Listing Regulations and Section 149(6) of the Companies Act, 2013 and are independent of the management of the Corporation.

All the directors of the Corporation have confirmed that they are not debarred from holding the office of director by virtue of any order by SEBI or any other authority. The directors have ascertained that neither they nor any other company on which they serve as directors have been identified as a willful defaulter.

Brief profiles of the directors, along with their directorships in Indian listed companies are set out elsewhere in the annual report.

Details of the Board of Directors in terms of their directorships/memberships in committees of public companies as at the date of this report are as under:

Sr. No.	Name of Director	Age	Category	Number of Directorships[1]			Number of committees[2]	
				HDFC & Group Companies	Other Companies	Total	Member	Chairperson
1	Mr. Deepak S. Parekh (Chairman)	75	Non-Executive Non-Independent	4	3	7	3	1
2	Dr. J. J. Irani	83	Independent	2	-	2	2	1
3	Mr. Nasser Munjee	66	Independent	1	7	8	6	4
4	Mr. U. K. Sinha	67	Independent	1	2	3	2	-
5	Mr. Jalaj Dani	50	Independent	1	6	7	3	2
6	Dr. Bhaskar Ghosh	59	Independent	1	-	1	1	-
7	Ms. Ireena Vittal	51	Independent	1	4	5	6	-
8	Mr. V. Srinivasa Rangan (Executive Director)	59	Whole-Time	6	2	8	7	-
9	Ms. Renu Sud Karnad (Managing Director)	67	Whole-Time	4	4	8	6	2
10	Mr. Keki M. Mistry (Vice Chairman & CEO)	65	Whole-Time	6	3	9	9	3

[1] Excludes directorships in private companies, foreign companies and companies under Section 8 of the Companies Act, 2013 (Companies Act).

[2]Includes Audit & Governance Committee and Stakeholders Relationship Committee in all public limited companies.

The number of directorships held by all directors is within the prescribed limits under the Companies Act and Listing Regulations.

Change in Board Composition

The change in the board composition during the year ended March 31, 2019 is as under:

Sr. No.	Name of Director	Nature of Change	Effective Date
1	Mr. D. M. Sukthankar	Resigned as independent director	April 30, 2018
2	Mr. D. N. Ghosh	Resigned as independent director	April 30, 2018
3	Mr. U. K. Sinha	Appointed as independent director	April 30, 2018
4	Mr. Jalaj Dani	Appointed as independent director	April 30, 2018
5	Mr. B. S. Mehta	Resigned as independent director	July 30, 2018
6	Dr. Bimal Jalan	Resigned as independent director	July 30, 2018
7	Dr. Bhaskar Ghosh	Appointed as independent director	September 27, 2018
8	Ms. Ireena Vittal	Appointed as independent director	January 30, 2019

During the year, Mr. D. M. Sukthankar, Mr. D. N. Ghosh, Mr. B. S. Mehta and Dr. Bimal Jalan resigned as directors due to personal reasons. The board placed on record its sincere appreciation for the invaluable contributions made by them to the Corporation during their tenures.

In accordance with the Corporation's commitment to a phased board refreshment, the board appointed Mr. U. K. Sinha and Mr. Jalaj Dani as independent directors of the Corporation for a term of 5 consecutive years each. Their appointments were approved by the members of the Corporation at the last annual general meeting (AGM).

The board also appointed Dr. Bhaskar Ghosh and Ms. Ireena Vittal as independent directors of the Corporation for a term of 5 consecutive years each. Their appointments are subject to the approval of the members of the Corporation at the ensuing AGM.

Responsibilities of the Board

The Board of Directors represents the interests of the Corporation's stakeholders in optimising long-term value by providing the management with guidance and strategic direction. The board's mandate is to oversee the Corporation's strategic direction, review corporate performance, assess the adequacy of risk management and mitigation measures, evaluate internal financial controls, authorise and monitor strategic investments, facilitate and review board and senior management succession planning, ensure regulatory compliance and safeguard the interests of all stakeholders.

The responsibilities of the board also include ensuring that the Corporation is transparent in all its dealings with its stakeholders, overseeing the effectiveness of key executives of the Corporation and aligning the remuneration policy with the long-term interests of the Corporation and its stakeholders.

Directors are expected to attend all the board/committee meetings. If a director is unable to attend a meeting, the director is encouraged to communicate comments and opinions on matters to be considered.

The Corporation has an appropriate directors' & officers' liability insurance policy, which provides indemnity in respect of liabilities incurred as a result of their office.

All board members ensure that their work in other capacities does not impinge on their fiduciary responsibilities as directors of the Corporation.

Board Expertise and Attributes

The board comprises directors that bring a wide range of skills, expertise and experience which enhances overall board effectiveness.

The Nomination and Remuneration Committee of Directors assess and recommend to the board, core skill sets required by directors to enable the board to perform its oversight function effectively. This process also helps to identify skill gaps.

The identified skills and domain expertise required by the directors of the Corporation include leadership and strategic thinking, risk management, legal and regulatory compliance, contemporary corporate governance, consumer behaviour, sales and marketing, information technology, data analytics, digital platforms and cyber security, proficiency in economics, finance, accounting & audit and industry experience. The directors of the Corporation have mapped their skills based on the board skills matrix.

Role of Independent Directors

Independent directors play a key role in the decision making process of the board as they approve the overall strategy of the Corporation and oversee performance of the management. The independent directors are committed to acting in what they believe is in the best interest of the Corporation and its stakeholders.

The independent directors bring to the Corporation a wide range of experience, knowledge and judgment as they draw on their varied proficiencies. This wide knowledge of both, their field of expertise and boardroom practices brings in varied, unbiased, independent and experienced perspectives.

Role of Executive Directors

Mr. Keki M. Mistry, Vice Chairman & Chief Executive Officer, Ms. Renu Sud Karnad, Managing Director and Mr. V. Srinivasa Rangan, Executive Director are responsible for the day-to-day administration and operations of the Corporation.

Mr. Mistry is responsible for the overall functioning of the Corporation and liasoning with the investors.

Ms. Renu Sud Karnad is responsible for the lending operations of the Corporation, both individual and non-individual. She also oversees the function of human resources and communication and brand strategy.

Mr. V. Srinivasa Rangan is responsible for mobilisation of funds for the Corporation, investments, asset liability management and risk management.

Appointment of Independent Directors

The Corporation has a board approved policy on Appointment of Directors and Members of Senior Management and a policy on Fit and Proper Criteria for Directors, based on which an existing director whose appointment is intended to be continued and a new director proposed to be appointed is evaluated.

The Nomination and Remuneration Committee of Directors recommends and the Board of Directors approves the appointment/re-appointment of independent directors. The process for re-appointment of independent directors entails a detailed evaluation of the contributions made by the existing directors. New directors are inducted after assessing skill requirements of the board and identifying areas of expertise which would be beneficial for the Corporation.

Details of the appointment and re-appointment of independent directors are provided in the Directors' Report.

The terms and conditions of appointment of the independent directors, along with a sample letter have been placed on the Corporation's website, *www.hdfc.com.*

Familiarisation Programme

The Corporation conducts familiarisation programmes for its directors from time to time. The familiarisation programme ensures that the non-executive directors are updated on the business and regulatory environment and the overall operations of the Corporation. This enables the non-executive directors to make better informed decisions in the interest of the Corporation and its stakeholders.

The Corporation has also provided directors with a reference manual which *inter alia* covers the roles, functions, powers and duties of the directors, disclosures and declarations to be submitted by directors and various codes and policies of the Corporation. The board also meets with the CEOs and senior management of key subsidiary companies and is briefed on the performance of these companies.

The whole-time directors and senior management conduct orientation programmes for new independent directors to familiarise them with the Corporation, its subsidiary and associate companies, the management, key areas of business and regulations.

An overview of the familiarisation programme during the year has been placed on the Corporation's website.

Board meetings

The meetings of the Board of Directors are normally held at the Corporation's corporate office in Mumbai. Meetings are generally scheduled well in advance and the notice of each board meeting is given in writing to each director. The board meets at least once a quarter to review the quarterly performance and financial results of the Corporation. Members of the board are free to convene a board meeting at any time and shall inform the company secretary regarding the same.

The company secretary in consultation with the Chairman and the whole-time directors prepares a detailed agenda for the meetings. The board is provided with the relevant information as stipulated in the Listing Regulations. The board members have access to all information of the Corporation. The board papers, agenda and explanatory notes are circulated to the directors well in advance and is made available in a digital form. The members of the board are free to recommend inclusion of any matter in the agenda for discussion. The Chairman moderates the overall discussion to arrive at a conclusive and consensus opinion and also summarises the discussions to ensure that members are in agreement with the board's view on the issues discussed.

Senior management is invited to attend the board meetings so as to provide additional inputs on the items being discussed by the board. At the board meetings, the executive directors and senior management make presentations on various matters including the financial results, operations of the Corporation, risk management, liquidity, asset-liability management, the economic and regulatory environment, investors' perceptions or any other issues which the board needs to be apprised of. The CEOs and other senior executives of the group companies of the Corporation are invited to make presentations on various matters concerning the respective companies including financial results, operational highlights, risk management and regulatory environment.

The minutes of each board/committee meetings are finalised and recorded in the minutes book.

During the year under review, the board met six times. The meetings were held on April 30, 2018, July 30, 2018, November 1, 2018, December 17, 2018, January 29, 2019 and March 6, 2019. The attendance of the directors at the above-mentioned board meetings and the 41st AGM held on July 30, 2018, along with the sitting fees paid to them are listed below:

Directors	Board meetings				Attendance at the 41st AGM
	Maximum number of meetings[1]	Number of meetings attended	% of meetings attended	Sitting fees paid (₹)	
Mr. Deepak S. Parekh (Chairman)	6	6	100%	6,00,000	Yes
Mr. D. M. Sukthankar	1	1	100%	1,00,000	N.A.
Mr. B. S. Mehta	2	2	100%	2,00,000	N.A.
Mr. D. N. Ghosh	1	1	100%	1,00,000	N.A.
Mr. Nasser Munjee[2]	6	5	83%	5,00,000	Yes
Dr. Bimal Jalan	2	2	100%	2,00,000	N.A.
Dr. J. J. Irani	6	6	100%	6,00,000	Yes
Mr. U. K. Sinha	6	6	100%	6,00,000	Yes
Mr. Jalaj Dani	6	6	100%	6,00,000	Yes
Dr. Bhaskar Ghosh	4	4	100%	4,00,000	N.A.
Ms. Ireena Vittal	1	1	100%	1,00,000	N.A.
Mr. V. Srinivasa Rangan (Executive Director)	6	6	100%	-	Yes
Ms. Renu Sud Karnad (Managing Director)	6	6	100%	-	Yes
Mr. Keki M. Mistry (Vice Chairman & CEO)	6	6	100%	-	Yes

[1] *The maximum number of meetings that a director was eligible to attend.*

[2] *Mr. Munjee was unable to attend the board meeting held on July 30, 2018 on account of unforeseen disruption in travel plans to Mumbai and was granted leave of absence from attending the meeting. He, however, attended the AGM which was held later that day.*

The board met on May 13, 2019, to *inter alia* approve the audited annual financial results of the Corporation and the audited consolidated financial results for the year ended March 31, 2019.

Committees of the Board

To enable better and more focused attention on the affairs of the Corporation, the board delegates particular matters to committees of the board set up for the purpose. These committees prepare the groundwork for decision-making and report the same to the board at the subsequent meetings. There have been no instances wherein the board has not accepted the recommendations of any committee.

The composition and functioning of these board committees is in compliance with the applicable provisions of the Companies Act, 2013, Listing Regulations and the corporate governance directions issued by National Housing Bank.

Current Board Committees and their Composition

Directors	Committees					
	Audit & Governance	Nomination & Remuneration	Stakeholders Relationship	Risk Management[1]	IT Strategy[1]	Corporate Social Responsibility
Mr. Deepak S. Parekh						C
Dr. J. J. Irani		C	C			
Mr. Nasser Munjee	M	M		C		
Mr. U. K. Sinha		M				
Mr. Jalaj Dani	C		M		M	M
Dr. Bhaskar Ghosh	M			M	C	
Ms. Ireena Vittal	M	M				
Mr. V. Srinivasa Rangan			M	M		M
Ms. Renu Sud Karnad				M	M	M
Mr. Keki M. Mistry				M		M

C: Chairperson M: Member

[1]Also comprises senior management of the Corporation.

Audit and Governance Committee

The Audit and Governance Committee solely comprises independent directors. During the year, the committee was reconstituted and the present members of the committee are Mr. Jalaj Dani (Chairman), Mr. Nasser Munjee, Dr. Bhaskar Ghosh and Ms. Ireena Vittal.

All the members of the committee have accounting and financial management expertise. The quorum for the meeting of the committee is two members. The company secretary is the secretary to the committee.

The terms of reference of the committee includes overseeing the Corporation's financial reporting process, disclosures of financial information, reviewing of governance practices and financial performance of the unlisted subsidiaries of the Corporation. The committee reviews the financial statements prior to recommending the same to the board for its approval.

The committee recommends to the board, the appointment or re-appointment of the statutory auditors and internal auditors of the Corporation and their remuneration. The committee and auditors discuss the nature and scope of audit prior to the commencement of the audit and areas of concern, if any, arising post audit. In addition, the committee approves payment of fees for other services rendered by the statutory auditors. The committee also annually reviews with the management the performance of statutory and internal auditors of the Corporation to ensure that an objective, professional and cost effective relationship is being maintained.

The committee's functions include reviewing the information systems audit, adequacy of the internal audit function, its structure, reporting process, audit coverage and frequency of internal audits, periodical review of the internal audit reports on compliances pertaining to Know Your Customer (KYC) norms, internal controls and other compliances, reviewing the findings of any internal investigation by the internal auditors in matters relating to suspected fraud or irregularity or failure of internal control systems of material nature and report the same to the board, evaluation of internal financial controls and risk management systems adopted by the Corporation.

The committee grants approval for transactions to be entered into by the Corporation with its related parties in terms of the policy on Related Party Transactions of the Corporation and the pricing policy and reviews all such transactions on a quarterly basis.

The committee reviews the reports of the internal and statutory auditors and ensures that adequate follow-up action is taken by the management on observations and recommendations made by the respective auditors.

During the year, the committee *inter alia* reviewed the statement of uses/application of funds raised by issuance of securities on private placement basis, management of assets and liabilities of the Corporation, process for undertaking transactions with related parties, including the pricing policy, statement of related party transactions, risk profile of the Corporation, status of compliances with the Know Your Customer and Prevention of Money Laundering Policy, Fair Practices Code and complaints received and redressed under the Whistle Blower Policy of the Corporation. The committee reviewed the investments made by the unlisted subsidiary companies of the Corporation and their audited annual financial statements and other matters as mandated under Section 177 of the Companies Act, 2013 and Regulation 18(3) of the Listing Regulations.

The Audit and Governance Committee separately met the statutory auditors to discuss audit related issues and adequacy of financial controls.

The committee, on a quarterly basis discusses and reviews with the statutory auditors of the Corporation, the key highlights of the limited review of the unaudited financial results of the Corporation before recommending the same to the board for its approval.

During the year under review, the committee met six times. The meetings were held on April 30, 2018, July 30, 2018, November 1, 2018, December 17, 2018, January 29, 2019 and March 6, 2019.

Mr. Nasser Munjee who was the Chairman of the committee at the time of the 41st AGM was present to answer shareholder queries.

The details of the attendance of the members of the committee along with sitting fees paid are listed below:

Members	Number of meetings held during their tenure	Number of meetings attended	% of attendance	Sitting fees paid (₹)[1]
Mr. Jalaj Dani[2] (Chairman)	5	5	100%	5,00,000
Mr. Nasser Munjee[3]	6	5	83%	4,50,000
Mr. D. N. Ghosh	1	1	100%	50,000
Mr. B. S. Mehta	2	2	100%	1,50,000
Dr. Bhaskar Ghosh	4	4	100%	4,00,000

[1] *Sitting fees increased from ₹ 50,000 to ₹ 1 lac per meeting post April 30, 2018.*

[2] *Appointed Chairman w.e.f. March 7, 2019.*

[3] *Ceased to be the Chairman w.e.f. March 6, 2019. Was unable to attend the meeting held on July 30, 2018 on account of unforeseen disruption in travel plans and was granted leave of absence from attending the meeting.*

Ms. Ireena Vittal was inducted as a member post the meeting held on March 6, 2019.

The committee met on May 10, 2019 to *inter alia* review the audited annual financial results of the Corporation and the audited consolidated financial results for the year ended March 31, 2019 and recommended the same to the board for its approval.

The Board of Directors at its meeting held on May 13, 2019 amended the nomenclature of the Audit Committee to Audit and Governance Committee as the terms of reference of the committee includes reviewing of governance practices and financial performance of the unlisted subsidiaries of the Corporation.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee solely comprises independent directors. The committee was reconstituted and the present members of the committee are Dr. J. J. Irani (Chairman), Mr. Nasser Munjee, Mr. U. K. Sinha and Ms. Ireena Vittal.

The terms of reference of the committee *inter alia* include formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board a policy relating to the remuneration of the directors, key managerial personnel, senior management and other employees of the Corporation. The committee formulates the criteria for evaluation of the Chairman, independent directors, executive directors, the board as a whole and board committees.

The committee's function includes identifying persons who are qualified to become directors of the Corporation, recommending their appointment or re-appointment of the existing directors to the board, ensuring that such persons meet the relevant criteria prescribed under applicable laws including qualification, area of expertise and experience, track record and integrity. The committee is also entrusted with reviewing and approving the remuneration payable to the executive directors of the Corporation within the overall limits as approved by the shareholders and commission payable to the Chairman of the Corporation.

The committee's terms of reference also include formulation and administration of the employee stock option schemes, including granting of options to eligible employees and directors under these schemes.

During the year under review, the committee met four times. The meetings were held on April 30, 2018, August 30, 2018, January 29, 2019 and March 6, 2019. The Chairman of the committee was present at the 41st AGM to answer shareholder queries.

The details of the attendance of the members of the committee along with sitting fees paid are listed below:

Members	Number of meetings held during their tenure	Number of meetings attended	% of attendance	Sitting fees paid (₹)[1]
Dr. J. J. Irani (Chairman)	4	4	100%	3,50,000
Mr. B. S. Mehta	1	1	100%	50,000
Mr. Nasser Munjee[2]	4	3	83%	2,50,000
Mr. U. K. Sinha[3]	3	3	100%	3,00,000

[1] *Sitting fees increased from ₹ 50,000 to ₹ 1 lac per meeting post April 30, 2018.*

[2] *Unable to attend the meeting held on August 30, 2018 as he was out of the country.*

[3] *Inducted as a member post the meeting on April 30, 2018.*

Ms. Ireena Vittal has been inducted as a member of the committee w.e.f. May 13, 2019.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises a majority of independent directors. During the year, the committee was reconstituted and the present members of the committee are Dr. J. J. Irani (Chairman), Mr. Jalaj Dani and Mr. V. Srinivasa Rangan.

The terms of reference of the committee *inter alia* include reviewing mechanisms adopted by the Corporation to redress shareholder, depositor and debenture holder grievances, the status of litigations filed by/against stakeholders of the Corporation and initiatives taken to reduce the quantum of unclaimed dividends. The committee oversees adherence to service standards and standard operating procedures pertaining to investor services. The committee reviews the status of compliances with applicable corporate and securities laws.

During the year under review, the committee met four times. The meetings were held on April 27, 2018, July 31, 2018, October 31, 2018 and January 28, 2019.

The Chairman of the committee was present at the 41st AGM to answer shareholder queries.

The details of the attendance of the members of the committee along with sitting fees paid are listed below:

Members	Number of meetings held during their tenure	Number of meetings attended	% of attendance	Sitting fees paid (₹)[1]
Dr. J. J. Irani (Chairman)	4	4	100%	3,50,000
Mr. D. M. Sukthankar	1	1	100%	50,000
Mr. Jalaj Dani[2]	3	3	100%	3,00,000
Mr. V. Srinivasa Rangan	4	4	100%	-

[1] *Sitting fees increased from ₹ 50,000 to ₹ 1 lac per meeting post April 30, 2018.*

[2] *Inducted as a member of the committee post the meeting on April 30, 2018.*

Risk Management Committee

The Risk Management Committee (RMC) comprises a majority of directors, which includes two independent directors and three whole-time directors and members of the executive management.

The role of the RMC is to ensure that risks impacting the business of the Corporation are identified and appropriate measures are taken to mitigate the same. The Corporation has adopted an integrated risk management framework. The framework lays down the procedures for identification of risks, assessment of its impact on the business of the Corporation and the efficacy of the measures taken to mitigate the same. The risks are evaluated at an inherent and residual level, based on the impact of such risks and the likelihood of its occurrence.

The regional managers and the functional heads of the Corporation are responsible for identifying, monitoring and periodically re-evaluating the risk profile of their respective region/function, which is then reviewed by the internal risk management committee.

The internal risk management committee comprising executive directors and members of senior management meets periodically. This committee is responsible to ensure that appropriate methodology, processes and systems are in place to monitor, identify and review risks associated with the business of the Corporation.

The internal risk management committee apprises the RMC on key risks associated with the business, its root causes and measures taken to mitigate the same. The RMC in turn apprises the Audit & Governance Committee and the board which endorses and approves the overall integrated risk management strategy of the Corporation.

The Board of Directors reviewed the risk profile of the Corporation and the efficacy of the measures in place to mitigate the risks. The board was of the opinion that there were no key risks immediately foreseeable that could threaten the existence of the Corporation.

The RMC met twice during the year under review, on October 31, 2018 and March 5, 2019. The details of the attendance of the members of the committee along with sitting fees paid are listed below:

Members	Number of meetings held during their tenure	Number of meetings attended	% of attendance	Sitting fees paid (₹)[1]
Mr. Nasser Munjee (Chairman)	2	2	100%	2,00,000
Dr. Bhaskar Ghosh[1]	1	1	100%	1,00,000
Mr. Keki M. Mistry	2	2	100%	-
Ms. Renu Sud Karnad	2	2	100%	-
Mr. V. Srinivasa Rangan	2	2	100%	-
Mr. Conrad D'Souza[2]	2	2	100%	-
Ms. Madhumita Ganguli[2]	2	2	100%	-
Mr. Suresh Menon[2]	2	2	100%	-

[1] *Inducted as a member of the committee w.e.f. November 1, 2018.*

[2] *Member of Executive Management*

Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) committee comprises the Chairman, one independent director and three whole-time directors of the Corporation. During the year, the committee was reconstituted and the present members of the committee are Mr. Deepak S. Parekh (Chairman), Mr. Jalaj Dani, Mr. Keki M. Mistry, Ms. Renu Sud Karnad and Mr. V. Srinivasa Rangan.

The terms of reference of the committee *inter alia* include formulation of CSR policy, approval of CSR activities, recommendation of the amount of expenditure to be incurred on CSR activities to the board and review and approval of projects/programmes to be supported by the Corporation. Details of CSR activities form part of the Directors' Report.

During the year under review, the committee met four times. The meetings were held on April 30, 2018, July 30, 2018, January 29, 2019 and March 6, 2019.

The details of the attendance of the members of the committee are listed below:

Members	Number of meetings held during their tenure	Number of meetings attended	% of attendance
Mr. Deepak S. Parekh (Chairman)	4	4	100%
Mr. D. N. Ghosh	1	1	100%
Mr. Jalaj Dani[1]	3	3	100%
Mr. Keki M. Mistry	4	4	100%
Ms. Renu Sud Karnad	4	4	100%
Mr. V. Srinivasa Rangan	4	4	100%

[1] *Inducted as a member of the committee post the meeting on April 30, 2018.*

The non-executive directors have waived receipt of sitting fees for attending the meetings of the CSR Committee.

Information Technology (IT) Strategy Committee

During the year, the board constituted an IT Strategy Committee which comprises two independent directors, a whole-time director and few senior IT officials of the Corporation. The committee is chaired by independent director, Dr. Bhaskar Ghosh.

Mr. R. Arivazhagan – Member of the Executive Management is the Chief Information Technology Officer of the Corporation.

The terms of reference of the committee *inter alia* include approving the IT strategy and policy documents, assessing the implementation of the IT plan, reviewing IT investment requirements and overseeing the execution of IT related policies on governance, cyber security, business continuity and IT outsourcing.

The committee met on January 29, 2019. The independent directors were paid ₹1 lac each as sitting fees.

Meeting of Independent Directors

The independent directors convene separate meetings to discuss various issues at their discretion. The objective of such meetings is for the independent directors to evaluate the performance of the Chairman, the whole-time directors and the overall performance of the board.

The meeting of independent directors was held on March 6, 2019. Mr. U. K. Sinha was appointed Chairman for the meeting. All the independent directors attended the meeting and were paid sitting fees of ₹1 lac each.

At the meeting, the independent directors assessed the quality, quantity and timeliness of the flow of information between the Corporation's management and the board. As the board is in the process of a phased refreshment, some of the independent directors expressed the need to increase their interface with a wider group of senior management in order to better understand various functions within the organisation. This would also enable the board to assess the pipeline of talent and ensure orderly succession planning across various levels within the organisation.

Remuneration Policy

The remuneration policy, including the criteria for remunerating non-executive directors and whole-time directors is recommended by the Nomination and Remuneration Committee and approved by the board. The key objective of the remuneration policy is to ensure that the remuneration is aligned to the overall performance of the Corporation. The policy ensures that it is fair and reasonable to attract and retain necessary talent, is linked to attaining performance benchmarks and involves a judicious balance of fixed and variable components.

The remuneration policy is placed on the website of the Corporation. The remuneration paid to the directors is in line with the remuneration policy of the Corporation.

Remuneration of Directors

Non-Executive Directors

The remuneration for non-executive directors consists of sitting fees and commission. The payment of the annual commission to non-executive directors is based on the performance of the Corporation. The commission payable to non-executive directors is approved by the board and is within the overall limits as approved by the shareholders of the Corporation.

Given the increased responsibilities and time spent by independent directors, the board in FY 19, approved an increase in the commission payable to independent directors to ₹ 35 lac as against ₹ 25 lac for the previous financial year. Commission will be paid on a pro-rata basis for those who were on the board for part of the year.

Details of the remuneration and shareholding of non-executive directors are provided in Form No. MGT-9 given elsewhere in the annual report.

Executive Directors

The elements of the remuneration package of executive directors comprise salary, commission, perquisites (equivalent to their respective annual salary), other benefits and allowances which include telephones for the Corporation's business, house rent allowance or house maintenance allowance, leave travel allowance, leave encashment, contributions to provident funds, superannuation funds and provision towards post-retirement pension schemes of the Corporation, other post-retirement benefits in the form of medical benefits and use of the Corporation's car as per the schemes framed and/or to be framed by the Corporation and as approved by the board/Nomination and Remuneration Committee, from time to time and all other benefits as are provided to the senior employees of the Corporation. The same is decided by the Nomination and Remuneration Committee within the overall limits as approved by the shareholders at the AGMs.

The annual increments of the executive directors are linked to their performance and are decided by the Nomination and Remuneration Committee. Service contracts and the notice period are as per the terms of agreement entered into by each whole-time director with the Corporation.

The remuneration contracts of the executive directors do not have *malus* or clawback provisions. No severance fee is payable by the Corporation on termination of these contracts.

Details of remuneration paid/payable to the whole-time directors during the year under review are provided in Form No. MGT-9.

During the year, Mr. Keki M. Mistry received an amount of ₹ 90.44 lac, Ms. Renu Sud Karnad received ₹ 80.53 lac and Mr. V. Srinivasa Rangan received ₹ 45.45 lac towards fees from subsidiary companies. The whole-time directors of the Corporation have been appointed by the shareholders on a contractual basis for a fixed tenure ranging between three to five years, however, they are liable to retire by rotation.

Evaluation of the Board and Directors

The board, as an outcome of the evaluation process last year, took cognisance of the need for board refreshment in a phased manner. Towards achieving this, the board appointed four independent directors during the year.

During the year, the Nomination and Remuneration Committee of Directors (NRC) revisited the methodology and criteria for evaluation of the performance of the board as a whole and its committees, and the performance of directors, taking cognisance of the guidance note on board evaluation issued by SEBI.

Based on the recommendation of the NRC, the evaluation exercise was conducted internally through an online module. As Dr. Bhaskar Ghosh and Ms. Ireena Vittal were recently inducted on the board, they did not participate in the board evaluation exercise.

Dr. J. J. Irani, Chairman of the NRC shared the feedback received on board evaluation with the NRC members and independent directors at their respective meetings.

The whole-time directors and the Chairman of the Corporation were evaluated based on various quantitative and qualitative criteria, including knowledge and competency, commitment and contribution, leadership, governance and other parameters.

The overall performance evaluation exercise was completed to the satisfaction of the board. As an outcome of the board evaluation and discussions at the meeting of independent directors, the board suggested the need for a more comprehensive succession plan with a three to five year horizon. The board also expressed the need to interact with a wider group of senior management to discuss core functions and strategic issues. This wider interaction would help the board better assess the pipeline talent.

Investor Grievances

Mr. Ajay Agarwal, company secretary of the Corporation is the compliance officer for the purpose of the Listing Regulations.

During the year, the Corporation received 12 investor complaints and all the complaints were resolved to the satisfaction of shareholders. There were no investor complaints pending as at March 31, 2019.

Presently, the Corporation is a party to litigations (including certain cases in which the Corporation has been impleaded as a necessary party to such litigations) relating to disputes over title to shares. The Corporation is not in agreement with the claims made by the aggrieved parties and the litigations are not material in nature.

Subsidiary Companies

HDFC Life Insurance Company Limited is a material listed subsidiary of the Corporation in terms of the provisions of the Listing Regulations. The Corporation does not have any unlisted material subsidiary.

Each quarter, the Audit & Governance Committee of the Corporation reviews the investments made by the unlisted subsidiary companies of the Corporation. The committee also reviews the audited annual financial statements of subsidiary companies.

The minutes of the board meetings of the unlisted subsidiary companies of the Corporation and significant transactions and arrangements entered into by all the unlisted subsidiary companies are placed before the board meetings of the Corporation on a quarterly basis. The board is periodically apprised of the performance of key subsidiary companies, including material developments.

Code of Conduct and Management of Conflict of Interest

The code of conduct for non-executive directors, whole-time directors and members of senior management of the Corporation are in conformity with the requirements of the Listing Regulations and are placed on the website of the Corporation. The directors and members of senior management have affirmed their adherence to the provisions of the respective codes.

The Corporation also has a board approved policy on management of conflict of interest to provide guidance to the directors and employees of the Corporation on managing situations of conflict of interest which may arise from time to time, whilst performing a designated function. The policy is placed on the website of the Corporation.

The code of conduct of the Corporation reflects the Corporation's long-standing commitment of doing business with integrity and zero tolerance for corrupt practices in any form, including bribery.

Share Dealing Code

Consequent to the amendment of the SEBI (Prohibition of Insider Trading) Regulations, 2015 effective April 1, 2019, the Corporation's Share Dealing Code was revised to align the same with the regulations.

The code is applicable to all directors, employees, their immediate relatives and other connected persons. These identified persons are prohibited from trading in the securities of the Corporation during the restricted trading periods notified by the Corporation, from time to time and whilst in possession of any unpublished price sensitive information relating to the Corporation.

Dealing with Unpublished Price Sensitive Information

The policy on Determination of Material Events and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information are placed on the website of the Corporation and deal with the adequate and timely disclosure of information and events of the Corporation.

During the year, the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information was revised to align the same with the amended SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Corporation has an Investor Relations Policy which *inter alia* lays down the procedures and systems to ensure that unpublished price sensitive information is shared confidentially and strictly on a need to know basis.

Mr. Conrad D'Souza, Member of Executive Management, is the Chief Investor Relations Officer of the Corporation.

Transactions with Non-Executive Directors

The non-executive directors of the Corporation do not have any pecuniary relationships or transactions with the Corporation or its directors, senior management, subsidiary or associate companies, other than in the normal course of business.

Related Party Transactions

The Corporation has a board approved policy on Related Party Transactions. The policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions entered into between the Corporation and its related parties. The policy is placed on the website of the Corporation.

There were no transactions with related parties that may have potential conflict with the interest of the Corporation. Details of related party transactions entered into by the Corporation in the ordinary course of its business are included in the notes forming part of the financial statements. Material related party transactions which require approval of the shareholders of the Corporation have been detailed in the notice convening the ensuing AGM.

The Audit & Governance Committee is entrusted with the task of reviewing the pricing policy of the Corporation to determine arm's length pricing for transactions to be entered by the Corporation with its related parties.

Further, there were no financial or commercial transactions by the senior management with the Corporation where their personal interests may have potential conflict with the interests of the Corporation.

Whistleblower Policy

The Corporation has a board approved Whistleblower Policy and a vigil mechanism to ensure that all employees/directors of the Corporation work in a conducive environment and are given a platform to freely express their concerns or grievances on various matters pertaining to any malpractice, actual/suspected fraud or violation of the Corporation's code of conduct. The Corporation has a third party, web-based reporting mechanism which functions independently and provides a secure and confidential platform to report genuine concerns and cases pertaining to the Corporation.

In order to ensure highest standards of governance within the Corporation, under the Whistleblower Policy, other stakeholders including borrowers, depositors, key partners, direct selling agents and vendors can report any misconduct or act that is not in the interests of the Corporation.

The policy provides that the whistleblower shall be protected against any detrimental action as a result of any allegations made in good faith. During the year, the policy was amended so as to enable the employees and other stakeholders to report instances of sharing or leakage of unpublished price sensitive information in contravention to the SEBI (Prohibition of Insider Trading) Regulations, 2015. The policy is placed on the website of the Corporation.

The Audit and Governance Committee is apprised on the vigil mechanism on a periodic basis. During the year under review, 17 complaints were received under the whistleblower mechanism of the Corporation, of which 5 were relating to group companies. The Whistle blower Committee reviewed the balance complaints relating to the Corporation and ascertained that none of the complaints pertains to any malpractice, actual/suspected fraud, violation of the Corporation's Code of Conduct, leakage of unpublished price sensitive information or abuse of power and authority by any official of the Corporation. There were no pending cases as at March 31, 2019.

During the year, no person was denied access to the Audit and Governance Committee to express concerns or reporting grievances under the Whistleblower Policy and/or vigil mechanism.

Strictures and Penalties

During the year under review, as also during the last three years, no penalties or strictures were imposed on the Corporation by any stock exchange, SEBI or other statutory authority on matters relating to the capital markets.

Accounting Standards

The Corporation has complied with the applicable Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013. The financial statements for the year have been prepared in accordance with Schedule III to the Companies Act, 2013.

Secretarial Standards

The Corporation has complied with the applicable provisions of secretarial standards issued by The Institute of Company Secretaries of India.

Proceeds from Private Placement Issues

During the year under review, the Corporation raised an amount of ₹ 48,177 crore through secured redeemable non-convertible debentures (NCDs), issued in various tranches on a private placement basis. The Corporation also raised ₹ 1,500 crore through the issuance of unsecured rupee denominated bonds to overseas investors. The funds raised from the issuance of NCDs and rupee denominated bonds were utilised for housing finance business requirements and general corporate purposes.

In FY18, the Corporation had raised ₹ 13,000 crore through the issuance of equity shares on a preferential basis and qualified institutions placement. The proceeds were utilised towards subscription to the equity shares of HDFC Bank Limited and organic growth in the affordable housing sector.

Details of all the above-mentioned issues and the end use were provided to the Audit & Governance Committee and the board on a periodic basis. Further details of the issues are provided in the Management Discussion and Analysis Report.

Shareholders

The Corporation had 2,83,290 shareholders as at March 31, 2019. The main channel of communication to the shareholders is through the annual report and quarterly financial results.

The AGM is the principal forum for interaction with shareholders, where the board answers specific queries raised by shareholders. The board acknowledges its responsibility towards its shareholders and therefore encourages open and active dialogue with all its shareholders – be it individuals, domestic institutional investors or foreign investors. The Corporation also provides a one-way live webcast of the proceedings of the AGM, the link for which would be placed on the Corporation's website.

The Corporation communicates with its institutional shareholders through meetings with analysts and discussions between fund managers and management. The Corporation also participates at investor conferences and non-deal roadshows, from time to time. All interactions with institutional shareholders, fund managers and analysts are based on generally available information that is accessible to the public on a non-discriminatory basis. The presentations made to analysts and fund managers are placed on the Corporation's website. The official news releases are also displayed on the website.

Details relating to quarterly performance and financial results are disseminated to the shareholders through press releases and uploaded on the Corporation's website. The financial results are *inter alia* published in Business Standard, Business Line, The Free Press Journal and Navshakti. Further, the Corporation also publishes certain key notices in widely circulated vernacular newspapers.

A section on 'Shareholders' Information' is provided elsewhere in the annual report.

The management statement on the integrity and fair presentation of the financial statements is provided as a part of the annual report in the Management Discussion and Analysis Report.

Annual General Meetings (AGMs)

The details of the last three AGMs held at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020 are given below :

Financial Year	Meeting	Date	Time	Number of Special Resolutions passed
2015-16	39th AGM	July 27, 2016	3:00 p.m.	2
2016-17	40th AGM	July 26, 2017	2:30 p.m.	2
2017-18	41st AGM	July 30, 2018	2:30 p.m.	4

Postal Ballot

During the year, no resolution was passed through postal ballot under the provisions of the Companies Act, 2013. No resolution is proposed to be passed through postal ballot.

Compliance

Messrs Bhandari and Associates, practicing company secretaries, have certified that the Corporation has complied with the mandatory requirements as stipulated under the Listing Regulations. Various certifications are annexed to this report.

Mr. Sudhir Kumar Jha, Senior General Manager – Corporate Legal is the compliance officer in accordance with the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.

Non-Mandatory Requirements

The Corporation is in compliance with the non-mandatory requirements listed in the Listing Regulations.

Certification of Financial Reporting and Internal Controls

In accordance with the Listing Regulations, a certificate confirming the correctness of the financial statements, adequacy of internal control measures and matters to be reported to the Audit & Governance Committee was taken on record at the board meeting convened for approval of the audited financial statements of the Corporation for the year under review.

Going Concern

The board is satisfied that the Corporation has adequate resources to continue its business for the foreseeable future and consequently considers it appropriate to adopt the going concern basis in preparing the financial statements.

On behalf of the Board of Directors

MUMBAI
May 13, 2019

DEEPAK S. PAREKH
Chairman

Compliance with Code of Conduct

I confirm that for the year under review, directors and senior management have affirmed their adherence to the provisions of the Code of Conduct.

MUMBAI
May 13, 2019

KEKI M. MISTRY
Vice Chairman & CEO

Management Discussion and Analysis Report

MACROECONOMIC OVERVIEW AND INDUSTRY DEVELOPMENTS

Macroeconomic Overview

During the year under review, global economic activity lost its momentum, resulting in a synchronised slowdown across advanced and emerging market economies. The International Monetary Fund estimated global growth at 3.6% in 2018, down from 3.8% in the previous year.

The Indian economy in FY19 displayed two distinct trends. In the first half of the financial year, GDP growth was strong at 7.5%, though there were inflationary concerns, largely due to volatile crude oil prices. The Reserve Bank of India (RBI) raised the repo rate by 25 basis points each in June and August 2018.

In the second half of the financial year, India's growth momentum slipped off due to rising interest rates, tight liquidity conditions and rising risk averseness. This was exacerbated by an across-the-board slowdown of high-frequency indicators such as sales of two-wheelers, passenger vehicles, white goods and fast moving consumer goods, amongst others. Accordingly, the Central Statistics Office revised India's GDP growth estimate for FY19 to 7%.

With a benign inflation scenario playing out in the second half of the financial year, the RBI reduced the repo rate by 25 basis points in February 2019. The RBI followed this with another reduction in the repo rate by 25 basis points in April 2019.

To alleviate the tight liquidity conditions, the RBI infused liquidity of ₹ 2.9 trillion through open market operations during the year under review. Another liquidity infusing measure by the RBI entailed dollar/rupee buy/sell swap auctions. To augment the flow of credit, the RBI amended various guidelines such as easing external commercial borrowings and facilitating an increase in asset sales through securitisation by relaxing the minimum holding period from one year to six months. Despite these measures, the challenges of slow monetary policy transmission continued to prevail in the system.

Housing and Real Estate Markets

The demand for home loans remained strong given the shortage of housing in the country. During the year, sales of high end luxury apartments continued to remain tepid, however, there was increased demand for ready-to-move-in properties. New launches of residential projects focusing on affordable housing saw strong demand from homebuyers.

The government's impetus to encourage the supply of affordable housing units has yielded salutary results. Across all major cities in India, there has been a distinct shift towards smaller apartments, thereby also helping affordability.

Much of the new supply of affordable homes has come up in peripheral areas of the cities. Another distinct trend seen amongst some of the new residential projects has been an increased preference for green, energy efficient homes with solar panels, water harvesting, LED lighting and use of other energy saving fixtures.

Most states have now put in place a real estate regulator, which acts as a strong confidence booster for homebuyers. The Real Estate (Regulation & Development) Act, 2016 has helped bring in greater discipline and transparency amongst developers in terms of usage of funds for the project as well as adherence to stated timelines for the delivery of homes.

The commercial real estate market continued to remain buoyant with demand for Grade A office spaces still outstripping supply. The logistics and warehousing sector is also

City	Average Size (Sq Ft)		% Change
	2014	2018	
Mumbai Metropolitan Region (MMR)	960	700	-27%
Kolkata	1,230	950	-23%
Pune	960	750	-22%
Delhi - NCR	1,485	1,250	-16%
Chennai	1,290	1,100	-15%
Hyderabad	1,830	1,600	-13%
Bengaluru	1,430	1,260	-12%
Pan India	**1,390**	**1,160**	**-17%**

Source: Anarock Property Consultants

gaining traction after being granted infrastructure status. The listing of Real Estate Investment Trust (REITS) augurs well for the sector as it not only creates a new investment vehicle, but also helps infuse greater liquidity in the commercial real estate sector.

Leading foreign private equity players, pension funds and sovereign funds have evinced keen interest in the Indian real estate space. During the year, certain large ticket real estate transactions took place, which enabled various developers to monetise their assets.

CHALLENGES AND OPPORTUNITIES

Certain pockets of the real estate sector have witnessed increased stress owing to tight liquidity conditions. Developers who have high levels of unsold inventories, severe delays in project execution and excessive leverage have faced increased challenges in the recent period. Many real estate projects are in need of last mile funding.

Against this backdrop, a number of developers have seen merit in joint development agreements or allowing financially stronger developers to take over and complete the projects. Such consolidation augurs well for the sector.

The Insolvency and Bankruptcy Code has faced various problems in terms of delays and long-drawn litigations. Efforts are being made to strengthen the bankruptcy framework to ensure timely resolutions.

The non-banking finance sector plays a complementary and supplementary role to the banking sector, especially in terms of offering last mile funding and niche financial products and services. The liquidity crisis and rising risk averseness reiterated the importance of the need to have adequate liquidity buffers, be well capitalised and have access to diversified sources of borrowing.

Given the near term challenges, many HFCs have seen a slowdown in growth and have become more discerning and prudent in their lending. While there is increased stress on loans in the commercial real estate sector, various rating agencies have reiterated that asset quality of individual housing loans is unlikely to see any sharp deterioration. As far as construction finance is concerned, key risks include increased stress due to tight liquidity conditions, delays in construction or builders being unable to complete under construction projects.

The acute shortage of housing, low penetration of mortgages, rising urbanisation, improved affordability, continued fiscal incentives and a young demographic profile remain assuring factors that the demand for housing finance in India will continue to remain robust.

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Transition to Indian Accounting Standards

The Ministry of Corporate Affairs vide its press release dated January 18, 2016 had issued directions for implementation of Indian Accounting Standards (Ind AS) for the accounting period beginning April 1, 2018, along with comparatives for the period beginning April 1, 2017. The National Housing Bank vide its circulars dated April 16, 2018 and June 14, 2018 had directed housing finance companies (HFCs) to comply with Ind AS as stated above.

The Corporation has prepared standalone and consolidated financial statements for the year ended March 31, 2019, in accordance with Ind AS for the first time. The Corporation has adopted Ind AS notified under Section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 from April 1, 2018 and the effective date of such transition is April 1, 2017.

For the periods up to and including the year ended March 31, 2018, the Corporation had prepared its financial statements in accordance with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, now referred as 'Previous GAAP'.

The Corporation has prepared its financial statements to comply with Ind AS for the year ended March 31, 2019, together with comparative information for the year ended March 31, 2018.

In preparing these financial statements, the Corporation's opening balance sheet was prepared as at April 1, 2017 i.e. the transition date to Ind AS for the Corporation. Accordingly, the impact of transition has been recorded in the opening reserves as at April 1, 2017. The corresponding figures presented in these results have been prepared on the basis of the previously published results under previous GAAP for the relevant periods, duly re-stated to Ind AS. These Ind AS adjustments have been audited by the statutory auditors.

Detailed explanations capturing areas of differences and reconciliations from previous GAAP to Ind AS have been provided in the Notes to Accounts which form a part of the financial statements.

The preparation of financial statements in accordance with Ind AS requires the management to make estimates, judgements and assumptions. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the financial statements are also disclosed in the Notes to Accounts.

FINANCIAL AND OPERATIONAL PERFORMANCE

Impact of Transition Recorded in Opening Reserves of April 1, 2017

In preparing the financial statements under Ind AS, the Corporation's opening balance sheet was prepared as at April 1, 2017 i.e. the transition date to Ind AS for the Corporation. Accordingly, the impact of transition has been recorded in the opening reserves as at April 1, 2017.

In March 2018, the National Company Law Tribunal (NCLT) had approved the scheme of amalgamation of five wholly owned subsidiaries of the Corporation, namely Windermere Properties Private Limited, Haddock Properties Private Limited, Grandeur Properties Private Limited, Winchester Properties Private Limited and Pentagram Properties Private Limited with the Corporation. The order was filed with the Registrar of Companies, Mumbai on April 27, 2018. Accordingly the Corporation considered the operations of the said subsidiaries from April 1, 2016 as its own operations and accounted for the same in its books of accounts. The reported equity as per previous GAAP therefore has been adjusted for the merger of these five subsidiaries with the Corporation.

Reconciliation of equity on April 1, 2017 between Previous GAAP and Ind AS is as under:

₹ in crore

	Opening Balance Sheet as at April 1, 2017		
	Previous GAAP	Effect of Transition to Ind AS	Ind AS
ASSETS			
Loans	2,95,175	517	2,95,692
Investments	19,843	338	20,181
Cash and Bank Balances	6,569	-	6,569
Trade Receivables	106	-	106
Derivative Financial Instruments	276	57	333
Other Financial Assets	7,286	384	7,670
Total Financial Assets	**3,29,255**	**1,296**	**3,30,551**
Current Tax Assets	3,146	-	3,146
Deferred Tax Assets	(2,389)	2,669	280
Fixed Assets and Investment Properties	1,042	-	1,042
Other Non-Financial Assets	169	1	170
Total Non-Financial Assets	**1,968**	**2,670**	**4,638**
Total Assets	**3,31,223**	**3,966**	**3,35,189**
LIABILITIES			
Borrowings	2,79,435	(81)	2,79,354
Derivative Financial Instruments	1,024	(103)	921
Trade Payables	149	-	149
Other Financial Liabilities	10,413	24	10,437
Total Financial Liabilities	**2,91,021**	**(160)**	**2,90,861**
Total Non-Financial Liabilities	**891**	-	**891**
Total Equity	**39,311**	**4,126**	**43,437**
Total Equity and Liabilities	**3,31,223**	**3,966**	**3,35,189**

Reconciliation of Total Comprehensive Income for March 31, 2018

Consequent to the transition to Ind AS, the net profit reconciliation between the figures reported, net of tax, under previous GAAP and Ind AS is given below:

₹ in crore

Particulars	Year ended March 31, 2018
Net profit after tax as per Previous GAAP	**12,164**
Adjustment on account of effective interest rate / forex valuation/ net interest on credit impaired loans	(672)
Adjustment on account of derecognised (assigned) loans	14
Adjustment on account of expected credit losses	(130)
Adjustment due to fair valuation of employee stock options	(938)
Fair value change in investments	17
Reversal of deferred tax liability on Special Reserve created under section 36(1)(viii) of the Income tax Act, 1961	507
Other adjustments	(3)
Net profit after tax as per Ind AS	**10,959**
Other comprehensive income (net of tax)	(72)
Total comprehensive income (net of tax) as per Ind AS	**10,887**

Reconciliation of equity attributable to shareholders of the Corporation as at March 31, 2018:

₹ in crore

Particulars	As at March 31, 2018
Equity under Previous GAAP	**61,402**
Adjustment on account of effective interest rate / forex valuation / net interest on credit impaired loans	(175)
Adjustment on account of derecognised (assigned) loans	471
Adjustment on account of expected credit losses	(312)
Fair value change in investments	242
Reversal of deferred tax liability on Special Reserve created under section 36(1)(viii) of the Income tax Act, 1961	3,920
Net Equity before other comprehensive income as per Ind AS	**65,548**
Other comprehensive income (net of tax)	(283)
Equity as per Ind AS	**65,265**

Financial Performance

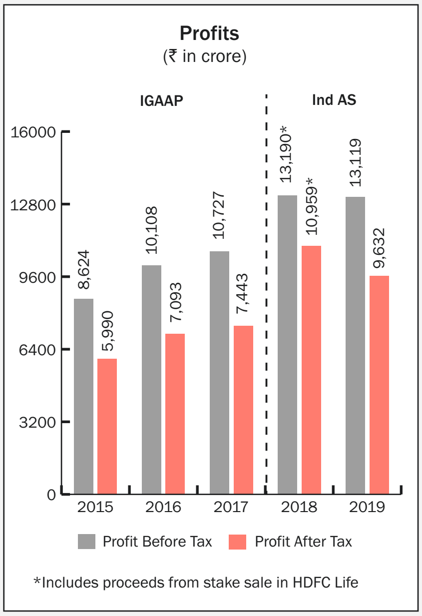
In accordance with Ind AS, the profit before sale of investments and provision of loan losses for the year ended March 31, 2019 stood at ₹ 12,841 crore compared to ₹ 9,696 crore in the previous year, representing a growth of 32%.

Total income of the Corporation for the year ended March 31, 2019 was ₹ 43,378 crore compared to ₹ 40,707 crore in the previous year.

In August 2018, the Corporation sold shares in the initial public offer of HDFC Asset Management Company Limited (HDFC AMC). The Corporation also sold a small quantity of shares of GRUH Finance Limited in March 2019. The profit on sale of investments during the year was ₹ 1,212 crore as compared to ₹ 5,609 crore in the previous year. As such, the income and profit figures for the year are not comparable with the previous year.

In the previous year, the Corporation had sold shares in the initial public offer of HDFC Life Insurance Company Limited (HDFC Life) and also its entire stake in its wholly owned subsidiary companies, HDFC Developers Limited and HDFC Realty Limited. Further, the transaction of the sale of HDFC Life in the previous year had triggered the provision of Minimum Alternate Tax (MAT), resulting in a lower tax rate in the previous year.

The reported profit before tax for the year ended March 31, 2019 stood at ₹ 13,119 crore compared to ₹ 13,190 crore in the previous year.



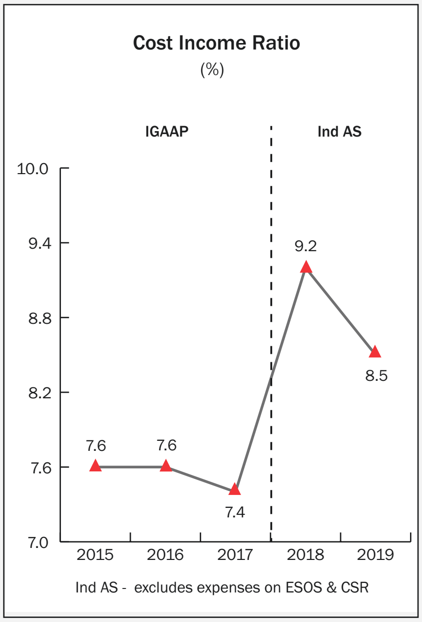
After providing for tax of ₹ 3,486 crore (previous year: ₹ 2,230 crore), the reported profit after tax before other comprehensive income for the year ended March 31, 2019 stood at ₹ 9,633 crore compared to ₹ 10,960 crore in the previous year.

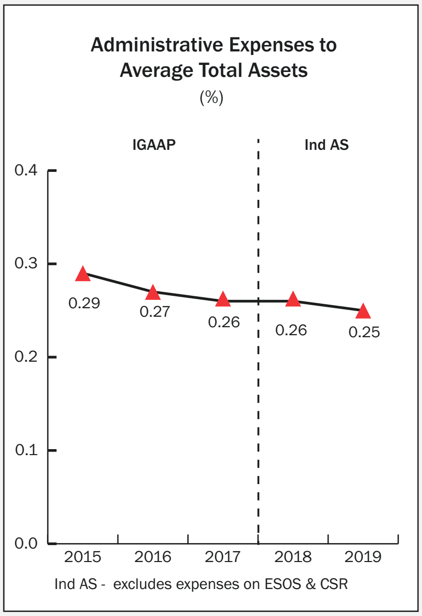
The total comprehensive income for the year ended March 31, 2019 stood at ₹ 9,501 crore compared to ₹ 10,887 crore in the previous year.

Statement of Profit and Loss

Key elements of the statement of profit and loss for the year ended March 31, 2019 are:

- Net Interest Income grew by 18% during the year.
- Net Interest Margin (including the net gain on derecognition of assigned loans) stood at 3.3%, the same as in the previous year. The Net Interest Margin excluding the net gain on derecognition of assigned loans stood at 3.1%, the same as in the previous year.
- The Corporation's cost to income ratio (excluding expenses on employee stock option scheme and corporate social responsibility) as calculated under Ind AS stood at 8.5%



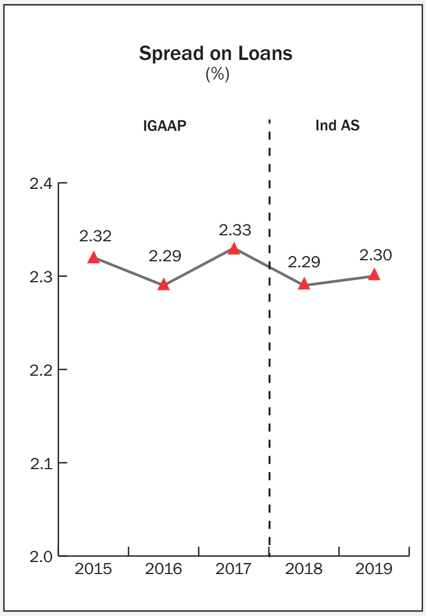


for the year ended March 31, 2019 compared to 9.2% in the previous year. HDFC's cost to income ratio continues to be among the lowest in the financial sector in Asia.

- Administrative expenses as a percentage of average assets (excluding expenses on employee stock option scheme and corporate social responsibility) stood at 0.25% as at March 31, 2019 compared to 0.26% in the previous year.
- Pre-tax return on average assets (excluding sale of strategic investments) was 3.0% and the post-tax return on average assets was 2.1%.
- In March 2019, the board declared and paid an interim dividend of ₹ 3.50 per equity share of ₹ 2 each. The board recommended a final dividend of ₹ 17.50 per equity share. The total dividend for the year is ₹ 21 per equity share as against ₹ 20 per equity share in the previous year.
- The dividend pay-out ratio is 44.1%.
- Return on equity was at 14.2%.

Spread on Loans

The average yield on loan assets during the year was 10.29% per annum compared to 9.76% in the previous year. The average all-inclusive cost of funds was 7.99% per annum as compared to 7.47% in the previous year. The spread on loans over the cost of borrowings for the year was 2.30% per annum as against 2.29% in the previous year. Spread on individual loans for the year was 1.91% and on non-individual loans was 3.17%.



Operational Performance

Lending Operations

During the year, the demand for home loans continued to be strong. Besides the continued fiscal incentives for housing, the Goods and Services Tax council has reduced GST for under construction housing projects from 12% to 5% and for affordable housing projects from 5% to 1% which bodes well for the sector. These revised GST rates are without input tax credit.

Individual loan disbursements grew 15% during the year. The average size of individual loans stood at ₹ 27 lac during the year, which was marginally higher than ₹ 26.4 lac in the previous year. In terms of the acquisition mode, of the loans disbursed during the year, 54% were first-purchase homes i.e. directly from the builder, 9% construction and 37% were through resale.

The Corporation remained steadfast in its commitment towards supporting the government's flagship scheme, 'Housing for All' and continued to pursue efforts towards lending to the Economically Weaker Section (EWS), Low Income Group (LIG) and Middle Income Group (MIG) segments.

The Corporation has the largest number of home loan customers – of approximately 1 lac who have availed benefits under the Credit Linked Subsidy Scheme (CLSS). As at March 31, 2019, cumulative loans disbursed by the Corporation under CLSS stood at ₹ 16,253 crore.

The Corporation continued its focus on lending to credit worthy home loan customers across all income segments as given below:

Housing Loan Approvals to Customers Based on Income Slabs in FY19

Category	Household Income per annum	Home Loan Approvals in FY19	
		% in Value Terms	% in Number Terms
Economically Weaker Section	Up to ₹ 3 lac	2	7
Low Income Group	Above ₹ 3 lac up to ₹ 6 lac	16	30
Middle Income Group	Above ₹ 6 lac up to ₹ 18 lac	46	47
High Income Group	Above ₹ 18 lac	36	16
Total		**100**	**100**

On an average, the Corporation has been approving approximately 8,600 loans on a monthly basis to the EWS and LIG segment, with monthly such average approvals at ₹ 1,406 crore. The average home loan to the EWS and LIG segment during the year stood at ₹ 10.1 lac and ₹ 17.5 lac respectively.

The Corporation's niche products such as 'HDFC Reach' which addresses the housing needs of the informal sector and micro entrepreneurs and 'HDFC Rural Loans' which focuses on customers with rural incomes or acquiring homes in rural and peripheral rural areas continued to gain traction during the year.

As at March 31, 2019, cumulatively, the Corporation had financed 7 million housing units.

As far as non-individual loans are concerned, the Corporation opted to be cautious in lending, given the risk averseness that set in, particularly in the second half of the financial year. A large segment of the corporate sector continued to face challenges of excess leverage and revival of the investment cycle did not gain traction. During the year, the Corporation focused on lease rental discounting and giving loans for construction finance to select developers.

Loan Portfolio

The loan approval process of the Corporation is decentralised, with varying approval limits. The Corporation has a three tiered committee of management structure with varying approval limits. Larger proposals, as appropriate, are referred to the Board of Directors.

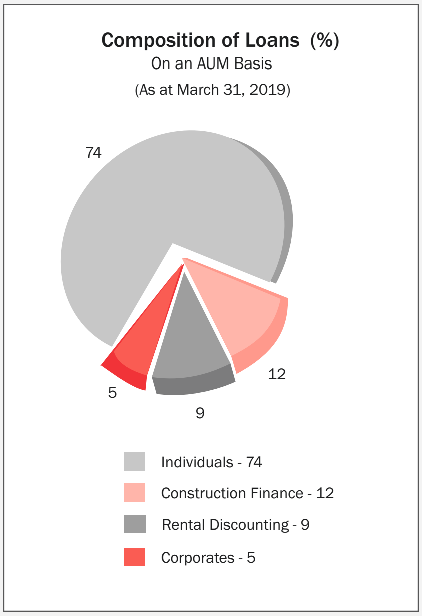
The Assets Under Management (AUM) as at March 31, 2019 amounted to ₹ 4,61,913 crore as compared to ₹ 4,02,880 crore in the previous year.

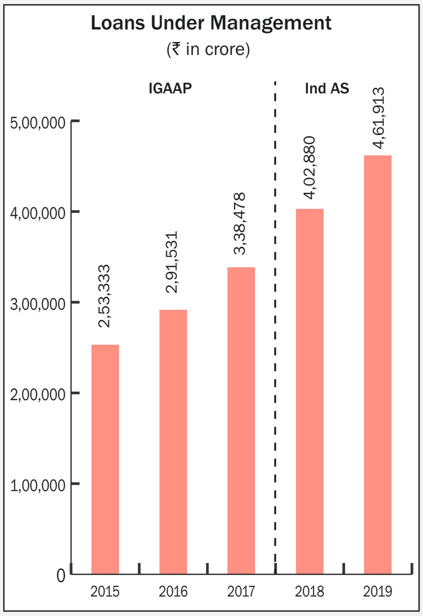
On an AUM basis, the growth in the individual loan book was 17% and the non-individual loan book was 8%. The growth in the total loan book on an AUM basis was 15%.

During the year, the Corporation's loan book increased from ₹ 3,62,811 crore to ₹ 4,06,607 crore as at March 31, 2019. In addition, total loans securitised and/or assigned by the Corporation and outstanding as at March 31, 2019 amounted to ₹ 55,306 crore.

The lower growth in the loan book was due to the unfavourable lending environment for non-individual loans that prevailed in the second half of the financial year. Tight liquidity conditions, over leverage and credit rating downgrades led to increased corporate stress and heightened risks in construction finance. In order to preserve asset quality, the Corporation opted to be prudent by curtailing some of its lending to non-individual loans.

The loan book also reflects a lower growth because loans assigned during the year were significantly higher at ₹ 25,150 crore compared to ₹ 6,453 crore in the previous year. Loans assigned during the year included a backlog of loans of the previous year. There were no loans assignments in the second half of FY18 as certain regulatory clarifications pertaining to the GST were awaited. Loan assignments resumed from June 2018 onwards once necessary clarifications were received.





The table below provides a synopsis of the gross loan book of the Corporation

₹ crore

	As at March 31, 2019	As at March 31, 2018
Individual Loans	2,88,819	2,53,816
Corporate Bodies	1,10,915	1,03,325
Others	6,873	5,670
Total	**4,06,607**	**3,62,811**

The net increase in the loan book during the year, (after removing the loans that were sold) stood at ₹ 43,796 crore.

Principal loan repayments stood at ₹ 1,03,914 crore compared to ₹ 1,15,967 crore in the previous year after excluding loans written off during the year amounting to ₹ 657 crore (Previous Year: ₹ 56 crore).

Prepayments on retail loans stood at 10.7% of the opening balance of individual loans compared to 11.3% in the previous year. 58% of these prepayments were full prepayments.

Of the total loan book (including loans sold), individual loans comprise 74%.

The growth in the individual loan book, after adding back loans sold in the preceding twelve months was 24% (14% net of loans sold).

Non-individual loans grew by 8% during the year and comprised 26% of the portfolio.

The growth in the total loan book would have been 19% had the Corporation not sold any loans during the year.

Assignment /Sale of Loans

During the year, the Corporation, sold individual loans amounting to ₹ 25,150 crore (Previous Year: ₹ 6,453 crore). Of this, ₹ 23,982 crore was assigned to HDFC Bank, pursuant to the buyback option embedded in the home loan arrangement between the Corporation and HDFC Bank and ₹ 1,168 crore was assigned/securitised to another bank. Of the total loans sold during the year, ₹ 5,316 crore qualified as priority sector advances for banks.

As at March 31, 2019, individual loans outstanding in respect of all loans assigned/securitised stood at ₹ 54,601 crore. HDFC continues to service these loans.

Loan pools which were rated by external rating agencies carry a rating indicating the highest degree of safety.

The advantage for the Corporation in selling loans under the loan assignment route is that there is no credit enhancement to be provided by the Corporation on the loans sold and the risk is passed on to the purchaser. The assignment of loans is also Return on Equity accretive to the Corporation as no capital or provisioning is required to be maintained on these loans.

Product-wise Loan Performance

As at March 31, 2019, the product-wise break-up of loans on an AUM basis was -- individual loans: 74%, corporate loans: 5%, construction finance: 12% and commercial lease rental discounting: 9%.

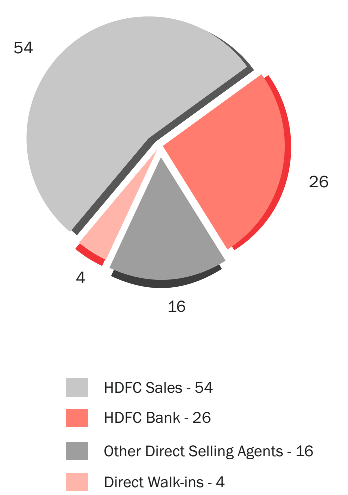
During the year, on an AUM basis, 85% of the incremental growth in the loan book came from individual loans.

Sourcing of Loans

The Corporation's distribution channels which include HDFC Sales Private Limited (HSPL), HDFC Bank and third party direct selling associates (DSAs) play an important role in sourcing home loans.

HDFC has third-party distribution tie-ups with commercial banks, small finance banks, non-banking financial companies and other distribution companies including e-portals for retail loans. All distribution channels only source loans, while the control over the credit, legal and technical appraisal continues to rest with HDFC, thereby ensuring that the quality of loans disbursed is not compromised in any way and is consistent across all distribution channels.

Loan Sourcing (%)
(As at March 31, 2019)



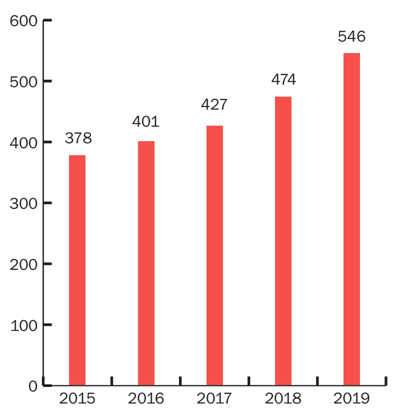
In value terms, HSPL, HDFC Bank and third party DSAs sourced 54%, 26% and 16% of home loans disbursed respectively during the year. Thus, total loans sourced from distribution channels accounted for 96% of individual loans disbursed by HDFC in value terms. 84% of the Corporation's individual loan business during the year was sourced directly or through the Corporation's affiliates.

Marketing, Distribution and Digital Initiatives

During the year, efforts were concentrated on further strengthening the distribution network. The Corporation's distribution network now spans 546 outlets, which includes 188 offices of HDFC's wholly owned distribution company, HSPL.

To further augment the network, HDFC covers additional locations through its outreach programmes. HDFC has overseas offices in London,

Number of Outlets*



* Inclusive of outlets of wholly owned distribution company

Singapore and Dubai. The Dubai office caters to customers across Middle-East through its service associates.

Leveraging its long-standing relationships with leading developers from across the country, HDFC organised property exhibitions in India and overseas as a value-added service for home seekers, enabling them to choose from a wide choice of property options. Supplementing this effort was the Corporation's online interactive platform showcasing a wide range of real estate projects from reputed developers across India for HDFC's 'India Homes Fair' held overseas.

During the year, the Corporation redesigned its corporate website with various new features. The website was developed with a mobile first approach and offers call-to-actions and a conversational design to help the user get a home loan with minimum effort.

A tag management system has been implemented across the website to better capture user insights. The Corporation's digital marketing campaigns focused on business generation and brand awareness and engagement. For better targeting of customers, the campaigns were also served in regional languages.

In order to expand the customer base, the Corporation piloted an online referral programme in select locations. This was done with the belief that existing customers are the Corporation's best brand ambassadors. Through this programme, the Corporation leveraged its network of existing customers to bring in new customers.

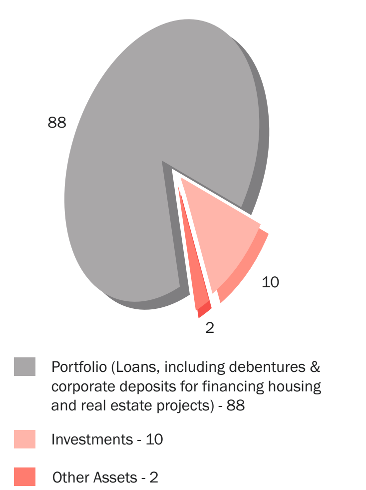
Investments

The Investment Committee constituted by the Board of Directors is responsible for approving investment proposals in line with the limits as set out by the Board of Directors.

The investment function supports the core business of housing finance. The investment mandate includes ensuring adequate levels of liquidity to support core business requirements, maintaining a high degree of safety and optimising the level of returns, consistent with acceptable levels of risk.

As at March 31, 2019, the investment portfolio stood at ₹ 46,240 crore compared to ₹ 30,717 crore in the previous year. The proportion of

Asset Profile (%)



investments to total assets was 10%. The increase in the investment portfolio during the year was primarily on account of the equity investment in HDFC Bank of ₹ 8,500 crore (details in the paragraph 'Subsidiary and Associates') and due to larger amounts invested in high quality liquid assets.

Owing to uncertainties in the financial sector and tight liquidity conditions in the second half of the financial year, the Corporation felt it prudent to build up various liquidity buffers. Accordingly, the average balances maintained in liquid mutual funds was significantly enhanced during the year.

Housing finance companies are required to maintain a statutory liquidity ratio (SLR) in respect of public deposits raised. As at March 31, 2019, the SLR requirement was 12.5% of public deposits. As at March 31, 2019, the Corporation had ₹ 10,457 crore invested in government securities.

As at March 31, 2019, the treasury portfolio (excluding investments in equity shares and equity linked products) had an average balance period to maturity of 31.8 months. The average yield on the non-equity treasury portfolio for the year was 8.03% per annum on an annualised basis.

Surplus from deployment of liquid funds in Cash Management Schemes of Mutual Funds was ₹ 944 crore.

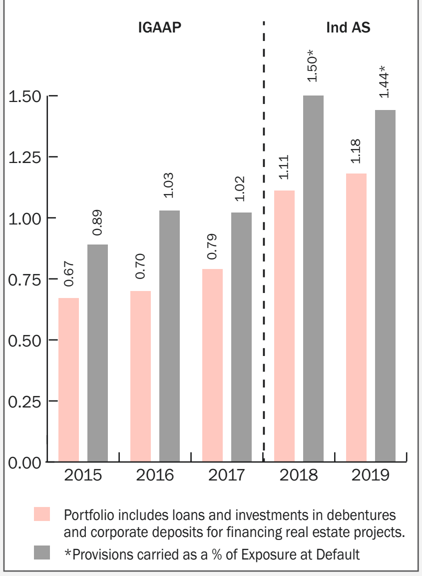
Dividend received during the year was ₹ 1,131 crore, of which ₹ 1,115 crore was received from subsidiary and associate companies.

As at March 31, 2019, the market value of listed equity investments in subsidiary and associate companies was higher by ₹ 1,87,386 crore compared to the value at which these investments are reflected in the balance sheet. This unaccounted gain includes appreciation in the market value of investments in HDFC Bank held by HDFC's wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited. It, however, excludes the unrealised gains on unlisted subsidiaries such as HDFC ERGO General Insurance Company Limited, HDFC Credila Financial Services Private Limited, amongst others.

Asset Quality

In accordance with NHB norms, gross non-performing loans outstanding amounted to ₹ 4,777 crore as at March 31, 2019, constituting 1.18% of the loan portfolio. The principal outstanding in respect of individual loans where the instalments were in arrears constituted 0.70% of the individual portfolio and the corresponding figure was 2.34% in respect of the non-individual portfolio.

Loan Quality & Provisions Carried (%)



On a gross basis, the Corporation has written off loans aggregating to ₹ 657 crore during the year. A significant part of the loans written off during the year pertained to a corporate exposure which was a part of Reserve Bank of India's twelve identified accounts for reference to the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code, 2016 (IBC). In light of the continued delays under the IBC pertaining to this exposure, the Corporation sold this loan to an asset reconstruction company for cash during the year.

The loans have been written off pursuant to one-time settlements, where the Corporation will continue making efforts to recover the money. The Corporation has, since inception, written off loans (net of subsequent recovery) aggregating to ₹ 1,009 crore. Thus, as at March 31, 2019, the total loan write offs continues to stand at less than 8 basis points of cumulative disbursements since inception of the Corporation.

As per the prudential norms prescribed by NHB, the Corporation is required to carry a provision of ₹ 3,220 crore, of which ₹ 1,403 crore is on account of non-performing assets and the balance is in respect of standard loans. The actual provisions carried stood at ₹ 5,880 crore.

Impairment on Financial Instruments - Expected Credit Loss

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

Under Ind AS assets are classified into three stages:

Asset Classification	Description
Stage 1	0-30 days past due loans – performing assets
Stage 2	31-90 days past due loans or assets with significant increase in credit risk – underperforming assets
Stage 3	>90 days past due loans – non-performing assets

Classification of Assets

(%)

Exposure at Default (EAD)	As at March 31, 2019	As at March 31, 2018
Stage 1	94.25	94.21
Stage 2	4.34	4.49
Stage 3	1.41	1.30
Total	**100.00**	**100.00**

Expected Credit Loss Based on Exposure at Default (EAD)

₹ crore

Particulars	As at March 31, 2019	As at March 31, 2018
Gross Stage 3	5,743	4,717
ECL Stage 3	2,499	1,970
Net Stage 3	3,244	2,747
Coverage Ratio % Stage 3	44%	42%
Gross Stage 1 & 2	4,01,389	3,57,961
ECL Stage 1 & 2	3,379	3,476
Net Stage 1 & 2	3,98,010	3,54,485
ECL % Stage 1 & 2	0.84%	0.97%
ECL as a % to EAD	**1.44%**	**1.50%**

* EAD includes finanical guarantees

The total balance in the Impairment on Financial Instruments – Expected Credit Loss (provisions carried) as at March 31, 2019 amounted to ₹ 5,880 crore. This is equivalent to 1.44% of the EAD. The balance in the Impairment on Financial Instruments – Expected Credit Loss more than adequately covers loans where the instalments were in arrears for over 90 days.

Fixed Assets and Investment Properties

Net fixed assets as at March 31, 2019 amounted to ₹ 973 crore. Additions to fixed assets during the year was ₹ 56 crore.

Resource Mobilisation

Share Capital

As on April 1, 2018, the Corporation had a balance of ₹ 335 crore in the share capital account. The Corporation has allotted 4,55,57,497 equity shares of ₹ 2 each pursuant to exercise of stock options by certain employees/ directors and upon conversion of warrants. After considering the above allotment during the year, the balance in the share capital account as on March 31, 2019 is ₹ 344 crore.

Conversion of Warrants

In October 2015, the Corporation had issued 3,65,00,000 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 ₹ 2 each of the Corporation at any time on or before October 5, 2018, at a warrant exercise price of ₹ 1,475 per equity share, to be paid by the warrant holder at the time of exchange of the warrants.

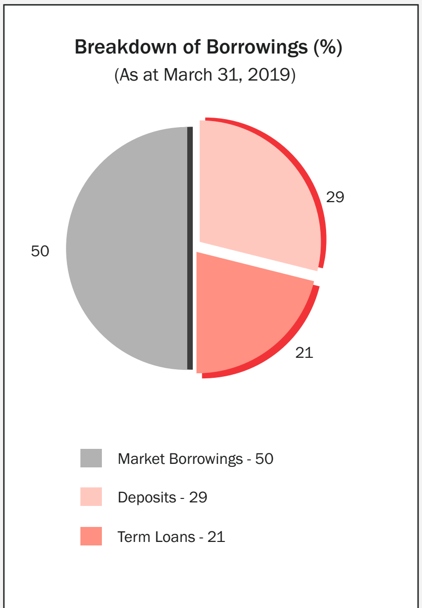
As at October 5, 2018, 3,64,99,471 warrants had been lodged for exchange with equity shares of the Corporation, representing 99.99% of the warrants issued. Accordingly, the Corporation issued and allotted 3,64,99,471 equity shares of ₹ 2 each and realised an amount of ₹ 5,384 crore (of which ₹ 5,308 crore was received during the year). The equity shares so issued rank pari passu with the existing equity shares of the Corporation in all respects.

The amount received upon the exchange of warrants was utilised for on lending for housing finance and capital requirements of the Corporation.

Subordinated Debt

As at March 31, 2019, the Corporation's outstanding subordinated debt stood at ₹ 5,500 crore. The debt is subordinated to present and future senior indebtedness of the Corporation and has been assigned the highest rating of 'CRISIL AAA/ Stable' and 'ICRA AAA/Stable'. The Corporation did not issue any subordinated debt during the year.

Based on the balance term to maturity, as at March 31, 2019, ₹ 3,600 crore of the book value of subordinated debt was considered as Tier II under the guidelines issued by the National Housing Bank (NHB) for the purpose of capital adequacy computation.



Borrowings

Borrowings as at March 31, 2019 amounted to ₹ 3,65,266 crore as against ₹ 3,19,716 crore in the previous year - an increase of 14%. Borrowings constituted 80% of funds employed as at March 31, 2019. Of the total borrowings, debentures and securities constituted 50%, deposits 29% and term loans 21%.

Summary of Total Borrowings

₹ crore

Borrowings	March 31, 2019	March 31, 2018
Term Loans	77,668	46,802
Market Borrowings	1,81,999	1,81,645
Deposits	1,05,599	91,269
Total	**3,65,266**	**3,19,716**

Non-Convertible Debentures & Commercial Paper

During the year under review, the Corporation raised an amount of ₹ 48,177 crore through secured redeemable non-convertible debentures (NCDs), issued in various tranches on a private placement basis. The Corporation's NCD issues have been listed on the wholesale debt market segment of the NSE and the BSE. The NCD issues have been assigned the highest rating of 'CRISIL AAA/Stable' and 'ICRA AAA/Stable'. The Corporation has been regular in making payments of principal and interest on the NCDs. In order to reduce the cost of funds, during the year, the Corporation has made early redemptions of high coupon NCDs amounting to ₹ 200 crore.

There are no NCDs which have not been claimed by investors or not paid by the Corporation after the date on which the NCDs became due for redemption.

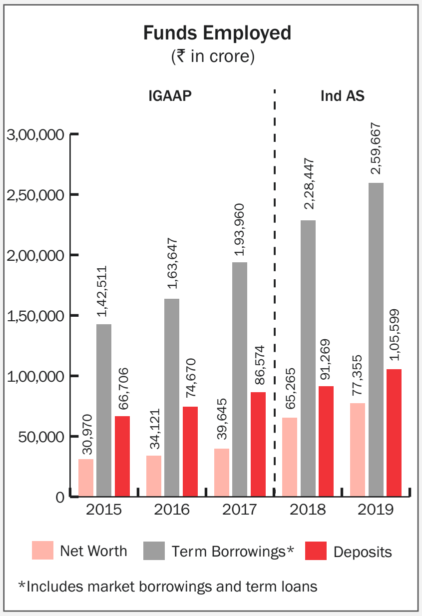
In accordance with Securities and Exchange Board of India's circular, effective April 1, 2019, the Corporation qualifies as a 'large corporate' and accordingly shall raise not less than 25% of its incremental borrowings during the year by way of issuance of debt securities.

The Corporation's short-term debt programme has been assigned the highest ratings of 'CRISIL A1+', 'ICRA A1+' and 'CARE A1+' by CRISIL, ICRA and CARE Ratings respectively.

As at March 31, 2019, the Corporation had commercial paper (CPs) with a maturity value of ₹ 37,186 crore and the weighted average outstanding maturity was 247 days. CPs constituted 10% of the outstanding borrowing as at March 31, 2019.

Rupee Denominated Bonds Overseas

Under the Corporation's Medium Term Note Programme, during the



year, the Corporation raised ₹ 1,500 crore of Rupee denominated bonds overseas. These bonds are unsecured and the currency risk is borne by the investor. The bonds are listed on the London Stock Exchange.

The Rupee denominated bonds issued during the year will not attract withholding tax in accordance with the press release issued by Central Board of Direct Taxation, which provided an exemption from tax of such bonds issued between September 17, 2018 to March 31, 2019.

As at March 31, 2019, total outstanding Rupee denominated bonds overseas stood at ₹ 11,100 crore.

Deposits

As at March 31, 2019, total outstanding deposits stood at ₹ 1,05,599 crore compared to ₹ 91,269 crore in the previous year. The number of deposit accounts stood at 20.2 lac.

CRISIL and ICRA have for the twenty-fourth consecutive year, reaffirmed their 'CRISIL FAAA/Stable' and 'ICRA MAAA/Stable' ratings respectively for HDFC's deposits. These ratings represent the highest degree of safety regarding timely servicing of financial obligations and also carries the lowest credit risk.

Increasing uncertainties in market conditions led to a flight to safety, which was reflected in the strong mobilisation of retail deposits of the Corporation, particularly in the second half of the financial year. The renewal ratio of retail deposits stood at 67% during the year.

The Corporation has over 21,500 active key deposit agents. Brokerage is paid on the deposits generated by deposits agents, depending on the product, amount and period of the deposit. Incentive is also paid on certain products, depending on the amount of deposits generated by the deposit agent. Brokerage and incentive payments are amortised over the period of the deposit.

Term Loans from Banks, Institutions and Refinance from NHB

As at March 31, 2019, the total loans outstanding from banks, institutions and NHB (including foreign currency borrowings from domestic banks) amounted to ₹ 77,668 crore as compared to ₹ 46,802 crore as at March 31, 2018.

HDFC's long-term and short-term bank loan facilities have been assigned the highest rating by CARE and ICRA, signifying highest safety for timely servicing of debt obligations.

During the year, the Corporation availed refinance from NHB under various refinance schemes such as Special Urban Refinance Scheme Housing Refinance Schemes for Low Income Households, Affordable Housing Fund and Regular Refinance Scheme amounting to ₹ 3,800 crore.

External Commercial Borrowings

The outstanding external commercial borrowings constitute borrowings from Asian Development Bank under the Housing Finance Facility Project (USD 27 million) and External Commercial Borrowing (ECB) under RBI's Low Cost Affordable Housing Scheme (USD 2,105 million).

In July 2018 the Corporation raised an ECB of USD 750 million in the form of a syndicated loan facility. The Corporation also raised an ECB of JPY 53.2 billion (USD 486 billion equivalent) in December 2018. Both the ECBs were for a tenor of 5 years respectively. These ECBs were raised under the Low Cost Affordable Housing Scheme of the RBI. The proceeds are being utilised for financing prospective owners/ developers of low cost affordable housing units.

Financial Risk Management

The Corporation manages its interest rate and currency risk in accordance with its Financial Risk Management and Hedging Policy and guidelines prescribed. The risk management strategy has been to protect against foreign exchange risk, whilst at the same time exploring any opportunities for an upside, so as to keep the maximum all-in cost on the borrowing in line with or lower than the cost of a borrowing in the domestic market for a similar maturity.

The Corporation has to manage various risks associated with the lending business. These risks include credit risk, liquidity risk, foreign exchange risk and interest rate risk. HDFC 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 Corporation 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 and principal only swaps.

As at March 31, 2019, the Corporation had foreign currency borrowings of USD 3,277 million equivalent. As at March 31, 2019, the Corporation's foreign currency exposure on borrowings net of risk management arrangements was USD 16 million. The net open foreign currency position was 0.03% of the total borrowings of the Corporation.

The Corporation's foreign currency borrowings are linked to USD LIBOR or JPY LIBOR. The Corporation has disbursed dollar denominated rupee loans to corporates. The coupon rate on these loans is linked to the USD LIBOR, which acts as a natural hedge.

As a part of asset liability management on account of the increasing response to HDFC's Adjustable Rate Home Loan product as well as to reduce the overall cost of funding, the Corporation has entered into interest rate swaps and coupon only swaps. As at March 31, 2019, the Corporation has entered into such swaps whereby it has converted its fixed rate rupee liabilities on NCDs/term loans of a notional amount of ₹ 55,650 crore for varying maturities into floating rate liabilities linked to MIBOR and the yield on government securities. As a result of the swaps, the Corporation pays the floating rate and receives the fixed rate.

The Corporation does not have any exposures to commodities and hence does not have any commodity price risk.

Asset-Liability Management (ALM)

Assets and liabilities are classified on the basis of their contracted maturities. However, the estimates based on past trends in respect of prepayment of loans and renewal of liabilities which are in accordance with the ALM guidelines issued by NHB have not been taken into consideration while classifying the assets and liabilities under the Schedule III.

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

As at March 31, 2019, assets and liabilities with maturity up to 1 year amounted to ₹ 96,258 crore and ₹ 93,442 crore respectively. Assets and liabilities with maturity of greater than 1 year and up to 5 years amounted to ₹ 1,94,932 crore and ₹ 2,12,117 crore respectively and assets and liabilities with maturity beyond 5 years amounted to ₹ 1,73,435 crore and ₹ 1,59,066 crore respectively.

The Corporation's loan book is predominantly floating rates, whereas liabilities especially deposits and non-convertible debentures are fixed rates. In normal economic conditions, the fixed rate liabilities are converted into floating rate denominated liabilities by way of interest rate swaps. However, during the year due to the uncertain interest rate environment, short-term rates continued to remain volatile and this was accentuated by the liquidity crisis. This also led to limited appetite for swaps against certain benchmarks. This at times resulted in the cost of floating rate liabilities post the interest rate swap being higher than fixed rate liabilities. Hence, the Corporation did not convert a part of its liabilities into floating rate basis to avoid the negative carry. The Corporation is monitoring the money market conditions and shall enter into interest rate swaps at an appropriate time to minimise the interest rate gap. As at March 31, 2019, 86% of the total assets and 73% of the total liabilities were on a floating rate basis.

Capital Adequacy Ratio

As at March 31, 2019, the risk weighted assets stood at around ₹ 3,45,000 crore.

The Corporation's capital adequacy ratio (CAR) stood at 19.1%, of which Tier I capital was 17.5% and Tier II capital was 1.6%.

As per regulatory norms, the minimum requirement for the capital adequacy ratio and Tier I capital is 12% and 6% respectively.

Internal Control Systems and their Adequacy

HDFC has instituted adequate internal control systems commensurate with the nature of its business and the size of its operations. Internal audit is carried out by independent firms of chartered accountants and cover all the offices and key areas of business. All significant audit observations and follow-up actions thereon are reported to the Audit & Governance Committee. The Audit & Governance Committee comprises four independent directors.

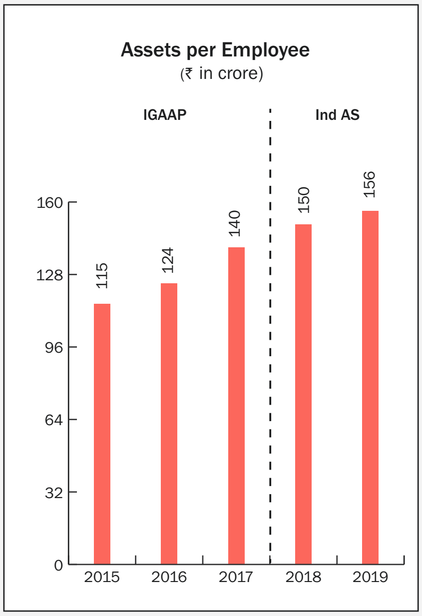
Material Developments in Human Resources

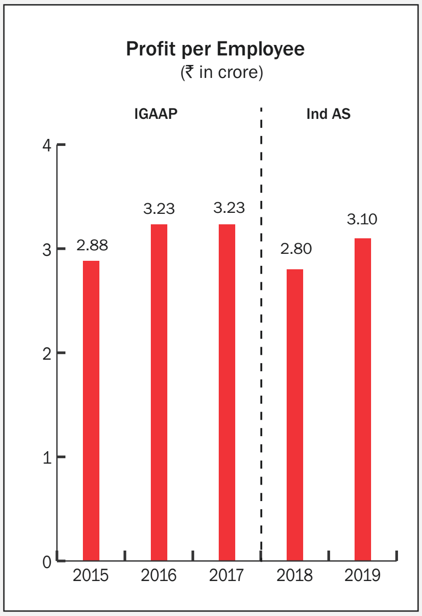
Human resources are HDFC's most valuable assets. The Corporation is focused on continuously training and upgrading the work skills of its staff across the organisation. During the year, new recruits participated in an induction programme at the Centre for Housing Finance, which is the Corporation's training centre in Lonavla. Other in-house programmes were in the areas of mentoring, train the trainer, negotiative skills and other operational related areas.

The Corporation has its own online learning management system called 'HDFC Aspire', which is an e-learning tool which enables employees to self-learn and upgrade their skills. Special e-learning modules launched during the year were in the areas of credit and technical appraisals, lending products, business development, information and cyber security amongst others. Based on the assessments, the e-learning modules have been well received by the staff.

As at March 31, 2019, the Corporation has 358 offices (excluding offices of HSPL) and the total number of employees is 2,840.

Total assets per employee as at March 31, 2019 stood at ₹ 156 crore as compared to ₹ 150 crore in the previous year. The net profit per employee (after adjusting for sale of strategic investments) as at March 31, 2019 was ₹ 3.1 crore compared to ₹ 2.8 crore in the previous year.





International Housing Finance Initiatives

HDFC's expertise in housing finance is well regarded and therefore a number of existing and new housing finance companies are keen to tap the Corporation for training and technical assistance in housing finance.

The Corporation conducted its own international programme, 'Housing Finance Management' at its training centre, Centre for Housing Finance. Participants from countries across Asia attended the week-long residential training programme. Senior executives of the Corporation also conducted a customised training programme on housing finance for a Vietnamese bank.

The Frankfurt School of Finance & Management and HDFC jointly organised the eleventh 'Housing Finance Summer Academy' in Germany. The course aims to provide housing finance solutions for emerging markets through a combination of academic knowledge and practical experience.

During the year, the Corporation undertook consultancy assignments in Tanzania, Indonesia and Bangladesh. Senior executives from housing finance companies in Mauritius and Nigeria visited HDFC to understand housing finance operations. The Corporation also facilitated training programmes in Zimbabwe through the African Union for Housing Finance and Centre for Affordable Housing Finance in Africa.

Awards and Recognitions

During the year, some of the awards and recognitions received by the Corporation included:

- Best Performing Primary Lending

Institution under CLSS for EWS/ LIG category awarded by the Honourable Prime Minister of India

- Ranked amongst the top 5 in corporate governance by IFC-IiAS-BSE Governance Scores
- Golden Peacock Award for Excellence in Corporate Governance
- Ranked 5th in the world's top 10 consumer finance firms by Forbes
- Best Home Loan Provider - 12th CNBC-AWAAZ Real Estate Awards
- India's Leading Housing Finance Company - Dun & Bradstreet BFSI Awards
- Silver Award for commitment to sustainability and green computing objectives by Vigyanlabs.
- 'Star of Sell-Side' by Investor Relations Society, BNY Mellon and Bloomberg Data

Subsidiaries and Associates

Though housing finance remains the core business, the Corporation has continued to make investments in its subsidiary and associate companies. These investments are made in companies where there are strong synergies with the Corporation. The Corporation will continue to explore avenues for such investments with the objective of providing a wide range of financial services and products under the HDFC brand name.

In July 2018, HDFC Bank Limited on a preferential basis allotted 3,90,96,817 equity shares of ₹ 2 each at an issue price of ₹ 2,174.09 per equity share to the Corporation. This investment amounting to ₹ 8,500 crore has enabled the Corporation, along with its wholly owned subsidiaries to retain its shareholding in HDFC Bank at 21.4%. The investment was made out of the proceeds of equity shares issued by the Corporation on a preferential and qualified institutions placement basis in the previous financial year.

The Corporation made gross investments in the equity share capital of its associate and subsidiary companies – HDFC Bank Limited (₹ 8,500 crore), HDFC Education and Development Services Private Limited (₹ 97 crore), HDFC Credila Finance Limited (₹ 80 crore), Good Host Spaces Private Limited (₹ 70 crore), HDFC Sales Limited (₹ 27 crore) and HDFC ERGO General Insurance Company Limited (₹ 7 crore).

During the year, the Corporation offered for sale 4.08% of the paid-up and issued equity share capital of HDFC Asset Management Company Limited (HDFC AMC), a subsidiary of the Corporation in the initial public offer of HDFC AMC. The Corporation also sold 1.22 crore of equity shares of GRUH during the year.

On January 7, 2019, the Board of Directors of GRUH, a listed subsidiary of the Corporation approved the scheme of amalgamation of GRUH with and into Bandhan Bank Limited (Bandhan). As per the scheme, the appointed date is January 1, 2019 and the share exchange ratio is 568 equity shares of face value ₹ 10 each of Bandhan for every 1,000 fully paid-up equity shares of face value ₹ 2 each of GRUH.

In April 2019, the RBI granted its approval to the Corporation to acquire 9.9% or less of the paid-up voting equity capital of Bandhan upon the effective date of the scheme. The application for the proposed merger has been filed by GRUH and Bandhan with the National Company Law Tribunal, Ahmedabad and Kolkata bench. The scheme has also received approval from the Competition Commission of India and as of the date of the report, remains subject to other regulatory and statutory approvals, including the respective shareholders and creditors of GRUH and Bandhan.

The amounts with respect to HDFC Bank Limited, HDFC Life Insurance Company Limited and HDFC ERGO General Insurance Company Limited are presented as per their statutory financial statements prepared under Indian GAAP.

Review of Key Subsidiary and Associate Companies

HDFC Bank Limited (HDFC Bank)

HDFC and HDFC Bank continue to maintain an arm's length relationship in accordance with the regulatory framework. Both organisations, however, capitalise on the strong synergies through a system of referrals, special arrangements and cross selling in order to effectively provide a wide range of products and services under the 'HDFC' brand name.

As at March 31, 2019, advances of HDFC Bank stood at ₹ 8,19,401 crore – an increase of 24% over the previous year. Total deposits stood at ₹ 9,23,141 crore – an increase of 17%. As at March 31, 2019, HDFC Bank's distribution network includes 5,103 branches and 13,160 ATMs in 2,748 locations.

For the year ended March 31, 2019, HDFC Bank reported a profit after tax of ₹ 21,078 crore as against ₹ 17,487 crore in the previous year, representing an increase of 21%. HDFC Bank recommended a dividend of ₹ 15 per share of ₹ 2 each as against ₹ 13 per share for the previous year.

HDFC together with its wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited holds 21.4% of the equity share capital of HDFC Bank. During the year, the Corporation received dividend of ₹ 706 crore from HDFC Bank (includes ₹ 195 crore received by HDFC Investments Limited).

HDFC Life Insurance Company Limited (HDFC Life)

During the year, the name of the company was changed from HDFC Standard Life Insurance Company Limited to HDFC Life Insurance Company Limited.

Total premium income of HDFC Life for the year ended March 31, 2019 stood at ₹ 29,186 crore as compared to ₹ 23,564 crore in the previous year, reflecting a growth of 24%. As at March 31, 2019, the company has a portfolio of 38 individual and 11 group products, along with 8 optional rider benefits, catering to a diverse range of customer needs.

The company has retained its number one position in total new business received premium with a market share of 20.7% amongst private players. The company ranked third with market share of 12.5% based on individual weighted received premium and ranked first with 28.4% market share based on group business (on received premium) during FY19.

HDFC Life has reported a standalone profit after tax of ₹ 1,277 crore for the year ended March 31, 2019 as against ₹ 1,109 crore in the previous year – a growth of 15%.

The new business margin based on actual expenses (post overrun) stood at 24.6% (PY: 23.2%).

As at March 31, 2019, the Indian Embedded Value stood at ₹ 18,301 crore (PY: ₹ 15,216 crore). The operating return on embedded value stood at 20.1%.

During the year, HDFC Life paid an interim dividend of ₹ 1.63 per equity share of ₹ 10 each compared to ₹ 1.36 per equity share in the previous year.

The solvency ratio of the company was 188% as at March 31, 2019 as against the minimum regulatory requirement of 150%.

As at March 31, 2019, the Corporation's shareholding in HDFC Life stood at 51.5%. During the year, the Corporation received dividend of ₹ 169 crore from HDFC Life.

HDFC Asset Management Company Limited (HDFC-AMC)

During the year, the company completed the initial public offer through an offer for sale of 2,54,57,555 equity shares (85,92,970 equity shares by the Corporation and 1,68,64,585 equity shares by Standard Life Investments Limited of face value of ₹ 5 each at a price of ₹ 1,100 per share). The equity shares of the company were listed on the National Stock Exchange and the BSE Limited on August 6, 2018.

HDFC Mutual Fund is the largest mutual fund in India. The total assets under management (AUM) as at March 31, 2019 stood at ₹ 3.44 lac crore compared to ₹ 2.92 lac crore in the previous year, registering a growth on 18%. The ratio of equity oriented assets and non-equity oriented assets was 48:52. The total AUM market share stood at 14.5% and the equity AUM market share was 16.2% as at March 31, 2019.

For the year ended March 31, 2019, the profit after tax stood at ₹ 931 crore as against ₹ 711 crore in the previous year, representing a growth of 31%.

In March 2019, HDFC-AMC paid an interim dividend of ₹ 12 per equity share of ₹ 5 each. The board recommended a final dividend of ₹ 12 per share. The total dividend for the year was ₹ 24 per share compared to ₹ 20 per share for the previous year.

HDFC holds 52.8% of the equity share capital of HDFC-AMC. During the year, the Corporation received dividend of ₹ 135 crore from HDFC-AMC.

HDFC ERGO General Insurance Company Limited (HDFC ERGO)

HDFC ERGO continued to retain its market ranking as the third largest private sector player in the general insurance industry.

The company offers a complete range of insurance products like motor, health, travel, home and personal accident in the retail segment, customised products like property, marine, aviation and liability insurance in the corporate segment and crop insurance. The company had a balanced portfolio mix with the retail segment accounting for 56% of the business.

The gross written premium of HDFC ERGO for the year ended March 31, 2019 stood at ₹ 8,722 crore as against ₹ 7,401 crore in the previous year, representing a growth of 18%.

The combined ratio as at March 31, 2019 stood at 98.9%. The solvency ratio of the company was 175% as at March 31, 2018 as against the minimum regulatory requirement of 150%.

For the year ended March 31, 2019, the profit before tax stood at ₹ 467 crore (PY: ₹ 513 crore), after providing for diminution in the value of investments amounting to ₹ 158 crore (PY: nil). The profit after tax stood at ₹ 383 crore (PY: ₹ 404 crore).

During the year, HDFC ERGO paid an interim dividend of ₹ 2.25 per equity share of ₹ 10 each as against ₹ 2 per equity share in the previous year.

HDFC holds 50.5% of the equity share capital of HDFC ERGO. During the year, the Corporation received dividend of ₹ 69 crore from HDFC ERGO.

HDFC Property Funds

HDFC Venture Capital Limited & HDFC Property Ventures Limited

HDFC Venture Capital Limited (HVCL) is investment manager to HDFC Property Fund, a registered venture capital fund with the Securities and Exchange Board of India (SEBI).

HDFC Property Fund's Scheme HDFC India Real Estate Fund, was launched in 2005 and had an initial corpus of ₹ 1,000 crore. The close-ended fund has been substantially exited and approximately 1.6 times the fund corpus has been returned to investors. HDFC Property Ventures Limited (HPVL) provides investment advisory services to overseas asset management companies (AMCs). Such AMCs in turn manage and advise Indian and offshore private equity funds.

HDFC holds 80.5% of the equity share capital of HVCL and 100% of the equity share capital of HPVL.

The Corporation has sponsored two off shore funds – HIREF International LLC ('HIREF') and HIREF International Fund II Pte Ltd ('HIREF II').

HIREF was launched in 2007 and has a corpus of USD 800 million and includes USD 50 million of commitment by the Corporation. Exits have commenced and the fund is in the process of exiting the balance investments. Till date 1.3 times the fund corpus has been returned to investors.

HIREF II had its final closing in April 2015 with a total corpus of USD 321 million which includes USD 40 million of commitment by the Corporation. Till date approximately 0.5 times the fund corpus has been returned to investors.

HDFC Ventures Trustee Company Limited has entered into a trust deed to act as a trustee to "HDFC India Real Estate Fund III" ('HIREF III') which is registered under SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations"). HIREF III is in the process of raising INR equivalent of USD 500 million for making investments in accordance with AIF Regulations and the fund documents.

HDFC Capital Advisors Limited

HDFC Capital Advisors Limited is in the business of providing investment advisory services for real estate private equity financing. The company's primary objective is to provide long-term equity and mezzanine capital to developers at the land and pre-approval stage for the development of affordable and mid-income housing in India. The company is the investment manager to HDFC Capital Affordable Real Estate Fund 1 (H-CARE 1) and HDFC Capital Affordable Real Estate Fund 2 (H-CARE 2), which are registered with SEBI as Category II Alternative Investment Funds.

H-CARE 1 was raised in 2016 with a fund size of USD 450 million. H-CARE 2 has a fund size of USD 650 million and achieved its final closure in October 2018. The objective of H-CARE 1 and H-CARE 2 is to provide long-term equity and mezzanine capital respectively, for the development of housing for affordable and middle-income households in India. H-CARE 1 and 2 together create a USD 1.1 billion platform providing flexible, long-term financing for the development of affordable and mid-income residential projects across 20 cities in India. Since the platform was launched, it has supported the development of more than 43 residential projects and 150,000 units across six states in India, providing financing solutions to developers to meet their capital requirements.

The Corporation is the sponsor of H-CARE 1 & H-CARE 2. The primary investors in H-CARE-1 and H-CARE-2 is a wholly-owned subsidiary of the Abu Dhabi Investment Authority along with National Investment and Infrastructure Fund (NIIF) of India in H-CARE-2.

HDFC Capital Advisors Limited is a wholly owned subsidiary of the Corporation.

GRUH Finance Limited (GRUH)

GRUH is a housing finance company in the affordable housing segment with a retail network of 195 offices spread across 11 states.

As at March 31, 2019, the loan book stood at ₹ 17,408 crore compared to ₹ 15,588 crore in the previous year – an increase of 12%. The gross non-performing loans stood at 0.66% of the total loans outstanding and the net non-performing loans were at 0.35%. The average size of loans disbursed during the year was ₹ 8.19 lac.

As at March 31, 2019, the capital adequacy ratio stood at 20.2%, of which Tier I capital was 19.2% and Tier II capital was 1.0%.

For the year ended March 31, 2019, GRUH reported a profit after tax of ₹ 447 crore as compared to ₹ 403 crore – representing a growth of 11%.

During the year, the company allotted bonus shares in the ratio of 1:1.

The board of directors have approved the scheme of amalgamation of GRUH with Bandhan Bank (details provided in 'Subsidiaries and Associates').

The board recommended payment of a dividend of ₹ 2 per equity share of ₹ 2 each for the year ended March 31, 2019. Considering that the company had declared a 1:1 bonus during the year, the effective dividend for the year is ₹ 4 per share (pre-bonus) as against ₹ 3.30 per equity share in the previous year. During the year, the Corporation received dividend of ₹ 70 crore from GRUH.

HDFC's holding in GRUH of the date of the report stood at 56.1%.

HDFC Sales Private Limited (HSPL)

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

HSPL has a presence in 188 locations. During the year under review, HSPL sourced loans accounting for 53% of individual loans disbursed by HDFC.

HSPL is a wholly owned subsidiary of the Corporation.

HDFC Credila Financial Services Private Limited (HDFC Credila)

HDFC Credila is India's first dedicated education loan company, providing loans to students pursuing higher education in India and abroad. As at March 31, 2019, HDFC Credila had cumulatively disbursed ₹ 8,385 crore to over 54,400 customers. The outstanding loan book stood at ₹ 5,073 crore, registering a growth of 25% over the previous year. The average loan amount disbursed during the year was ₹ 21.4 lac. For the year ended March 31, 2019, HDFC Credila reported a profit after tax of ₹ 102 crore as against ₹ 87 crore in the previous year, representing a growth of 18%.

In addition to having its own offices and sourcing applications through the web, HDFC Credila capitalises on HDFC's distribution network to source and market education loans. HDFC Credila's borrowers are entitled to income tax exemption under Section 80E of the Income Tax Act, 1961.

The Corporation holds 90.8% of the shareholding in HDFC Credila on a fully diluted basis.

HDFC Education and Development Services Private Limited (HDFC Edu)

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

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

The company provides services to The HDFC Schools which are located in Gurugram, Pune and Bengaluru. These schools follow the National Curriculum Framework, 2005 and are affiliated with the Central Board of Secondary Education.

The HDFC Schools believe in inclusive education and cater to children with special needs with trained teachers to take care of them. The schools also have children from underprivileged backgrounds.

HDFC Edu is a wholly owned subsidiary of the Corporation.

AUDITED CONSOLIDATED ACCOUNTS

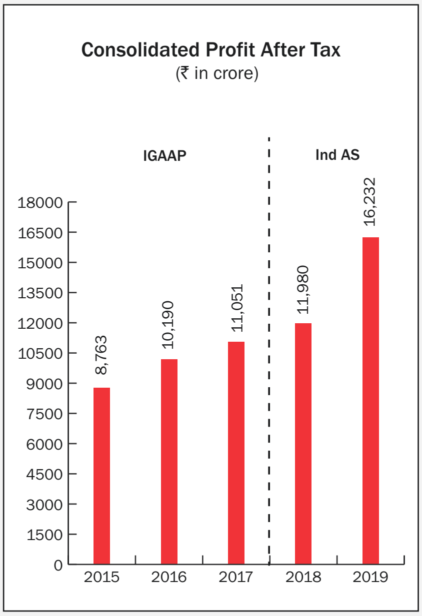
The Ministry of Corporate Affairs via its press release dated January 18, 2016 had laid out a roadmap for implementation of Ind AS for scheduled commercial banks, insurance companies and non-banking finance companies, including housing finance companies.

The RBI has made Ind AS applicable for non-banking finance companies and NHB has made Ind AS applicable for housing finance companies for the accounting period beginning April 1, 2018.

The Reserve Bank of India (RBI) via its notification dated March 22, 2019 deferred implementation of Ind AS for scheduled commercial banks from April 1, 2019 to April 1, 2020.

Similarly, the Insurance Regulatory and Development Authority, (IRDA), the regulator of insurance companies, via its notification dated June 28, 2017 stipulated that insurance companies would converge to Ind AS from April 1, 2020.

Owing to varying timelines for implementation of Ind AS across the financial sector, during FY19, the Corporation disclosed its quarterly financial statements based on Ind AS only on a standalone basis. However, for the year ended March 31, 2019, the Corporation prepared its standalone and consolidated financial statements in accordance with Ind AS.



The consolidated financial statements comprise the standalone financial statements of the Corporation together with its subsidiaries which are consolidated on a line-by-line basis and its associates which are accounted on the equity method.

On a consolidated basis for the year ended March 31, 2019, the profit before tax was ₹ 22,099 crore as compared to ₹ 16,207 crore in the previous year representing a growth of 36%.

After providing ₹ 4,518 crore (PY ₹ 3,096 crore) for tax, the profit after tax before OCI stood at ₹ 17,581 crore as compared to ₹ 13,111 crore in the previous year, representing a growth of 34%.

The total comprehensive income stood at ₹ 17,662 crore as compared to ₹ 12,505 crore in the previous year, representing a growth of 41%.

The profit attributable to the Corporation was ₹ 16,232 crore as compared to ₹ 11,980 crore.

The post-tax return on assets for the consolidated group accounts for the year ended March 31, 2019 was 2.5%. The return on equity stood at 15.0%. The basic and diluted earnings per share (on a face value of ₹ 2 per share) for the group was ₹ 95.40 and ₹ 94.66 respectively.

Independent Auditor's Report

TO THE MEMBERS OF

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Report on the audit of the standalone financial statements

Opinion

We have audited the standalone financial statements of Housing Development Finance Corporation Limited (the 'Corporation'), which comprise the Standalone Balance Sheet as at 31 March 2019, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Corporation as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under Section 143 (10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the audit of the standalone financial statements* section of our report. We are independent of the Corporation in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Transition date accounting
Refer to the accounting policies in the standalone financial statements: Significant accounting policies -Basis of preparation and Note 4 to the standalone financial statements: "First time adoption of Ind AS"</td></tr>
<tr><td colspan="2">Adoption of new accounting framework (Ind AS)</td></tr>
<tr><td>Effective 1 April 2018, the Corporation adopted Ind AS notified by the Ministry of Corporate Affairs with the transition date of 1 April 2017.
The following are the major impact areas for the Corporation upon transition:
• Classification and measurement / valuation of financial instruments:
- Determination of Expected Credit Loss (ECL)
- Computation of Effective Interest Rate on financial assets and financial liabilities
- Gain / loss on assignment of loans
• Classification and measurement of investment in Subsidiaries and Associates</td><td>We performed audit procedures set out below
Design / controls
• Assessed the design, implementation and operating effectiveness of key internal controls over management's evaluation of transition date choices and exemptions availed in line with the Ind AS 101.
Substantive tests
• Evaluated management's transition date choices and exemptions for compliance / acceptability under Ind AS 101;
• Understood the approach and methodology adopted by management to implement the transition to Ind AS;</td></tr>
</table>

Key Audit Matter	How the matter was addressed in our audit
• Accounting for employee stock options • Accounting for derivative contracts • Additional disclosures as per the requirements of the new financial reporting framework Transition to the new financial reporting framework is an intricate process involving multiple decision points for management i.e: Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS at the transition date. We identified the transition date accounting as a key audit matter because of the significant degree of management judgement in the first time application of Ind AS principles as at the transition date particularly in the areas noted above and the additional disclosures associated with Ind AS transition.	• Test checked the computations relating to transition adjustments; • Assessed areas of significant estimates and management judgement on transition in line with Ind AS principles ; • Compared the reasonableness of management assumptions in respect of recognition and measurement of financial instruments including determination of ECL provisioning, employee stock options, derivative contracts as at the date of transition etc.
Expected Credit Loss	
Refer to the accounting policies in Note 3.2.3 to the standalone financial statements: Impairment and write-off; Note 2.4.1 to the standalone financial statements: use of estimates and judgements – determination of Expected Credit Loss and Note 9 to the standalone financial statements: Loans	
Subjective estimate	**We performed audit procedures set out below**
Recognition and measurement of impairment relating to loans and advances involves significant management judgement. With the applicability of Ind AS 109 credit loss assessment is now based on ECL model. The Corporation's impairment allowance is computed based on estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are: - Segmentation of loan book - Loan staging criteria - Calculation of probability of default / Loss given default - Consideration of probability weighted scenarios and forward looking macro-economic factors. There is a large increase in the data inputs required for the computation of ECL. This increases the risk of completeness and accuracy of the data that has been used as a basis of assumptions in the model.	**Design / controls** • Evaluated appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice; • Understood Corporation's new / revised processes, systems and controls implemented relating to impairment allowance process including governance controls over the development and implementation of the ECL model; • Test checked the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge; • Test checked management review controls over measurement of impairment allowances and disclosures in the standalone financial statements. **Substantive tests** • Performed substantive procedures over validating completeness and accuracy of the data and reasonableness of assumptions used in the model; • Reperformed calculation of ECL provision on a test check basis; • Critically evaluated management's judgement in the determination of ECL;

Key Audit Matter	How the matter was addressed in our audit
	• We engaged our specialists to test the working of the ECL model and reasonableness of assumptions used; • Performed cut off procedures on a sample basis relating to recoveries at year end that would impact staging of loans; • Test checked the basis of collateral valuation in the determination of ECL provision.
Valuation of Derivative Instruments and Hedge Accounting	
Refer to the accounting policies in Note 3.2.8 to the standalone financial statements: Derivative financial instruments; Note 7 to the standalone financial statements: Derivative financial instruments and Note 44.6.1 to the standalone financial statements– Foreign currency risk	
The Corporation enters into derivative contracts in order to manage and hedge risks such as foreign exchange rate risk and interest rate risk on the borrowings. The Corporation either enters into cash flow hedges or fair value hedges depending on the risk being hedged. The application of hedge accounting and ensuring hedge effectiveness is complex and operationally cumbersome, and requires close monitoring from management.	**We performed audit procedures set out below** **Design / controls** • Obtained an understanding of the risk management policies and tested key controls (i) at the time of designation of hedging relationship including authorisation by designated authority; documentation prepared by management at the inception of the hedge transaction; (ii) with regard to ongoing monitoring and review of the hedge relationship by management including test of hedge effectiveness.
	Substantives tests • Checked that the recognition and measurement of derivative instruments, for selected samples, is as per Ind AS 109; • Examined hedge documentation on a sample basis to assess whether the documentation complies with Ind AS 109 requirements; • Test checked on a sample basis reconciliation of derivative instruments to third party confirmations; • Compared input data used in the Corporation's valuation models to independent sources and externally available market data on a sample basis; • Compared valuation of derivative instruments with market data or results from alternative independent valuation models on a sample basis; • Test checked on a sample basis the applicability and accuracy of hedge accounting; • Considered the appropriateness of disclosures in relation to financial risk management, derivative instruments and hedge accounting in the standalone financial statements.

Key Audit Matter	How the matter was addressed in our audit
Valuation of Investments (other than investments in subsidiaries and associates)	
Refer to the accounting policies in Note 3.2 to the standalone financial statements: Financial instruments; Note 2.4.2 to the standalone financial statements: Use of estimates and judgements - fair valuation of investment (other than investment in Subsidiaries and Associates); and Note 10 to the standalone financial statements: Investments	
Subjective estimate Evaluation of business model is a subjective matter and impacts the classification of investments upon initial recognition and consequently the measurement of the same. Investments carried at fair value comprise: - Fair value through profit and loss (FVTPL) investments - ₹ 17,525 crore - Fair value through other comprehensive income (FVOCI) investments - ₹ 579 crore The effect of fair value adjustments may impact either the profit or loss or other comprehensive income. The valuation of investments measured at fair value entails significant management estimates and is based on a combination of observable market data and / or valuation techniques which are often based on unobservable inputs. We identified determination of fair value of investments as a key audit matter because of the degree of subjectivity and judgement exercised by management in determining the inputs used in the valuation techniques and methodologies.	**We performed audit procedures set out below** **Design / controls** • Test checked the design, implementation and operating effectiveness of management's key internal controls over the valuation process and inputs. **Substantives tests** • Read the investment agreements on a sample basis, to understand the relevant investment terms and identify any conditions that were relevant to the classification and valuation of investments; • Assessed the appropriateness of the valuation methodology and test key inputs used such as pricing inputs and discount factors; • Checked that valuation methodology was consistently followed and critically evaluated any change in valuation technique; • Assessed whether the disclosures appropriately reflected the Corporation's exposure to investment valuation risk with reference to the requirements of the prevailing accounting standards; • Critically evaluated the reliability of inputs i.e. market observable / unobservable data to determine fair value of investments and checked the appropriateness of disclosures in accordance with Ind AS 107 on 'Financial Instruments: Disclosures'.
Information Technology ('IT') **IT systems and controls** The Corporation's key financial accounting and reporting processes are highly dependent on information systems including automated controls in information systems, such that there exists a risk that, gaps in the IT control environment could result in the financial accounting and reporting records being misstated. The Corporation uses several systems for its overall financial reporting. We have identified 'IT systems and controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the scale and complexity of the IT architecture.	**We performed audit procedures set out below** • Understood General IT Control i.e. access controls, program/ system change, program development, computer operations (i.e. job processing, data/ system backup incident management) over key financial accounting and reporting systems, and supporting control systems (referred to as in-scope systems); • Understood IT infrastructure i.e. operating systems and databases supporting the in-scope systems; • Test checked the General IT Controls for design and operating effectiveness for the audit period over the in-scope systems; • Understood IT application controls covering

Key Audit Matter	How the matter was addressed in our audit
	– user access and roles, segregation of duties, and – key interfaces, reports, reconciliations and system processing; • Test checked the IT application controls for design and operating effectiveness for the audit period; • Performed testing to determine that these controls remained unchanged during the audit period or were changed following the standard change management process; • Test checked controls over the IT infrastructure covering user access (including privilege users), data center and system change (e.g. patches).

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Corporation's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Director's report and Management Discussion & Analysis (MD&A) report, but does not include the standalone financial statements and our auditor's report thereon. The Director's report and MD&A report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Management's responsibility for the standalone financial statements

The Corporation's management and Board of Directors are responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Corporation in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Corporation has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

1. The opening balance sheet as at 1 April 2017 ('transition date') included in these standalone financial statements, is based on the previously issued statutory standalone financial statements of the Corporation prepared in accordance with the applicable Accounting Standards as per section 133 of the Act read with relevant rules thereunder audited by the predecessor auditor whose report for the year ended 31 March 2017 dated 4 May 2017 expressed an unmodified opinion on those

standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Corporation on transition to Ind AS, which have been audited by us.

2. During the year ended 31 March 2018, Grandeur Properties Private Limited, Haddock Properties Private Limited, Pentagram Properties Private Limited, Winchester Properties Private Limited and Windermere Properties Private Limited (collectively referred to as 'Transferor Companies') were amalgamated with the Corporation on 28 March 2018 with the appointed date of 1 April 2016. The transition date balance sheet of the Corporation includes financial information of the aforesaid Transferor Companies, which is based on the financial statements of such Transferor Companies prepared in accordance with the applicable Accounting Standards as per section 133 of the Act read with relevant rules thereunder, audited by the respective auditors of such Transferor Companies whose reports for the year ended 31 March 2017 dated 28 April 2017 respectively expressed unmodified opinions on the respective financial statements, as adjusted for the differences in the accounting principles adopted by the Corporation on transition to Ind AS, which have been audited by us.

3. The comparative financial information for the year ended 31 March 2018 forming part of these standalone financial statements, includes unaudited financial information of Transferor Companies. We did not audit the financial information of the aforesaid Transferor Companies whose financial information reflect total asset of ₹ 99 crores, total revenue of ₹ 30 crores and cashflows of ₹ 15 crores. We have been provided with the financial information of the aforesaid Transferor Companies for the period from 1 April 2017 to 28 March 2018 by management of the Corporation, as adjusted for the differences in the accounting principles adopted by the Corporation on transition to Ind AS, which have been audited by us.

Our opinion on the standalone financial statements is not modified in respect of the above matters.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government in terms of Section 143 (11) of the Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Corporation so far as it appears from our examination of those books;

   c) the Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d) in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act;

   e) on the basis of the written representations received from the Directors and taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2019 from being appointed as a Director in terms of Section 164 (2) of the Act; and

   f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Corporation and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B';

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

   i. the Corporation has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its standalone financial statements – Refer note 40 to the standalone financial statements;

ii. the Corporation has recognised provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer note 7.1 to the standalone financial statements;

iii. there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Corporation. Whilst the Corporation transferred the unclaimed dividend, 12 underlying equity shares relating to such unclaimed dividend could not be transferred as the depository participant informed that the aforesaid equity shares were not available in the demat accounts of the respective shareholders; and

iv. the disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2019.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Corporation to its Directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any Director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

AKEEL MASTER
Partner
Membership No: 046768

MUMBAI
13 May 2019

Annexure "A" to the Independent Auditor's Report - 31 March 2019

(Referred to in our report of even date)

i. (a) The Corporation has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Corporation has a regular programme of physical verification of property, plant and equipment by which property, plant and equipment are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Corporation and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and based on test check examination of the records and registered sale deed / transfer deed / conveyance deed provided to us, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Corporation as at the balance sheet date, except the following shown as properties under the head of Investment properties:

Particulars of land and building		₹ in crore	Remarks
Freehold land and buildings (Two properties)	Gross block	114	The Corporation is in the process of transferring these asset in its name. The process will be concluded after the necessary regulatory clearances have been obtained.
	Net block	105	

In respect of immovable properties of land and buildings that have been taken on lease and disclosed as property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the Corporation, where the Corporation is the lessee in the agreement.

ii. The Corporation is engaged in providing financial services primarily into housing finance. Accordingly, it does not hold any physical inventories. Thus, paragraph 3 (ii) of the Order is not applicable.

iii. According to the information and explanations given to us and based on the audit procedures conducted by us, the Corporation has granted loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Corporation's interest;

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations;

(c) There is no overdue amount remaining outstanding as at the year end.

iv. According to the information and explanations given to us and on the basis of our examination of the records of the Corporation, the Corporation has complied with the provisions of section 185 and 186 of the Act in respect of loans, investments, guarantee and security, as applicable.

v. As per the Ministry of Corporate Affairs notification dated 31 March 2014, the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Corporation. Accordingly, reporting under Clause 3(v) of the Order is not applicable.

vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any services rendered by the Corporation. Accordingly paragraph 3(vi) of the Order is not applicable.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and services tax, cess and other material statutory dues applicable to it have generally been regularly deposited by the Corporation with the appropriate authorities. As explained to us, the Corporation did not have any dues on account of Customs Duty and Excise Duty.

According to the information and explanations given to us and on the basis of our examination of the records, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records, there are no dues of service tax, value added tax and goods and services tax that have not been deposited on account of any dispute. However, according to information and explanations given to us, the following dues of wealth tax, interest on lease tax, employees' state insurance, income tax and service tax have not been deposited by the Corporation on account of disputes:

Name of the statute	Nature of dues	Amount (₹ in crore)	Period to which the amount relates	Forum where dispute is pending
The Wealth Tax Act, 1957	Wealth Tax	0.12	1998-1999	Assistant Commissioner of Wealth Tax
Maharashtra Sales Tax on the Transfer of the Right to use any Goods for any Purpose Act, 1985	Interest on lease tax	0.02	1999-2000	Commissioner of Sales Tax (Appeals)
Employees State Insurance Act, 1948	Payment towards Employer's Contribution to ESIC	0.01	2010-2011	Assistant/ Deputy Director– ESIC
The Income Tax Act, 1961	Penalty Levied	0.02	2012-2013	Commissioner of Income Tax (Appeal) (Mumbai)
The Finance Act, 1994	Service Tax	0.80	2007-2012	CESTAT West Zone, Mumbai

viii. According to the information and explanations given to us and on the basis of our examination of the records, the Corporation has not defaulted in the repayment of loans or borrowings to financial institutions, banks or debenture holders. The Corporation has not taken loans or borrowings from government.

ix. According to the information and explanations given to us and based on our examination of the records, the Corporation has applied the money raised from term loans during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. The Corporation has not raised money by way of public offer during the year.

x. According to the information and explanations given to us, no material fraud by the Corporation or on the Corporation by its officers or employees has been noticed or reported during the year.

xi. According to the information and explanations given to us and based on our examination of the records, the Corporation has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. According to the information and explanations given to us, the Corporation is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Corporation, all transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the standalone financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations give to us and based on our examination of the records, the Corporation has not made any preferential allotment and private placement of shares or fully or partly convertible debentures during the year.

xv. According to the information and explanations given to us and based on our examination of the records, the Corporation has not entered into any non-cash transactions with Directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. According to the information and explanation given to us, the Corporation is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Thus, paragraph 3 (xvi) of the Order is not applicable to the Corporation.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

AKEEL MASTER
Partner
Membership No: 046768

MUMBAI
13 May 2019

Annexure "B" to the Independent Auditor's Report - 31 March 2019

(Referred to in our report of even date)

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the 'Act')

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

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Housing Development Finance Corporation Limited (the 'Corporation') as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Corporation for the year ended on that date.

In our opinion, the Corporation has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Corporation considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's responsibility for internal financial controls

The Corporation's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Corporation considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Corporation's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Corporation's internal financial controls with reference to financial statements.

Meaning of internal financial controls with reference to financial statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

AKEEL MASTER
Partner
Membership No: 046768

MUMBAI
13 May 2019

Balance Sheet as at March 31, 2019

₹ in Crore

		Notes	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
ASSETS					
(1)	**Financial Assets**				
(a)	Cash and Cash Equivalents	**5**	**360.80**	1,232.14	4,217.12
(b)	Bank Balances other than (a) above	**6**	**1,235.46**	252.93	2,352.11
(c)	Derivative Financial Instruments	**7**	**1,403.35**	456.25	332.71
(d)	Receivables				
	(i) Trade Receivables	**8**	**186.86**	103.45	105.97
	(ii) Other Receivables		**-**	-	-
(e)	Loans	**9**	**4,00,759.63**	3,57,380.86	2,95,691.98
(f)	Investments	**10**	**46,240.35**	30,716.73	20,181.23
(g)	Other Financial Assets	**11**	**3,894.34**	2,784.07	7,670.00
	Total Financial Assets		**4,54,080.79**	3,92,926.43	3,30,551.12
(2)	**Non-Financial Assets**				
(a)	Current Tax Assets (Net)	**12.1**	**2,750.18**	3,376.87	3,145.98
(b)	Deferred Tax Assets (Net)	**12.2**	**830.91**	1,279.50	280.10
(c)	Investment Property	**13**	**321.32**	395.13	399.53
(d)	Property, Plant and Equipment	**14**	**644.23**	639.71	638.24
(e)	Other Intangible Assets	**15**	**7.10**	4.79	4.13
(f)	Other Non-Financial Assets	**16**	**143.02**	117.07	170.11
(g)	Non-Current Assets held for sale		**-**	170.09	-
	Total Non-Financial Assets		**4,696.76**	5,983.16	4,638.09
	Total Assets		**4,58,777.55**	3,98,909.59	3,35,189.21

MILLIONS MORE TO SERVE

Balance Sheet as at March 31, 2019 (Continued)

₹ in Crore

		Notes	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
LIABILITIES AND EQUITY					
LIABILITIES					
(1)	**Financial Liabilities**				
(a)	Derivative Financial Instruments	7	**1,113.46**	510.04	920.80
(b)	Payables	17			
	(A) Trade Payables				
	(i) Total outstanding dues of micro enterprises and small enterprises		**1.47**	0.19	0.18
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		**188.70**	207.40	148.64
	(B) Other Payables				
	(i) Total outstanding dues of micro enterprises and small enterprises		-	-	-
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
(c)	Debt Securities	18	**1,76,499.20**	1,76,144.55	1,51,013.95
(d)	Borrowings (Other than Debt Securities)	19	**77,667.54**	46,802.44	37,304.53
(e)	Deposits	20	**1,05,598.94**	91,268.70	85,536.00
(f)	Subordinated Liabilities	21	**5,500.00**	5,500.00	5,500.00
(g)	Other Financial Liabilities	22	**13,720.49**	12,277.14	10,437.45
	Total Financial Liabilities		**3,80,289.80**	3,32,710.46	2,90,861.55
(2)	**Non-Financial Liabilities**				
(a)	Current Tax Liabilities (Net)	23	**146.43**	91.84	59.46
(b)	Provisions	24	**209.55**	182.54	177.01
(c)	Other Non-Financial Liabilities	25	**776.30**	659.84	654.57
	Total Non-Financial Liabilities		**1,132.28**	934.22	891.04
	Total Liabilities		**3,81,422.08**	3,33,644.68	2,91,752.59
(3)	**Equity**				
(a)	Equity Share Capital	26	**344.29**	335.18	317.73
(b)	Other Equity	27	**77,011.18**	64,929.73	43,118.89
	Total Equity		**77,355.47**	65,264.91	43,436.62
	Total Liabilities and Equity		**4,58,777.55**	3,98,909.59	3,35,189.21

See accompanying notes forming part of the financial statement

As per our report of even date attached.

Directors

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

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 13, 2019

Deepak S. Parekh
Chairman
(DIN: 00009078)

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

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(Din: 00311104)

Jalaj Dani
(Din: 00019080)

U. K. Sinha
(Din: 00010336)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Statement of Profit and Loss for the year ended March 31, 2019

₹ in Crore

			Notes	Year ended March 31, 2019	Year ended March 31, 2018
REVENUE FROM OPERATIONS					
	(i)	Interest Income	28	39,240.24	33,133.08
	(ii)	Dividend Income	28.1	1,130.64	1,079.28
	(iii)	Rental Income	28.2	65.07	61.80
	(iv)	Fees and Commission Income	28.3 & 28.4	221.14	163.10
	(v)	Net gain on fair value changes	29	552.11	109.25
	(vi)	Profit on Sale of Investments	29.1	1,212.35	5,609.00
	(vii)	Profit on Sale of Investments Properties		66.50	-
	(viii)	Income on Derecognised (assigned) Loans	29.2	859.99	533.71
(I)	**Total Revenue from Operations**			43,348.04	40,689.22
(II)	**Other Income**			29.97	18.27
(III)	**Total Income (I + II)**			43,378.01	40,707.49
EXPENSES					
	(i)	Finance costs	30	27,837.67	23,497.98
	(ii)	Impairment on Financial Instruments (Expected Credit Loss)	31	935.00	2,115.00
	(iii)	Employee Benefit Expenses	32	716.53	1,372.09
	(iv)	Depreciation, Amortisation and Impairment	13,14 & 15	66.53	49.24
	(v)	Establishment Expenses	33	107.57	100.02
	(vi)	Other Expenses	34	595.94	383.52
(IV)	**Total Expenses (IV)**			30,259.24	27,517.85
(V)	**Profit Before Tax (III - IV)**			13,118.77	13,189.64
		Tax Expense			
		- Current Tax		3,307.11	3,212.65
		- Deferred Tax		179.20	(982.35)
(VI)	**Total Tax Expense**		12.3	3,486.31	2,230.30
(VII)	**Net Profit After Tax (V - VI)**			9,632.46	10,959.34

MILLIONS MORE TO SERVE

Statement of Profit and Loss for the year ended March 31, 2019 (Continued)

₹ in Crore

		Notes	Year ended March 31, 2019	Year ended March 31, 2018
(VIII)	**Other Comprehensive Income**			
	(A) (i) Items that will not be reclassified to profit or (loss)		**(186.41)**	(48.79)
	(ii) Income tax relating to items that will not be reclassified to profit or (loss)		**47.41**	25.38
	Sub Total (A)	35	**(139.00)**	(23.41)
	(B) (i) Items that will be reclassified to profit or (loss)		**11.48**	(74.64)
	(ii) Income tax relating to items that will be reclassified to profit or (loss)		**(4.01)**	26.08
	Sub Total (B)	35	**7.47**	(48.56)
	Other Comprehensive Income (A + B)		**(131.53)**	(71.97)
(IX)	**Total Comprehensive Income (VII + VIII)**		**9,500.93**	10,887.37
(X)	**Earnings per Equity Share**	36		
	Basic (₹)		**56.53**	67.31
	Diluted (₹)		**56.08**	66.48

See accompanying notes forming part of the financial statement

As per our report of even date attached.

Directors

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

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 13, 2019

Deepak S. Parekh
Chairman
(DIN: 00009078)

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

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(Din: 00311104)

Jalaj Dani
(Din: 00019080)

U. K. Sinha
(Din: 00010336)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Statement of Changes in Equity for the year ended March 31, 2019

A. Equity Share Capital

₹ in Crore

	Note	Amount
As at April 1, 2017	26	317.73
Equity share capital issued during the year		17.45
As at March 31, 2018	26	335.18
Equity share capital issued during the year		9.11
As at March 31, 2019	26	344.29

B. Other Equity (Refer Note 27)

₹ in Crore

Particulars	Reserves and Surplus								Other Comprehensive Income			Employee Stock Option Reserve	Foreign Currency Monetary Item Translation	Money received against share warrants	Total
	Capital Reserve	Securities Premium	Retained Earnings	General Reserve	Special Reserve I	Special Reserve II	Statutory Reserve	Shelter Assistance Reserve	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Cost of Hedge				
Balance as at April 1, 2017	0.04	10,240.49	5,295.72	13,473.41	51.23	9,811.95	3,849.42	193.20	(25.99)	(183.80)	-	-	362.12	51.10	43,118.89
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	**0.04**	**10,240.49**	**5,295.72**	**13,473.41**	**51.23**	**9,811.95**	**3,849.42**	**193.20**	**(25.99)**	**(183.80)**	**-**	**-**	**362.12**	**51.10**	**43,118.89**
Profit for the year	-	-	10,959.34	-	-	-	-	-	-	-	-	-	-	-	10,959.34
Other Comprehensive Income for the year	-	-	(6.23)	-	-	-	-	-	(17.18)	(48.56)	-	-	-	-	(71.97)
Total Comprehensive Income for the year	**-**	**-**	**10,953.11**	**-**	**-**	**-**	**-**	**-**	**(17.18)**	**(48.56)**	**-**	**-**	**-**	**-**	**10,887.37**
Movement for the year	-	0.72	-	-	-	-	-	-	-	-	-	937.61	(412.84)	(0.72)	524.77
Dividends including tax on dividend	-	-	(3,454.49)	-	-	-	-	-	-	-	-	-	-	-	(3,454.49)
Transfer from retained earnings	-	-	(4,865.10)	2,432.10		1,355.00	1,078.00	-	-	-	-	-	-	-	-
Received during the year	-	14,035.65	-	-	-	-	-	-	-	-	-	-	-	-	14,035.65
Utilised during the year	-	(7.41)	-	-	-	-	-	(175.05)	-	-	-	-	-	-	(182.46)
Balance as at March 31, 2018	**0.04**	**24,269.45**	**7,929.24**	**15,905.51**	**51.23**	**11,166.95**	**4,927.42**	**18.15**	**(43.17)**	**(232.36)**	**-**	**937.61**	**(50.72)**	**50.38**	**64,929.73**

Particulars	Reserves and Surplus								Other Comprehensive Income			Employee Stock Option Reserve	Foreign Currency Monetary Item Translation	Money received against share warrants	Total
	Capital Reserve	Securities Premium	Retained Earnings	General Reserve	Special Reserve I	Special Reserve II	Statutory Reserve	Shelter Assistance Reserve	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Cost of Hedge				
Balance as at April 1, 2018	0.04	24,269.45	7,929.24	15,905.51	51.23	11,166.95	4,927.42	18.15	(43.17)	(232.36)	-	937.61	(50.72)	50.38	64,929.73
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	**0.04**	**24,269.45**	**7,929.24**	**15,905.51**	**51.23**	**11,166.95**	**4,927.42**	**18.15**	**(43.17)**	**(232.36)**	**-**	**937.61**	**(50.72)**	**50.38**	**64,929.73**
Profit for the year	-	-	9,632.46	-	-	-	-	-	-	-	-	-	-	-	9,632.46
Other Comprehensive Income for the year	-	-	(11.94)	-	-	-	-	-	(127.06)	9.91	(2.44)	-	-	-	(131.53)
Total Comprehensive Income for the year	**-**	**-**	**9,620.52**	**-**	**-**	**-**	**-**	**-**	**(127.06)**	**9.91**	**(2.44)**	**-**	**-**	**-**	**9,500.93**
Movement for the year	-	101.02	-	-	-	-	-	-	-	-	-	160.45	58.15	(50.38)	269.24
Dividends including tax on dividend	-	-	(3,964.52)	-	-	-	-	-	-	-	-	-	-	-	(3,964.52)
Transfer from retained earnings	-	-	(1,950.00)	-		1,850.00	100.00	-	-	-	-	-	-	-	-
Received during the year	-	6,290.74	-	-	-	-	-	-	-	-	-	-	-	-	6,290.74
Utilised during the year	-	-	-	-	-	-	-	(14.94)	-	-	-	-	-	-	(14.94)
Balance as at March 31, 2019	**0.04**	**30,661.21**	**11,635.24**	**15,905.51**	**51.23**	**13,016.95**	**5,027.42**	**3.21**	**(170.23)**	**(222.45)**	**(2.44)**	**1,098.06**	**7.43**	**-**	**77,011.18**

See accompanying notes forming part of the financial statement

As per our report of even date attached.

Directors

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

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 13, 2019

Deepak S. Parekh
Chairman
(DIN: 00009078)

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

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(Din: 00311104)

U. K. Sinha
(Din: 00010336)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Jalaj Dani
(Din: 00019080)

Ajay Agarwal
Company Secretary
(FCS: 9023)

MILLIONS MORE TO SERVE

Cash Flow Statement for the year ended March 31, 2019

₹ in Crore

			Year ended March 31, 2019	Year ended March 31, 2018
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before tax		**13,118.77**	13,189.64
	Adjustments for:			
	Depreciation, Amortisation and Impairment		**66.53**	49.24
	Impairment on Financial Instruments (Expected Credit Loss)		**935.00**	2,115.00
	Expense on Employee Stock Option Scheme		**211.09**	937.61
	Net gain on fair value changes		**(552.11)**	(109.25)
	Interest Expense		**27,672.04**	23,340.88
	Interest Income		**(39,240.24)**	(33,133.08)
	Dividend Income		**(1,130.64)**	(1,079.28)
	Profit on Sale of Investments		**(1,212.35)**	(5,609.00)
	(Profit) / Loss on Sale of Investment Properties and Fixed Assets (Net)		**(66.97)**	(0.09)
	Net gain on derecognition of assigned loans		**(218.75)**	(3.08)
	Utilisation of Shelter Assistance Reserve		**(14.94)**	(175.05)
	MTM on Derivative Financial Assets and liabilities		**(332.20)**	(608.94)
	Operating Profit before Working Capital changes		**(764.77)**	(1,085.40)
	Adjustments for:			
	Investment in Cash Management Schemes of Mutual Funds (Net)		**(5,177.10)**	(7,195.00)
	(Increase) / Decrease in Financial Assets and Non Financial Assets		**(1,415.36)**	1,730.48
	Increase / (Decrease) in Financial and Non Financial Liabilities		**626.67**	(69.62)
	Cash generated from Operations		**(6,730.56)**	(6,619.54)
	Interest Received		**38,880.79**	32,624.16
	Interest Paid		**(26,731.53)**	(21,389.88)
	Dividend Received		**1,130.64**	1,079.28
	Taxes Paid		**(2,313.05)**	(3,376.76)
	Net cash from Operations		**4,236.29**	2,317.26
	Loans disbursed (net)		**(43,919.93)**	(63,366.30)
	Corporate Deposits (net)		**(412.08)**	5,145.09
	Net cash used in operating activities	**A**	**(40,095.72)**	(55,903.95)
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		**(47.54)**	(43.47)
	Sale of Fixed Assets		**0.89**	0.68
	Net Cash used for Fixed Assets		**(46.65)**	(42.79)
	Purchase of Investment Properties		**(7.97)**	(4.09)
	Sale of Investment Properties		**122.04**	-
	Net Cash flow from/used for Investment Properties		**114.07**	(4.09)
	Investments			
	- in Subsidiary Companies		**(121.24)**	(192.00)
	- in Associates Companies		**(8,569.75)**	-
	Other Investments :			
	- Purchase of Investments		**(2,066.98)**	(4,646.51)
	- Sale of Investments		**738.75**	941.81
	Sale of Investments in subsidiaries		**-**	356.97
	Net cash used for investing activities	**B**	**(9,951.80)**	(3,586.61)

Cash Flow Statement for the year ended March 31, 2019 (Continued)

₹ in Crore

			Year ended March 31, 2019	Year ended March 31, 2018
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share Capital - Equity		**9.11**	17.45
	Securities Premium received		**6,290.74**	14,035.65
	Securities Premium utilised		**-**	(7.41)
	Sale proceeds of Investments in Subsidiary Companies		**1,248.87**	5,947.70
	Borrowings and Deposits (Net)		**45,253.49**	14,817.76
	Proceeds from Debt Securities and Subordinated Liabilities		**1,52,226.75**	1,26,425.24
	Repayment of Debt Securities and Subordinated Liabilities		**(1,51,872.11)**	(1,01,294.63)
	Dividend paid - Equity Shares		**(3,407.56)**	(2,957.60)
	Tax paid on Dividend		**(573.10)**	(478.58)
	Net cash from financing activities	C	**49,176.19**	56,505.58
	Net Decrease in cash and cash equivalents	[A+B+C]	**(871.33)**	(2,984.98)
	Add : Cash and cash equivalents as at the beginning of the year		**1,232.13**	4,217.12
	Cash and cash equivalents as at the end of the year		**360.80**	1,232.14
	Components of cash and cash equivalents			
	Cash on hand		**0.44**	0.13
	In Current Accounts		**277.71**	111.14
	In Deposit accounts with original maturity of 3 months or less		**-**	1,000.47
	Cheques on hand		**82.65**	120.40
	Total		**360.80**	1,232.14

Note: Net movement in Borrowings (including Debt Securities), Deposits and Subordinated Liabilities amounting to ₹ 45,550.00 Crore (Previous year ₹ 40,361.21 Crore) includes fresh issuance, repayments and effect of changes in foreign exchange rates.

See accompanying notes forming part of the financial statement

As per our report of even date attached.

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

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 13, 2019

Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

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

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(Din: 00311104)

U. K. Sinha
(Din: 00010336)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Jalaj Dani
(Din: 00019080)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Notes forming part of the standalone financial statements

1. Corporation Overview

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

2. Basis of Preparation and Presentation

2.1 **Statement of Compliance and basis of preparation and presentation**

The standalone financial statements ("financial statements") have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the National Housing Bank ("NHB") to the extent applicable.

Effective April 1, 2018, the Corporation has adopted Ind AS and the adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, with April 1, 2017 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 as amended ("IGAAP"), which was the previous generally accepted accounting principles.

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

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

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

2.2 **Functional and Presentation Currency**

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

2.3 **Basis of Measurement**

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

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

Notes forming part of the standalone financial statements (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Corporation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17.

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

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

2.4 Use of Estimates and Judgements

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

2.4.1 Determination of Expected Credit Loss ("ECL")

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

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

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

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

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

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

Some of the Corporation's Investments (other than Investment in Subsidiaries and Associates) are measured at fair value. In determining the fair value of such Investments, the Corporation uses quoted prices (unadjusted)

Notes forming part of the standalone financial statements (Continued)

in active markets for identical assets or based on inputs which are observable either directly or indirectly. However in certain cases, the Corporation adopts valuation techniques and inputs which are not based on market data. When Market observable information is not available, the Corporation has applied appropriate valuation techniques and inputs to the valuation model.

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

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

2.4.3 **Income Taxes**

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

2.4.4 **Evaluation of Business Model**

Classification and measurement of financial instruments depends on the results of the solely payments of principal and interest on the principal amount outstanding ("SPPI") (Refer Note 1.5) and the business model test (Refer Note 1.4). The Corporation determines the business model at a level that reflects how the Corporation financial instruments are managed together to achieve a particular business objective.

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

2.4.5 **Share-Based Payments**

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

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

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

2.4.6 **Defined Benefit Plans**

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

3. Significant Accounting Policies

3.1 **Revenue Recognition**

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

Notes forming part of the standalone financial statements (Continued)

3.1.1 **Interest**

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

Effective Interest Rate ("EIR")

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

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

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

3.1.2 **Dividend Income**

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

3.1.3 **Fee and Commission Income**

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

3.1.4 **Rental Income**

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

3.1.5 **Other Income**

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

3.2 **Financial Instruments**

3.2.1 **Recognition and Initial Measurement**

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

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

Notes forming part of the standalone financial statements (Continued)

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

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

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

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

3.2.2 **Classification and Subsequent Measurement of Financial Assets and Liabilities**

3.2.2.1 ***Financial Assets***

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

- Amortised cost
- Fair Value through Other Comprehensive Income
- Fair Value through Profit and Loss

3.2.2.1.1 Amortised Cost

The Corporation classifies and measures Cash and Bank balances, Loans, Trade Receivable, certain debt investments and other financial assets at amortised cost if following condition is met:

- Financial Assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are SPPI, are subsequently measured at amortised cost.

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

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

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

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

Financial assets at FVTPL are:

- Assets with contractual cash flows that are not SPPI; and/or

- Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at FVTPL using the fair value option.

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

3.2.2.1.4 **Business Model Test**

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

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

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

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

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

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

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

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

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

Notes forming part of the standalone financial statements (Continued)

3.2.2.1.6 **Subsequent Measurement and Gain and Losses**

Financial Assets at Amortised Cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Debt Instrument at FVOCI

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

Equity Instrument at FVOCI

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

Financial assets at FVTPL

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

3.2.2.1.7 **Reclassifications**

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

3.2.2.2 **Financial Liabilities and Equity Instruments**

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

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

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

3.2.2.2.2 ***Equity Instruments***

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

Notes forming part of the standalone financial statements (Continued)

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

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

3.2.3 **Impairment and Write-off**

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

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

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

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

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

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

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

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

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

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

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

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

Notes forming part of the standalone financial statements (Continued)

3.2.3.1 ***Measurement of Expected Credit Losses***

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

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

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

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

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

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

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

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

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

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

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

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However the Corporation still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on a 'watch list'. Given an exposure is on a watch list once, there is a concern that the creditworthiness of the specific

Notes forming part of the standalone financial statements (Continued)

counterparty has deteriorated. ECL assessment for watch list accounts is done on a case by case approach after considering the probability of weighted average in different recovery scenario. For individual loans the Corporation considers the expectation of forbearance, payment holidays and events such as unemployment, bankruptcy, divorce or death.

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

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

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

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

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

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

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

3.2.3.4 ***Definition of Default***

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

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

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

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

3.2.3.5 ***Write-off***

Loans and debt securities are written off when the Corporation has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Corporation determines

Notes forming part of the standalone financial statements (Continued)

that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Corporation may apply enforcement activities to financial assets written off. Recoveries resulting from the Corporation's enforcement activities could result in impairment gains.

3.2.4 **Modification and Derecognition of Financial Assets**

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

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

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

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

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

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

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

Notes forming part of the standalone financial statements (Continued)

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

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

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

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

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

3.2.5 Derecognition of Financial Liabilities

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

3.2.6 Collateral Valuation and Repossession

To mitigate the credit risk on financial assets, the Corporation seeks to use collateral, where possible as per the powers conferred on the Housing Finance Companies under the Securitisation and Reconstruction of Financial

Notes forming part of the standalone financial statements (Continued)

Assets and Enforcement of Securities Interest Act, 2002 ("SARFAESI"). The Corporation provides fully secured, partially secured and unsecured loans to individuals and Corporates.

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

3.2.7 Transfer and Servicing of Assets

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

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

3.2.8 Derivative Financial Instruments

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

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

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

3.2.8.1 Hedge Accounting

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

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

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

3.2.8.2 ***Fair Value Hedges***

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

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

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

3.2.8.3 ***Cash Flow Hedges***

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

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

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

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

3.2.9 **Financial Guarantee Contracts**

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

Notes forming part of the standalone financial statements (Continued)

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

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

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

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

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

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

For transition to Ind AS, the Corporation has elected to adopt as deemed cost, the carrying value of PPE measured as per IGAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2017.

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

3.4 **Investment Property**

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

For transition to Ind AS, the Corporation has elected to adopt as deemed cost, the carrying value of investment property as per IGAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2017.

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

3.5 **Intangible Assets**

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

For transition to Ind AS, the Corporation has elected to adopt as deemed cost, the carrying value of Intangible assets measured as per IGAAP less accumulated amortisation and cumulative impairment on the transition date of April 1, 2017.

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

Notes forming part of the standalone financial statements (Continued)

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

3.6 **Capital work-in-progress**

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

3.7 **Depreciation and Amortisation**

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

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

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

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

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

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

3.8 **Impairment of Assets other than Financial Instruments**

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

Notes forming part of the standalone financial statements (Continued)

3.9 **Employee Benefits**

3.9.1 **Share-based payment arrangements**

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

3.9.2 **Defined Contribution Plans**

3.9.2.1 ***Superannuation Fund***

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

3.9.3 **Defined Benefit Plans**

3.9.3.1 ***Provident Fund***

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

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

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

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

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

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

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

Notes forming part of the standalone financial statements (Continued)

3.10 **Leases**

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

3.10.1 **Operating Leases**

A. Lease rentals on assets under operating lease are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

B. Assets leased out under operating leases are continued to be shown under the respective class of assets. Rental income is recognised on a straight line basis over the term of the relevant lease unless the payments are structured to increase in line with expected general inflation to compensate for the Corporation's expected inflationary cost increases.

3.11 **Dividends on ordinary shares**

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

3.12 **Cash and Cash Equivalents**

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

3.13 **Securities Premium Account**

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

3.14 **Borrowing Costs**

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

3.15 **Foreign Currencies**

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

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

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

Notes forming part of the standalone financial statements (Continued)

3.16 Segments

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

3.17 Investments in Subsidiaries, Joint Ventures and Associates

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

3.18 Earnings per share

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

3.19 Taxes on Income

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

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

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

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

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

3.20 Goods and Services Input Tax Credit

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

3.21 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when:

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

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

Notes forming part of the standalone financial statements (Continued)

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

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

Contingent liability is disclosed in case of:

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

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

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

Contingent Assets:

Contingent assets are not recognised in the financial statements.

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

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

3.22 Commitments

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

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

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

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

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

3.23 Non-Current Assets held for sale

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

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

3.24 Statement of Cash Flows

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

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

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

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

Notes forming part of the standalone financial statements (Continued)

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

3.25 **Standards issued but not effective**

3.25.1 **Ind AS 116 Leases**

Ind AS 116 Leases was notified on 28th March, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Corporation is currently evaluating the impact of Ind AS 116 on its financial statements.

3.25.2 **Amendment to Ind AS 12 Income Taxes**

Income tax consequences of distribution of profits (i.e. dividends), including payments on financial instruments classified as equity, should be recognised when a liability to pay dividend is recognised.

The income tax consequences should be recognised in the Statement of Profit and Loss, Other Comprehensive Income or equity according to where the past transactions or events that generated distributable profits were originally recognised.

Appendix C has been added to Ind AS 12 which seeks to bring clarity to the accounting for uncertainties on income tax treatments that are yet to be accepted by tax authorities and to reflect it in the measurement of current and deferred taxes.

3.25.3 **Amendments to Ind AS 109 Financial Instruments**

A financial asset would be classified and measured at amortised cost or at Fair Value through Other Comprehensive Income (FVOCI) if its contractual cash flows are solely in the nature of principal and interest on the principal amount outstanding (SPPI criterion).

An exception has been prescribed to the classification and measurement requirements with respect to the SPPI criterion for financial assets that:

- Have a prepayment feature which results in a negative compensation.
- Apart from the prepayment feature, other features of the financial asset would have contractual cash flows which would meet the SPPI criterion, and
- The fair value of the prepayment feature is insignificant when the entity initially recognises the financial asset. If this is impracticable to assess based on facts and circumstances that existed on initial recognition of the asset, then the exception would not be available.

Such financial assets could be measured at amortised cost or at FVOCI based on the business model within which they are held.

3.25.4 **Amendments to Ind AS 19 Employee Benefits**

When a defined benefit plan is amended, curtailed or settled, entities would be required to use updated actuarial

Notes forming part of the standalone financial statements (Continued)

assumptions to determine its current service cost and net interest for the remainder of the annual reporting period (post the plan amendment, curtailment or settlement).

The effect of the asset ceiling would not be considered while calculating the gain or loss on any settlement of the plan. Subsequently, it would be recognised in Other Comprehensive Income.

3.25.5 **Amendments to Ind AS 23 Borrowing Costs**

While computing the capitalisation rate for funds borrowed generally, an entity should exclude borrowing costs applicable to borrowings made specifically for obtaining a qualifying asset, only until the asset is ready for its intended use or sale. Borrowing costs (related to specific borrowings) that remain outstanding after the related qualifying asset is ready for intended use or for sale would subsequently be considered as part of the general borrowing costs of the entity.

3.25.6 **Amendments to Ind AS 28 Investments in Associate and Joint Ventures**

An entity's net investment in its associate or joint ventures includes investment in ordinary shares, other interests that are accounted using the equity method, and other long-term interests, which are governed by the principles of Ind AS 109.

As per the equity method, the carrying amount of an entity's investment in its associate and joint ventures increases or decreases to recognize the entity's share of profit or loss of its investee associates and joint ventures.

Where the losses exceed the entity's investment in ordinary shares, they are applied to other components of the entity's interest in the associate or joint venture in the reverse order of their superiority. In this context, MCA clarified that the accounting for losses allocated to long-term interests (governed by principles of Ind AS 109, Financial Instruments) would involve the dual application of Ind AS 28 and Ind AS 109. The annual sequence in which both standards are to be applied can be explained in a three step process:

- Apply Ind AS 109 (Expected Credit Loss (ECL), fair value adjustments, etc.) independently
- True-up past allocations on carrying amount of long-term investment
- Book current year profits/losses.

3.25.7 **Amendments to Ind AS 103 Business Combinations**

When an entity obtains control of a business that is a joint operation, then the acquirer considers such an acquisition as a business combination achieved in stages and accounts for it accordingly.

3.25.8 **Amendments to Ind AS 111 Joint Arrangements**

If a party that participates in a joint operation (but does not have joint control) obtains joint control over the joint operation (which constitutes a business as defined in Ind AS 103), it would not be required to re-measure its previously held interests in the joint operation.

4. First Time Adoption of Ind AS (Ind AS 101)

The Corporation has prepared financial statements for the year ended March 31, 2019, in accordance with Ind AS for the first time. For the periods upto and including the year ended March 31, 2018, the Corporation prepared its financial statements in accordance with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP) and NHB guidelines. Accordingly, the Corporation has prepared its financial statements to comply with Ind AS for the year ending March 31, 2019, together with comparative information as at and for the year ended March 31, 2018, as described in the summary of significant accounting policies. In preparing these financial

Notes forming part of the standalone financial statements (Continued)

statements, the Corporation's opening Balance Sheet was prepared as at April 1, 2017 i.e. the transition date to Ind AS for the Corporation.

This note explains the principal adjustments made by the Corporation in restating its Previous GAAP financial statements, including the Balance Sheet as at April 1, 2017, and the financial statements as at and for the year ended March 31, 2018.

4.1 Exemptions availed

4.1.1 Deemed Cost for Property, Plant and Equipment, Investment Property and Intangible Assets

The Corporation has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets, measured as per the Previous GAAP and use that carrying value as its deemed cost as of the transition date under Ind AS.

4.1.2 Share-Based Payments

The Corporation has not applied Ind AS 102 to equity instruments that vested before the date of transition to Ind AS.

4.1.3 Investments in Subsidiaries and Associates

The Corporation has elected to apply Previous GAAP carrying amount of its investments in Subsidiaries and Associates as deemed cost as on the date of transition to Ind AS.

4.1.4 Classification and Measurement of Financial Assets

The Corporation has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

4.1.5 Fair Value of Financial Assets and Liabilities

As per Ind AS exemption, the Corporation has not fair valued the financial assets and liabilities retrospectively and has measured the same prospectively.

4.1.6 Derecognition of Financial Assets

As per Ind AS exemption, the Corporation has not reassessed the securitisation / assignment transactions entered before the transition date and the same is continued to be derecognised.

4.1.7 Long Term Foreign Currency Monetary Items

As per Ind AS exemption, the Corporation has continued the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the effective date as per the previous GAAP.

4.1.8 Business Combinations

Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, or of interests in associates and joint ventures and transactions which are considered businesses for Ind AS, that occurred before 1st April, 2017. The carrying amounts of assets and liabilities in accordance with previous GAAP are considered as their deemed cost at the date of acquisition. After the date of the acquisition, measurement is in accordance with Ind AS.

4.1.9 Estimates

On assessment of the estimates made under the previous GAAP financial statements, the Corporation has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under

Notes forming part of the standalone financial statements (Continued)

Previous GAAP are made by the Corporation for the relevant reporting dates reflecting conditions existing as at that date.

4.1.10 **Classification and measurement of financial assets**

The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

4.2 **Reconciliation of Equity as at April 1, 2017 and March 31, 2018 and Total Comprehensive income for the year ended March 31, 2018**

Reconciliation of Equity as at April 1, 2017 and March 31, 2018

₹ in Crore

Particulars	Notes	Opening Balance Sheet as at April 1, 2017			Balance Sheet as at March 31, 2018		
		Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS
ASSETS							
Financial Assets							
Cash and Cash Equivalents		4,217.12	-	4,217.12	1,232.14	-	1,232.14
Bank Balances other than above		2,352.11	-	2,352.11	252.93	-	252.93
Derivative Financial Instruments		276.35	56.36	332.71	238.09	218.16	456.25
Receivables					-		
(i) Trade Receivables		105.97	-	105.97	103.45	-	103.45
(ii) Other Receivables		-	-	-	-	-	-
Loans	4.2.1	2,95,174.77	516.96	2,95,691.98	3,56,707.44	673.42	3,57,380.86
Investments	4.2.2	19,842.72	338.51	20,181.23	30,343.30	373.43	30,716.73
Other Financial Assets	4.2.6	7,286.30	383.95	7,670.00	2,513.29	270.78	2,784.07
Total Financial Assets		**3,29,255.34**	**1,295.78**	**3,30,551.12**	**3,91,390.64**	**1,535.79**	**3,92,926.43**
Non-Financial Assets							
Current Tax Assets (Net)		3,145.98	-	3,145.98	3,349.78	27.09	3,376.87
Deferred Tax Assets	4.2.3	(2,388.58)	2,668.68	280.10	(2,022.58)	3,302.08	1,279.50
Investment Properties	4.2.4	399.53	-	399.53	395.13	-	395.13
Property, Plant and Equipment		638.24	-	638.24	639.71	-	639.71
Other Intangible Assets		4.13	-	4.13	4.79	-	4.79
Other Non-Financial Assets		168.85	1.26	170.11	117.65	-0.58	117.07
Non-current Assets Held for Sale		-	-	-	170.09	-	170.09
Total Non-Financial Assets		**1,968.15**	**2,669.94**	**4,638.09**	**2,654.57**	**3,328.59**	**5,983.16**
Total Assets		**3,31,223.49**	**3,965.72**	**3,35,189.21**	**3,94,045.21**	**4,864.38**	**3,98,909.59**

MILLIONS MORE TO SERVE

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Particulars	Notes	Opening Balance Sheet as at April 1, 2017			Balance Sheet as at March 31, 2018		
		Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS
EQUITY AND LIABILITIES							
LIABILITIES							
Financial Liabilities							
Derivative Financial Instruments		1,024.56	(103.76)	920.80	378.32	131.72	510.04
Payables							
(A) Trade Payables							
(i) total outstanding dues of micro enterprises and small enterprises		0.18	-	0.18	0.19	-	0.19
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		148.64	-	148.64	207.40	-	207.40
(B) Other Payables							
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-	-	-	-
Debt Securities	4.2.5	1,51,120.49	(106.54)	1,51,013.95	1,76,098.21	46.34	1,76,144.55
Borrowings (Other than Debt Securities)	4.2.5	37,269.50	35.03	37,304.53	46,766.97	35.47	46,802.44
Deposits	4.2.5	85,545.22	(9.22)	85,536.00	91,279.37	(10.67)	91,268.70
Subordinated Liabilities		5,500.00	-	5,500.00	5,500.00	-	5,500.00
Other Financial Liabilities		10,413.22	24.23	10,437.45	11,477.98	799.16	12,277.14
Total Financial Liabilities		**2,91,021.81**	**(160.26)**	**2,90,861.55**	**3,31,708.44**	**1,002.02**	**3,32,710.46**
Non-Financial Liabilities							
Current Tax Liabilities (Net)		59.46	-	59.46	91.84	-	91.84
Provisions		177.01	-	177.01	182.54	-	182.54
Other Non-Financial Liabilities		654.57	-	654.57	659.84	-	659.84
Total Non-Financial Liabilities		**891.04**	**0.00**	**891.04**	**934.22**	**-**	**934.22**
Total Liabilities		**2,91,912.85**	**(160.26)**	**2,91,752.59**	**3,32,642.66**	**1,002.02**	**3,33,644.68**
EQUITY							
Equity		317.73	-	317.73	335.18	-	335.18
Other Equity		38,992.91	4,125.98	43,118.89	61,067.37	3,862.36	64,929.73
Total Equity		**39,310.64**	**4,125.98**	**43,436.62**	**61,402.55**	**3,862.36**	**65,264.91**
Total Equity and Liabilities		**3,31,223.49**	**3,965.72**	**3,35,189.21**	**3,94,045.21**	**4,864.38**	**3,98,909.59**

Notes forming part of the standalone financial statements (Continued)

Reconciliation of Total Comprehensive Income for the year ended March 31, 2018

₹ in Crore

Particulars	Notes	Year ended March 31, 2018		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
Revenue from Operations				
Interest Income	4.2.1 & 4.2.5	32,939.81	193.27	33,133.08
Dividend Income		1,079.28	-	1,079.28
Rental Income		61.80	-	61.80
Fees and commission Income		163.10	-	163.10
Net gain on fair value changes	4.2.2	58.73	50.52	109.25
Profit on Sale of Investments		5,634.86	(25.86)	5,609.00
Net gain on derecognition of assigned loans	4.2.6	530.63	3.08	533.71
Total Revenue from Operations		**40,468.21**	**221.01**	**40,689.22**
Other Income		18.27	-	18.27
Expenses				
Finance costs	4.2.5	22,235.00	1,262.98	23,497.98
Impairment on financial instruments (Expected Credit Loss)	4.2.1	2,030.00	85.00	2,115.00
Employee benefit expense	4.2.7 & 4.2.8	425.47	946.62	1,372.09
Depreciation and amortisation expense		49.24	-	49.24
Establishment Expenses		100.02	-	100.02
Other Expenses		383.06	0.46	383.52
Total Expenses		**25,222.79**	**2,295.06**	**27,517.85**
Profit Before Tax		**15,263.69**	**(2,074.05)**	**13,189.64**
Tax expense				
- Current tax (MAT)		3,466.00	(253.35)	3,212.65
- Deferred tax	4.2.3	(366.00)	(616.35)	(982.35)
Total Tax Expense		**3,100.00**	**(869.70)**	**2,230.30**
Net Profit After Tax		**12,163.69**	**(1,204.35)**	**10,959.34**
Other Comprehensive Income (OCI)				
(A) (i) Items that will not be reclassified to profit or loss	4.2.8 & 4.2.9	-	(48.79)	(48.79)
(ii) Income tax relating to items that will not be reclassified to profit or loss	4.2.8 & 4.2.9	-	25.38	25.38
Subtotal (A)		-	**(23.41)**	**(23.41)**
(B) (i) Items that will be reclassified to profit or loss		-	(74.64)	(74.64)
(ii) Income tax relating to items that will be reclassified to profit or loss		-	26.08	26.08
Sub Total (B)		**-**	**(48.56)**	**(48.56)**
Other Comprehensive Income (A + B)		-	(71.97)	(71.97)
Total Comprehensive Income		**12,163.69**	**(1,276.32)**	**10,887.37**

* The previous GAAP figures have been reclassified to confirm Ind AS presentation requirements for the purposes of this note.

Notes forming part of the standalone financial statements (Continued)

4.2.A. **Amalgamation of Grandeur Properties Private Limited, Haddock Properties Private Limited, Pentagram Properties Private Limited, Winchester Properties Private Limited and Windermere Properties Private Limited with the Corporation**

During the year ended March 31, 2018, Grandeur Properties Private Limited, Haddock Properties Private Limited, Pentagram Properties Private Limited, Winchester Properties Private Limited and Windermere Properties Private Limited (collectively referred to as 'Transferor Companies' primarily engaged in holding properties) were amalgamated with the Corporation on March 28, 2018 with the appointed date of April 1, 2016, as per the Order issued by the National Company Law Tribunal, Mumbai Bench on the Scheme of Amalgamation. The transition date balance sheet of the Corporation has been adjusted by net liabilities aggregating INR 334.74 crore representing the financial information of the aforesaid Transferor Companies, which is based on the financial statements of such Transferor Companies prepared in accordance with Previous GAAP, as adjusted for the differences arising from transition to Ind AS to give effect to the amalgamation from the beginning of the preceding period in the financial statements and based on "pooling of interest" method as per Ind AS 103 Business Combinations.

4.2.1 **Impairment on Financial Instruments (Reversal of provision of Standard / Non-Performing Assets (NPA) and Provision for Expected Credit Losses (ECL)**

Under the Previous GAAP, provision for standard asset and NPA, were presented under provisions. However, under Ind AS financial assets measured at amortised cost are presented net of provision for Expected Credit Losses. Consequently, the Corporation has reversed provisions for standard assets / NPA's amounting to ₹ 3,011.00 crore and ₹ 4,944.15 crore as on April 1, 2017 and March 31, 2018 respectively and provision for ECL has been recognised amounting to ₹ 3,277 crore and ₹ 5,448.83 crore as on April 1, 2017 and March 31, 2018. The Corporation has reinstated interest income on credit impaired instruments amounting to ₹ 133.18 crore.

Above has led to increase in profit before tax of ₹ 48.18 crore and profit after tax of ₹ 30.59 crore for the year ended March 31, 2018.

4.2.2 **Fair Valuation of Investments [other than Investments in Subsidiaries and Associates]:**

Under Previous GAAP, long-term investments were measured at cost less diminution in value other than temporary. Under Ind AS, these financial assets have been classified as FVTPL or FVOCI and consequently the provisions for diminution on Investments held as per previous GAAP have been reversed as on the date of transition to Ind As.

On transitioning to Ind AS, these financial assets have been measured at their fair values. As a result there has been:

₹ in Crore

Particulars	As at March 31, 2018	As at April 1, 2017
Increase in Carrying Amount of Investments (Equities and Mutual Fund)	498.42	500.85
Decrease in Carrying Amount of Investments (Other Investments)	(519.26)	(517.34)
Increase in Carrying Amount of Investments (Net)	(20.84)	(16.49)

Above has led to increase in profit before tax of ₹ 24.66 crore and profit after tax of ₹ 14.07 crore for the year ended March 31, 2018.

4.2.3 **Deferred Tax**

The Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base.

The application of 'Ind AS 12 Income Taxes' approach has resulted in the various transitional adjustments being temporary differences. Accordingly, the Corporation has accounted for such differences. These adjustments are recognised in co-relation to the underlying transaction either in retained earnings, OCI or the statement of profit and loss respectively.

The major change in Deferred Tax is on account of below:

As required by the NHB, the Corporation had recognised deferred tax liability (DTL) in respect of the balance in the Special Reserve (created under section 36(1)(viii) of the Income-tax Act, 1961) amounting to ₹ 3,413.45 crore as at April 1, 2017. The Corporation believes that the Special Reserve will not be utilised for payment of dividend or any other purpose and accordingly it does not result in a difference in tax base. Hence, DTL on Special Reserve has been reversed to comply with Ind AS 12 on Income Taxes.

4.2.4 **Investment Property**

Under the Previous GAAP, there was no requirement to present investment property separately and the same was included under non-current investments and measured at cost less provision for diminution other than temporary. Under Ind AS, investment property is required to be presented separately in the balance sheet and depreciation is charged on it. Accordingly, the carrying value of the investment property net of depreciation and Impairment as at April 1, 2017 of ₹ 399.53 crore and as at March 31, 2018 of ₹ 395.13 crore under the Previous GAAP has been reclassified to a separate line item on the face of the balance sheet and the depreciation provided based on estimated useful life.

4.2.5 **Effective Interest Rate (EIR)**

a. Under Previous GAAP, transaction costs charged to customers and incurred by the Corporation was recognised upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset/financial liability and recognised as interest income/interest expense using the effective interest method. Consequently loan to customers on date of transition date have increased by ₹ 253.91 crore and interest income for the year ended March 31, 2018 has increased by ₹ 29.71 crore.

b. Under Previous GAAP, transaction costs incurred on borrowings was charged to statement of profit and loss upfront while under Ind AS, such costs are included in the initial recognition amount of financial liabilities and recognised as interest expense using the effective interest method. Consequently, Debt Securities on date of transition date have decreased by ₹ 106.54 crore and interest expense for the year ended March 31, 2018 has increased by ₹ 1,262.98 crore.

4.2.6 **Derecognition of Assigned Loans**

Under the Previous GAAP, retained interest receivable and servicing fees on loan assignment transaction were recognised over the period of such assigned loans. However, under Ind AS, on transfer of substantially all risks and rewards without retention of any residual interest, gain arising on said transactions are recorded in the Statement of Profit and Loss by discounting the future cash flows accruing in the form of differential interest on such assigned loan to their present values. The Corporation recognises a servicing asset, as the fee to be received is expected to be more than adequate compensation for the servicing activities. Corresponding amount is recognised in the statement of profit and loss. These loans is derecognised from the Balance Sheet immediately on assignment of the loan. The Corporation has recorded gain of ₹ 3.08 crore for the year ended March 31, 2018 on account of assignment of loans.

4.2.7 **Share-Based Payments**

Under Previous GAAP, the cost of equity-settled employee share-based payments was recognised using the intrinsic value method. Under Ind AS, the cost of equity-settled employee share-based payments is recognised based on the fair value of the options as on the grant date. The change does not affect total equity, but there is a decrease in profit before tax as well as profit after tax for the year ended March 31, 2018 by ₹ 937.61 crore.

4.2.8 **Defined Benefit Obligation**

Both under Previous GAAP and Ind AS, the Corporation recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gain and losses,

MILLIONS MORE TO SERVE

Notes forming part of the standalone financial statements (Continued)

were charged to the statement profit or loss. Under Ind AS, remeasurements (comprising of actuarial gains and losses, the effect of assets ceiling, excluding amounts included in net interest on the net defined benefit liability and return on plan assets excluding amount included in net interest on the net defined benefit liability) are recognised in Other Comprehensive Income (OCI). Thus, employee benefit expense is adjusted by ₹ 9.58 crore and is recognised in OCI for the year ended March 31, 2018.

Current tax amounting to ₹ 3.35 crore is also regrouped from the statement of profit and loss to OCI for the year ended March 31, 2018. The above change does not affect total equity as at March 31, 2018. However, profit before tax and profit after tax for the year ended March 31, 2018, is increased by ₹ 9.58 crore and ₹ 6.23 crore respectively.

4.2.9 **Other Comprehensive Income (OCI)**

Under Previous GAAP, there was no concept of OCI. Under Ind AS, for equity instruments other than held for trading, the Corporation has exercised irrevocable option to recognise in other comprehensive income subsequent changes in the fair value.

Fair valuation of Bonds and re-measurement of defined benefit plan liability are recognised in OCI.

4.2.10 The Corporation designates certain Currency swaps and Interest rate swaps as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income and accumulated in the cash flow hedging reserve, and is transferred to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction.

On a standalone basis, ₹ 48.56 crore is regrouped from profit or loss to OCI (net of tax) for the year ended March 31, 2018.

5. Cash and Cash Equivalents

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i) Cash on hand	**0.44**	0.13	0.47
(ii) Balances with banks:			
- In Current Accounts	**277.71**	111.14	114.85
- In Deposit accounts with original maturity of 3 months or less	**-**	1,000.47	4,001.96
(iii) Cheques, drafts on hand	**82.65**	120.40	99.84
Total	**360.80**	**1,232.14**	**4,217.12**

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

6. Bank Balances other than Cash and Cash Equivalents

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i) In other Deposit accounts			
- Original maturity more than 3 months	**1,094.20**	75.85	2,169.33
(ii) Earmarked balances with banks			
- Unclaimed Dividend Account	**26.91**	43.05	24.74
- Towards Guarantees Issued by Banks	**0.59**	0.49	0.30
- Other - Against Foreign Currency Loans [Refer Note 19.2]	**113.76**	133.54	157.74
Total	**1,235.46**	**252.93**	**2,352.11**

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

7. **Derivative Financial Instruments**

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

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

₹ in Crore

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
Part I									
(i) Currency derivatives:									
- Forwards	3,176.82	7.42	100.71	7,721.12	39.61	22.06	8,236.00	-	460.87
- Currency swaps - Principal Only Swaps	12,826.93	311.73	63.93	7,980.03	78.79	209.86	9,287.00	80.85	284.99
- Options purchased (net)	6,757.73	122.20	0.11	-	-	-	-	-	-
Subtotal (i)	**22,761.48**	**441.35**	**164.75**	**15,701.15**	**118.40**	**231.92**	**17,523.00**	**80.85**	**745.86**
(ii) Interest rate derivatives									
- Interest Rate Swaps	55,650.00	962.00	948.71	48,270.00	337.85	278.12	30,809.00	251.86	174.94
- Options purchased (net)	-	-	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	-	-
Subtotal (ii)	**55,650.00**	**962.00**	**948.71**	**48,270.00**	**337.85**	**278.12**	**30,809.00**	**251.86**	**174.94**
Total Derivative Financial Instruments (i)+(ii)	**78,411.48**	**1,403.35**	**1,113.46**	**63,971.15**	**456.25**	**510.04**	**48,332.00**	**332.71**	**920.80**
Part II									
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:									
(i) Fair value hedging:									
- Currency derivatives	-	-	-	-	-	-	-	-	-
- Interest rate derivatives	55,650.00	962.00	948.71	48,270.00	337.85	278.12	30,809.00	251.86	174.94
Subtotal (i)	**55,650.00**	**962.00**	**948.71**	**48,270.00**	**337.85**	**278.12**	**30,809.00**	**251.86**	**174.94**
(ii) Cash flow hedging:									
- Currency derivatives	22,761.48	441.35	164.75	8,106.60	80.51	208.50	8,333.00	80.85	155.86
- Interest rate derivatives	-	-	-	-	-	-	-	-	-
Subtotal (ii)	**22,761.48**	**441.35**	**164.75**	**8,106.60**	**80.51**	**208.50**	**8,333.00**	**80.85**	**155.86**
(iii) Undesignated Derivatives									
- Currency Swaps	-	-	-	100.00	-	2.19	954.00	-	129.14
- Forwards *	-	-	-	7,494.55	37.89	21.23	8,236.00	-	460.87
Subtotal (iii)	**-**	**-**	**-**	**7,594.55**	**37.89**	**23.42**	**9,190.00**	**-**	**590.00**
Total Derivative Financial Instruments (i)+(ii)+(iii)	**78,411.48**	**1,403.35**	**1,113.46**	**63,971.15**	**456.25**	**510.04**	**48,332.00**	**332.71**	**920.80**

* Forward contracts were taken on underlying FCNR loans, for which AS - 11, para 46 A (previous GAAP) was applied.

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

7.2 Refer note 44.6 For Foreign currency risk.

MILLIONS MORE TO SERVE

Notes forming part of the standalone financial statements (Continued)

8. Trade Receivables

₹ in Crore

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Receivables considered good - Unsecured	**186.87**	103.45	105.98
Receivables which have significant increase in Credit Risk	**-**	-	-
	186.87	103.45	105.98
Less: Provision for Expected Credit Loss	**0.01**	0.00	0.01
Total	**186.86**	103.45	105.97

8.1 Trade Receivables includes amounts due from the related parties ₹ **122.04 crore** (As at March 31, 2018 of ₹ 74.80 crore and as at April 01, 2017 of ₹ 57.73 crore) [Refer Note 43].

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

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

Reconciliation of impairment allowance on trade and other receivables:

	₹ in Crore
Impairment allowance as on April 1, 2017	-
Add/(less): asset originated or acquired	0.00
Impairment allowance as on April 1, 2018	0.00
Add/(less): asset originated or acquired	0.01
Impairment allowance as on March 31, 2019	0.01

Notes forming part of the standalone financial statements (Continued)

9. Loans - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Loans			
Individual Loans	**2,88,788.92**	2,53,788.45	2,06,384.56
Corporate Bodies	**1,10,915.00**	1,03,324.78	87,842.57
Others	**6,873.17**	5,670.17	4,698.09
Staff Loans	**29.97**	28.01	23.56
Total – Gross (A)	**4,06,607.06**	3,62,811.41	2,98,948.78
Less: Impairment loss allowance (Expected Credit Loss)	**5,847.43**	5,430.55	3,256.80
Total – Net (A)	**4,00,759.63**	3,57,380.86	2,95,691.98
(a) Secured by tangible assets	**3,90,099.06**	3,48,612.45	2,86,428.64
(b) Secured by intangible assets	**9,079.19**	7,388.42	6,155.17
(c) Covered by bank and government guarantee	**1,169.59**	1,226.06	717.68
(d) Unsecured	**6,259.22**	5,584.48	5,647.29
Total – Gross (B)	**4,06,607.06**	3,62,811.41	2,98,948.78
Less: Impairment loss allowance (Expected Credit Loss)	**5,847.43**	5,430.55	3,256.80
Total – Net (B)	**4,00,759.63**	3,57,380.86	2,95,691.98
(I) Loans in India			
(i) Public Sector	**1,385.99**	1,228.74	717.24
(ii) Other than Public Sector	**4,05,221.07**	3,61,582.67	2,98,231.54
Total – Gross (C) (1)	**4,06,607.06**	3,62,811.41	2,98,948.78
Less: Impairment loss allowance (Expected Credit Loss)	**5,847.43**	5,430.55	3,256.80
Total – Net (C) (I)	**4,00,759.63**	3,57,380.86	2,95,691.98
(II) Loans outside India	**0.00**	0.00	0.00
Less: Impairment loss allowance (Expected Credit Loss)	**0.00**	0.00	0.00
Total – Net (C) (II)	**0.00**	0.00	0.00
Total (C) (I) and (II)	**4,00,759.63**	3,57,380.86	2,95,691.98

9 (a) Loans details

₹ in Crore

Particulars	Principal	Installment / Interest O/s	EIR Adjustment	Total
As at 31 March 2019				
Individual Loans	2,86,073.48	1,477.04	1,238.40	2,88,788.92
Corporate Bodies	1,09,768.46	1,743.51	(596.97)	1,10,915.00
Others	6,746.49	126.68	-	6,873.17
Staff Loans	29.97	-	-	29.97
Total	**4,02,618.40**	**3,347.23**	**641.43**	**4,06,607.06**
As at 31 March 2018				
Individual Loans	2,51,456.75	1,344.85	986.85	2,53,788.45
Corporate Bodies	1,02,363.85	1,542.16	(581.23)	1,03,324.78
Others	5,621.41	48.76	-	5,670.17
Staff Loans	28.01	-	-	28.01
Total	**3,59,470.02**	**2,935.77**	**405.62**	**3,62,811.41**

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Particulars	Principal	Installment / Interest O/s	EIR Adjustment	Total
As at 1 April, 2017				
Individual Loans	2,04,436.19	1,183.30	765.07	2,06,384.56
Corporate Bodies	87,346.13	1,007.60	(511.16)	87,842.57
Others	4,658.44	39.65	-	4,698.09
Staff Loans	23.56	-	-	23.56
Total	**2,96,464.32**	**2,230.55**	**253.91**	**2,98,948.78**

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

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

9 (c) Loans including Installment and Interest outstanding due from the directors amounts to ₹ **0.04 crore** (As at March 31, 2018 of ₹ 0.05 crore and As at April 1, 2017 of ₹ 0.06 crore) and other related parties ₹ 112.79 crore (As at March 31, 2018 of ₹ 113.82 crore and As at April 1, 2017 of ₹ 115.01 crore) [Refer Note 43].

9 (d) There were no loans given against the collateral of gold jewellery and hence the percentage of such loans to the total outstanding asset is **Nil** (As at March 31, 2018 is Nil crore and As at April 1, 2017 is Nil).

9 (e) Loans including Installment and Interest outstanding amounts to ₹ **447.20 crore** (As at March 31, 2018 of ₹ 228.32 crore and April 1, 2017 of ₹ 130.46 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

9 (f) **Expected Credit Loss**

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

The key components of Credit Risk assessment are:

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

The definition of default is taken as more than 90 days past due for all individual loans, corporate loans and others.

Delinquency buckets have been considered as the basis for the staging of all loans with:

Notes forming part of the standalone financial statements (Continued)

- 0-30 days past due loans classified as stage 1,
- 31-90 days past due loans classified as stage 2 and
- > 90 days past due loans classified as stage 3

EAD is the total amount outstanding including accrued interest as on the reporting date.

The ECL is computed as a product of PD, LGD and EAD.

9 (g) **Macro Economic Factors**

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

9.1 **Individual Loans**

9.1.1 **Credit quality of assets**

The Corporation has classified all individual loans as amortized cost and has assessed it at the collective pool level.

The individual loan book has been divided into the housing and non-housing sub portfolios.

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

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

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

9.2 **Corporate Lending**

9.2.1 **Credit Quality of Assets**

Measurement of ECL for stage 1 and certain stage 2 non individual / corporate loans is based on portfolio approach where PD and LGD is calculated based on historic performance of the portfolio further segmented into:

i) Corporate Finance

ii) Construction Finance

iii) Lease Rental Discounting

iv) Inter-Corporate Deposits.

Certain loans classified as stage 2 and all the loans classified as Stage 3 are assessed for ECL provisioning based on case to case approach by calculating probability weighted average cashflows under different recovery scenarios.

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

The vintage analysis methodology has been used to create the LGD vintage for measurement of ECL, based on portfolio approach. The LGD vintage takes into account the recovery experience across accounts of a

Notes forming part of the standalone financial statements (Continued)

particular portfolio post default. The recoveries are tracked and discounted to the date of default using the effective interest rate.

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

- Builder's Cash flows are insufficient to service the loan due to slow sales or the project is stalled.
- Borrower's operational cashflows are insufficient indicating possibility of further delayed payments
- Security cover is insufficient for repayment of loans
- Where the borrowing company has been proceeded upon under Insolvency and Bankruptcy Code (IBC) by creditors and such reference has been admitted by the National Company Law Tribunal (NCLT).

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

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

₹ in Crore

Particulars	**2018-19**				2017-18			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	3,41,842.52	16,273.85	4,695.04	**3,62,811.41**	2,85,575.49	10,711.88	2,661.41	**2,98,948.78**
Increase in EAD - new assets originated or purchased / further increase in existing assets [Net]	1,36,924.98	675.82	444.92	**1,38,045.72**	1,29,172.10	337.42	290.64	**1,29,800.16**
Assets repaid in part or full (excluding write offs) [Net]	(63,966.62)	(2,919.41)	(1,556.59)	**(68,442.62)**	(57,448.61)	(1,096.95)	(882.80)	**(59,428.36)**
Assets Derecognised (Loans Assigned)	(25,150.00)	-	-	**(25,150.00)**	(6,453.00)	-	-	**(6,453.00)**
Assets written off	-	-	(657.45)	**(657.45)**	-	-	(56.17)	**(56.17)**
Transfers to Stage 1	3,854.84	(3,632.75)	(222.09)	-	2,818.40	(2,625.87)	(192.53)	-
Transfers to Stage 2 *	(9,136.67)	9,673.65	(536.98)	-	(10,709.50)	10,809.26	(99.76)	-
Transfers to Stage 3	(1,108.50)	(2,432.93)	3,541.43	-	(1,112.36)	(1,861.89)	2,974.25	-
Gross carrying amount closing balance	**3,83,260.55**	**17,638.23**	**5,708.28**	**4,06,607.06**	**3,41,842.52**	**16,273.85**	**4,695.04**	**3,62,811.41**

* Transfers from Stage 1 to Stage 2 of current year include ₹ 600 Crore of EAD towards modified loans.

Notes forming part of the standalone financial statements (Continued)

9.4 Reconciliation of ECL balance is given below:

₹ in Crore

Particulars	2018-19				2017-18			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
ECL opening balance	181.10	3,293.73	1,955.72	**5,430.55**	185.74	2,079.06	992.00	**3,256.80**
ECL Remeasurements due to changes in EAD / assumptions (Net)	(147.25)	866.86	354.72	**1,074.33**	(58.81)	1,989.67	299.06	**2,229.92**
Assets written off	-	-	(657.45)	**(657.45)**	-	-	(56.17)	**(56.17)**
Transfers to Stage 1	832.30	(808.96)	(23.34)	-	505.84	(481.42)	(24.42)	-
Transfers to Stage 2	(621.73)	705.72	(83.99)	-	(446.44)	456.69	(10.25)	-
Transfers to Stage 3	(3.53)	(922.51)	926.04	-	(5.23)	(750.27)	755.50	-
ECL closing balance	**240.89**	**3,134.84**	**2,471.70**	**5,847.43**	**181.10**	**3,293.73**	**1,955.72**	**5,430.55**

The increase in ECL in terms of value is the combined effect of increase in size of the loan book and stepup of ECL allowances where necessary. Overall ECL as a percentage of EAD stood at 1.44% as on 31 March 2019 as compared to 1.50% as on 31 March 2018.

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

₹ in Crore

Particulars	**As on March 31, 2019**	As on March 31, 2018	As on April 1, 2017
EMI / Interest Amounts Received in Advance	**(180.58)**	(154.35)	(167.23)
Undisbursed Loan Component (after applying credit commission fee for)	**19,695.60**	17,312.14	15,144.34
Financial Guarantees	**534.98**	511.88	628.09

9.5 **Summary of Impairment loss allowance (Expected Credit Loss)**

₹ in Crore

Particulars	Stage 1	Stage 2	Stage 3	Total
March 31, 2019	240.89	3,134.84	2,471.70	5,847.43
March 31, 2018	181.10	3,293.73	1,955.72	5,430.55
April 1, 2017	185.74	2,079.06	992.00	3,256.80

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

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

9.6 **Concentration of Exposure**

₹ in Crore

Particulars	**As on March 31, 2019**	As on March 31, 2018	As on April 1, 2017
Total Loans to twenty largest borrowers *	**41,041.96**	36,208.64	33,178.85
Percentage of Loans & Advances to twenty largest borrowers to Total advances of the Corporation	**9.59%**	9.50%	10.35%

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

MILLIONS MORE TO SERVE

Notes forming part of the standalone financial statements (Continued)

10. INVESTMENTS

₹ in Crore

Investments	As at March 31, 2019						
	Amortised cost	At Fair Value			Sub Total	Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			
	(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)	(7)=(1)+(5)+(6)
Mutual Funds	-	-	15,425.81	-	15,425.81	-	15,425.81
Government Securities $	10,457.45	-	-	-	-	-	10,457.45
Equity Shares	-	221.93	1,145.99	-	1,367.92	-	1,367.92
Preference Shares	-	-	0.45	-	0.45	-	0.45
Debentures	396.31	356.98	19.96	-	376.94	-	773.25
Subsidiaries - Equity Shares	-	-	-	-	-	2,745.12	2,745.12
Subsidiaries - Preference Shares	-	-	-	-	-	67.00	67.00
Subsidiaries - Venture Fund	-	-	-		-	323.95	323.95
Associates - Equity Shares	-	-	-	-	-	14,119.50	14,119.50
Pass-through Certificates	27.32	-	-	-	-	-	27.32
Security Receipts	-	-	221.69	-	221.69	-	221.69
Investment in Units of Venture Capital Fund	-	-	711.42	-	711.42	-	711.42
Total – Gross (A)	**10,881.08**	**578.91**	**17,525.32**	-	**18,104.23**	**17,255.57**	**46,240.88**
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	10,881.08	578.91	17,525.32	-	18,104.23	17,255.57	46,240.88
Total (B)	**10,881.08**	**578.91**	**17,525.32**	-	**18,104.23**	**17,255.57**	**46,240.88**
Less: Allowance for Impairment loss (Expected Credit Loss) (C)	0.53	-	-	-	-	-	0.53
Total – Net (D)= (A)-(C)	**10,880.55**	**578.91**	**17,525.32**	-	**18,104.23**	**17,255.57**	**46,240.35**

$ The Corporation has not recognised any provision under Expected Credit Loss on Investments made in Government Securities.
* Others includes Investment in subsidiaries and associates which have been carried at Cost.

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Investments	As at March 31, 2018						
	Amortised cost	At Fair Value			Sub Total	Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			
	(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)	(7)=(1)+(5)+(6)
Mutual Funds	-	-	10,224.81		10,224.81	-	10,224.81
Government Securities $	9,434.73	-	-		-	-	9,434.73
Equity Shares	-	426.18	840.80	-	1,266.98	-	1,266.98
Preference Shares	-	-	42.70	-	42.70	-	42.70
Debentures	162.67	356.98	19.96	-	376.94	-	539.61
Subsidiaries - Equity Shares	-	-	-	-	-	2,552.40	2,552.40
Subsidiaries - Preference Shares	-	-	-	-	-	67.00	67.00
Subsidiaries - Debentures	-	-	-	-	-	90.00	90.00
Subsidiaries - Venture Fund	-	-	-	-	-	293.52	293.52
Associates - Equity Shares	-	-	-	-	-	5,549.74	5,549.74
Pass-through Certificates	33.02	-	-	-	-	-	33.02
Security Receipts	-	-	224.35	-	224.35	-	224.35
Investment in Units of Venture Capital Fund	-	-	397.88	-	397.88	-	397.88
Total – Gross (A)	**9,630.42**	**783.16**	**11,750.50**	**-**	**12,533.66**	**8,552.66**	**30,716.73**
(i) Investments outside India	-	-	-		-		-
(ii) Investments in India	9,630.42	783.16	11,750.50	-	12,533.66	8,552.66	30,716.73
Total (B)	**9,630.42**	**783.16**	**11,750.50**	**-**	**12,533.66**	**8,552.66**	**30,716.73**
Less: Allowance for Impairment loss (Expected Credit Loss) (C)	0.00	-	-	-	-	-	0.00
Total – Net (D) = (A) - (C)	**9,630.42**	**783.16**	**11,750.50**	**-**	**12,533.66**	**8,552.66**	**30,716.73**

$ The Corporation has not recognised any provision under Expected Credit Loss on Investments made in Government Securities.
* Others includes Investment in subsidiaries and associates which have been carried at Cost.

₹ in Crore

Investments	As at April 1, 2017						
	Amortised cost	At Fair Value			Sub Total	Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			
	(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)	(7)=(1)+(5)+(6)
Mutual funds	-	-	3,020.97	-	3,020.97	-	3,020.97
Government securities $	6,484.97	-			-	-	6,484.97
Equity Shares	-	464.45	796.29	-	1,260.74	-	1,260.74
Debentures	151.30	-	-	-	-	-	151.30
Subsidiaries - Equity Shares	-	-	-	-	-	2,671.10	2,671.10
Subsidiaries - Preference Shares	-	-	-	-	-	67.00	67.00
Subsidiaries - Debentures	-	-	-	-	-	118.00	118.00
Subsidiaries - Venture Fund	-	-	-	-	-	296.24	296.24
Associates - Equity Shares	-	-	-	-	-	5,549.74	5,549.74
Pass-through Certificates	39.48	-	-	-	-	-	39.48
Security Receipts	-	-	229.20	-	229.20	-	229.20
Investment in Units of Venture Capital Fund	-	-	292.51	-	292.51	-	292.51
Total – Gross (A)	**6,675.75**	**464.45**	**4,338.97**	**-**	**4,803.42**	**8,702.08**	**20,181.25**
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	6,675.75	464.45	4,338.97	-	4,803.42	8,702.08	20,181.25
Total (B)	**6,675.75**	**464.45**	**4,338.97**	**-**	**4,803.42**	**8,702.08**	**20,181.25**
Less: Allowance for Impairment loss (Expected Credit Loss) (C)	0.02	-	-	-	-	-	0.02
Total – Net (D) = (A) - (C)	**6,675.73**	**464.45**	**4,338.97**	**-**	**4,803.42**	**8,702.08**	**20,181.23**

$ The Corporation has not recognised any provision under Expected Credit Loss on Investments made in Government Securities.
* Others includes Investment in subsidiaries and associates which have been carried at Cost.

10.1 The Board of Directors of Gruh Finance Limited ('GRUH') a listed Subsidiary of the Corporation, at its meeting held on 7 January 2019, approved a Scheme of Amalgamation between GRUH and Bandhan Bank Limited (Bandhan) with effect from proposed Appointed Date of 1 January 2019 under section 230 and 232 of the Companies Act, 2013. In this regards, Competition Commission of India, BSE and NSE have approved proposed scheme of merger. The Scheme remains, subject to receipt of approval of National Company Law Tribunal and the respective Shareholders and Creditors of GRUH and Bandhan.

Notes forming part of the standalone financial statements (Continued)

11. Other Financial Assets

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Security Deposits	**36.78**	33.19	30.25
Receivables on Assigned Loans*	**1,105.84**	887.08	908.42
Amounts Receivable on swaps and other derivatives	**1,428.88**	1,255.25	979.59
Inter Corporate Deposits	**1,038.32**	626.24	5,771.33
Receivables on Sale of Investments	**316.00**	-	-
Total Gross	**3,925.82**	**2,801.76**	**7,689.59**
Less: Impairment Loss Allowance (Expected Credit Loss)	**31.48**	17.69	19.59
Total Net of Expected Credit Loss	**3,894.34**	**2,784.07**	**7,670.00**

* Retained Interest and Servicing Assets.

11.1 Inter Corporate Deposits

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(a) Secured by tangible assets	**-**	12.00	4,585.23
(b) Secured by intangible assets	**891.22**	400.00	500.27
(c) Covered by bank and government guarantee	**-**	-	-
(d) Unsecured	**147.10**	214.24	685.83
Total Gross	**1,038.32**	**626.24**	**5,771.33**
Less: Impairment Loss Allowance (Expected Credit Loss)	**27.82**	15.15	17.14
Total Net of Expected Credit Loss	**1,010.50**	**611.09**	**5,754.19**

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

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

11.3 Inter Corporate Deposits include amounts due from related parties ₹ Nil (As at March 31, 2018 of ₹ Nil crore and As at April 1, 2017 of ₹ 13.30 crore) [Refer Note 43].

12. Taxes on Income

12.1 Current Tax Assets (Net)

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Advance Tax (Net of Provision)	**2,750.18**	3,376.87	3,145.98
Total	**2,750.18**	3,376.87	3,145.98

12.2 Deferred Tax Assets

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Deferred Tax Assets (Net)	**830.91**	968.50	280.10
MAT Credit Entitlement	**-**	311.00	-
Net Deferred Tax Asset	**830.91**	1,279.50	280.10

MILLIONS MORE TO SERVE

Notes forming part of the standalone financial statements (Continued)

12.2.1 Movement in Deferred Tax Assets / Liabilities

₹ in Crore

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

* Including ₹ 5.36 crore routed through other equity in previous year

Movements in Deferred Tax Assets / Liabilities (Previous Year)

₹ in Crore

Particulars	As at April 1, 2017	Profit or loss	Other Comprehensive Income	Total	As at March 31, 2018
Property, plant and equipment	(54.76)	3.05	-	3.05	(51.71)
Expected credit losses	1,093.59	556.11	-	556.11	1,649.70
Provisions other than those pertaining to Expected credit loss	56.02	7.56	-	7.56	63.58
Financial assets at fair value through profit or loss	(29.16)	(14.55)	-	(14.55)	(43.71)
Financial assets at FVOCI	0.37	-	22.04	22.04	22.41
Remeasurements of employee benefits through OCI	-	-	0.38	0.38	0.38
Adjustments pertaining to Income and expense recognition based on Expected Interest rate	(532.47)	246.35	-	246.35	(286.12)
Effect of foreign exchange transactions and translations	(86.00)	(29.23)	-	(29.23)	(115.23)
Income recognition on NPA cases	(177.69)	(87.75)	-	(87.75)	(265.44)
Others	10.20	(10.20)	-	(10.20)	-
Sub Total	**280.10**	**671.34**	**22.42**	**693.76**	**973.86**
Routed through other equity	-	-	-	-	(5.36)
Total	**280.10**	**671.34**	**22.42**	**693.76**	**968.50**

Notes forming part of the standalone financial statements (Continued)

12.3 **Income Tax recognised in profit or loss**

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current Tax		
In respect of the current year	**3,307.11**	3,212.65
In respect of prior years	-	-
Deferred Tax		
In respect of the current year	**179.20**	(671.35)
Deferred tax reclassified from equity to profit or loss	-	-
MAT Credit in respect of the current year	-	(311.00)
Total Income tax expense recognised in the current year relating to continuing operations	**3,486.31**	2,230.30

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

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Standalone Profit before tax	**13,118.77**	13,189.64
Income tax expense calculated at 34.944% (Previous Year 34.608%)	**4,584.22**	4,564.67
Effect of expenses that are not deductible in determining taxable profit	**127.63**	375.49
Effect of incomes which are taxed at different rates	**(387.10)**	297.00
MAT credit entitlement	**0.00**	(311.00)
Effect of incomes which are exempt from tax	**(395.09)**	(2,215.52)
Effect on deferred tax balances due to the changes in income tax rate	**0.00**	2.85
Deduction under section 36(1)(viii) of the Income tax Act, 1961	**(443.44)**	(473.49)
Others	**0.09**	(9.70)
Income tax expense recognised in statement of profit and loss	**3,486.31**	2,230.30

The tax rate used for the reconciliations above is the corporate tax rate of 34.944% for the year 2018-19 and 2017-18 payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

MILLIONS MORE TO SERVE

Notes forming part of the standalone financial statements (Continued)

13. Investment Property

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Gross carrying amount			
Opening gross carrying amount (Deemed cost)	**403.62**	399.53	399.53
Additions	**7.97**	174.18	-
Disposal	**(57.61)**	-	-
Asset held for sale	**-**	(170.09)	-
Transfer to Fixed Assets	**(5.50)**	-	-
Closing gross carrying amount	**348.48**	403.62	399.53
Accumulated Depreciation			
Opening accumulated depreciation	**8.49**	-	-
Depreciation charge	**7.83**	8.49	-
Depreciation on Sale	**(2.07)**	-	-
Transfer to Fixed Assets	**(0.09)**	-	-
Closing Accumulated Depreciation	**14.16**	8.49	-
Accumulated Impairment			
Opening accumulated Impairment	**-**	-	-
Impairment charge	**13.00**	-	-
Closing Accumulated Impairment	**13.00**	-	-
Net carrying amount	**321.32**	395.13	399.53

13.1 Fair Value

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Investment properties	**698.31**	816.60	812.51

The fair value of the Corporation's investment properties as at March 31, 2019, March 31, 2018 and April 1, 2017 has been arrived at on the basis of a Internal Valuation (Level 3).

13.2 Leasing Arrangements

In accordance with the Indian Accounting Standard (Ind AS) 17 on 'Leases', the following disclosures in respect of Operating Leases are made:

Income from Leases includes ₹ **39.69 crore** (Previous Year ₹ 6.30 crore) in respect of properties and certain assets leased out by the Corporation under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payments are as follows:

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018
Within one year	**36.89**	3.44
Later than one year but not later than 5 years	**75.60**	2.46
Later than 5 years	**8.72**	0.59

14. Property, Plant and Equipment

Current Year ended March 31, 2019

₹ in crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2018	Additions	Adjustment	Deductions	As at March 31, 2019	As at March 31, 2018	For the Year	Adjustment	Deductions	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Land :												
Freehold	15.67	-	-	-	**15.67**	-	-	-	-	**-**	**15.67**	15.67
Leasehold	349.55	-	-	-	**349.55**	8.88	8.88	-	-	**17.76**	**331.79**	340.67
Buildings :												
Own Use	192.76	0.76	5.50	0.01	**199.28**	4.56	4.64	0.09	0.01	**9.55**	**189.73**	188.20
Leasehold Improvements	19.43	10.36	-	0.89	**28.90**	4.08	5.53	-	0.87	**8.74**	**20.16**	15.35
Computer Hardware	29.30	14.42	-	2.39	**41.33**	7.46	11.37	-	2.39	**16.44**	**24.89**	21.84
Furniture and Fittings												
Own Use	24.92	5.73	-	1.56	**29.09**	2.97	4.08	-	1.47	**5.58**	**23.51**	21.95
Office Equipment etc.:												
Own Use	28.86	6.48	-	2.58	**32.76**	2.94	5.04	-	2.45	**5.53**	**27.23**	25.92
Vehicles	11.65	4.87	-	2.86	**13.66**	1.54	3.55	-	2.68	**2.41**	**11.25**	10.11
	672.14	42.62	5.50	10.29	**710.24**	32.43	43.09	0.09	9.87	**66.01**	**644.23**	639.71

Previous Year ended March 31, 2018

₹ in crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	Deemed Cost As at April 1, 2017	Additions	Adjustment	Deductions	As at March 31, 2018	As at April 1, 2017	For the Year	Adjustment	Deductions	As at March 31, 2018	As at March 31, 2018	As at April 1, 2017
Land :												
Freehold	15.67	-	-	-	15.67	-	-		-	-	15.67	15.67
Leasehold	349.55	-	-	-	349.55	-	8.88		-	8.88	340.67	349.55
Buildings :												
Own Use	191.51	1.35	-	0.10	192.76	-	4.59		0.03	4.56	188.20	191.51
Leasehold Improvements	11.96	7.98	-	0.51	19.43	-	4.49		0.41	4.08	15.35	11.96
Computer Hardware	17.04	14.12	-	1.86	29.30	-	9.32		1.86	7.46	21.84	17.04
Furniture and Fittings												
Own Use	22.04	3.70	-	0.82	24.92	-	3.77		0.80	2.97	21.95	22.04
Office Equipment etc.:												
Own Use	23.07	7.71	-	1.92	28.86	-	4.67		1.73	2.94	25.92	23.07
Vehicles	7.40	5.73	-	1.48	11.65	-	2.81		1.27	1.54	10.11	7.40
	638.24	40.59	-	6.69	672.14	-	38.53		6.10	32.43	639.71	638.24

14.1 The Corporation has elected to continue with the carrying value of all of its property, plant and equipment, measured as per the Previous GAAP and use that carrying value as its deemed cost as of the transition date under Ind AS, accordingly accumulated depreciation as per the previous GAAP as on April 1, 2017, is not carried forward for Ind AS financial statements.

15. Other Intangible Assets

Current Year ended March 31, 2019

₹ in crore

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

Previous Year ended March 31, 2018

₹ in crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	Deemed Cost As at April 1, 2017	Additions	Adjustment	Deductions	As at March 31, 2018	As at April 1, 2017	For the Year	Adjustment	Deductions	As at March 31, 2018	As at March 31, 2018	As at April 1, 2017
Computer Software	4.13	2.88	-	-	7.01	-	2.22	-	-	2.22	4.79	4.13
	4.13	2.88	-	-	7.01	-	2.22	-	-	2.22	4.79	4.13

15.1 The Corporation has elected to continue with the carrying value of intangible assets, measured as per the Previous GAAP and use that carrying value as its deemed cost as of the transition date under Ind AS, accordingly accumulated depreciation as per the previous GAAP as on April 1, 2017, is not carried forward for Ind AS financial statements.

Notes forming part of the standalone financial statements (Continued)

16. Other Non-Financial Assets

₹ in Crore

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Capital Advances - Unsecured; considered good	**59.06**	54.93	16.39
Other Advances - Unsecured; Considered good	**70.67**	57.60	33.30
Prepaid Expenses - Unsecured; considered good	**14.23**	5.12	7.82
Advance against Investment in Properties	-	-	113.18
Total Gross	**143.96**	**117.65**	**170.69**
Less: Provision for Expected Credit Loss (ECL)	**0.94**	0.58	0.58
Total Net of ECL	**143.02**	**117.07**	**170.11**

16.1 Other Advances includes amounts due from the related parties ₹ **11.31 crore** (As at March 31, 2018 ₹ 9.82 crore and As at April 1, 2017 ₹ 9.52 crore) [Refer Note 43].

17. Payables

17.1 **Trade Payables**

₹ in Crore

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Total outstanding dues of micro enterprises and small enterprises	**1.47**	0.19	0.18
Total outstanding dues of creditors other than micro enterprises and small enterprises	**188.70**	207.40	148.64

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

₹ in Crore

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
a) Principal amount and the interest due thereon	**1.47**	0.19	0.18
b) The amount of interest paid	-	-	-
c) Amounts paid after appointed date during the year	-	-	-
d) Amount of interest accrued and unpaid as at year end	-	-	-
e) The amount of further interest due and payable even in the succeeding year	-	-	-
	1.47	0.19	0.18

17.1.2 Trade Payables includes ₹ **62.21 crore** (As at March 31, 2018 ₹ 92.96 crore and As at April 1, 2017 ₹ 52.83 crore) due to related parties [Refer Note 43].

Notes forming part of the standalone financial statements (Continued)

17.2 Other Payables

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-

18. Debt Securities - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Bonds - Secured	**27.35**	34.20	40.50
Non-Convertible Debentures - Secured	**1,28,341.75**	1,23,719.20	1,05,407.70
Synthetic Rupee Denominated Bonds - Unsecured	**11,100.00**	9,600.00	8,300.00
Commercial Papers - Unsecured	**37,185.70**	42,913.52	37,443.28
Total of Debt Securities (A)	**1,76,654.80**	**1,76,266.92**	**1,51,191.48**
Less: Unamortised borrowing cost	**(155.60)**	(122.37)	(177.53)
Debt Securities net of unamortised cost	**1,76,499.20**	1,76,144.55	1,51,013.95
Debt securities in India	**1,65,554.80**	1,66,666.92	1,42,891.48
Debt securities outside India	**11,100.00**	9,600.00	8,300.00
Total of Debt Securities (B)	**1,76,654.80**	**1,76,266.92**	**1,51,191.48**
Less: Unamortised borrowing cost	**(155.60)**	(122.37)	(177.53)
Total of Debt. Securities net of unamortised borrowing cost	**1,76,499.20**	**1,76,144.55**	**1,51,013.95**

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

18.2 Non-Convertible Debentures includes ₹ **1,901.80 crore** (As at March 31, 2018 ₹ 2,995 crore and As at April 1, 2017 ₹ 1,257 crore) from related parties [Refer Note.43].

18.3 The Corporation has raised ₹ **11,100 crore** through Rupee Denominated Bonds to overseas investors till date. The Corporation was the first Indian corporate issuer of such bonds.

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

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

The Corporation has raised ₹ **6,100 crore** till date under the MTN Programme in accordance with the RBI guidelines.

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

Notes forming part of the standalone financial statements (Continued)

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

₹ in Crore

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

Terms of redemption of bonds and debentures and repayment terms as at March 31, 2018

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
9.00% - 11.00%	6.85	14.95	12.40	-	34.20
Non-Convertible Debentures					
6.96% - 8.00%	22,170.00	37,276.00	720.00	3,000.00	63,166.00
8.01% - 10.00%	15,339.20	20,199.00	4,755.00	10,115.00	50,408.20
10.01% - 11.95%	4,195.00	-	-	-	4,195.00
Zero Coupon Bonds	2,150.00	3,800.00	-	-	5,950.00
Total	**43,854.20**	**61,275.00**	**5,475.00**	**13,115.00**	**1,23,719.20**
Synthetic Rupee Denominated Bonds					
6.73% - 7.875%	-	8,300.00	1,300.00	-	9,600.00
Commercial Papers					
6.50% - 7.00%	7,307.08	-	-	-	7,307.08
7.01% - 8.00%	35,606.44	-	-	-	35,606.44
Total	**42,913.52**	**-**	**-**	**-**	**42,913.52**
Total Debt Securities	**86,774.57**	**69,589.95**	**6,787.40**	**13,115.00**	**1,76,266.92**

Notes forming part of the standalone financial statements (Continued)

Terms of redemption of bonds and debentures and repayment terms as at April 1, 2017

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
9.00% - 11.00%	6.30	14.10	15.90	4.20	40.50
Non-Convertible Debentures					
6.96% - 8.00%	4,840.00	17,866.00	1,000.00	3,000.00	26,706.00
8.01% - 10.00%	16,786.00	29,239.70	13,146.00	7,500.00	66,671.70
10.01% - 11.95%	1,120.00	4,200.00	-	-	5,320.00
Zero Coupon Bonds	1,460.00	5,250.00	-	-	6,710.00
Total	**24,206.00**	**56,555.70**	**14,146.00**	**10,500.00**	**1,05,407.70**
Synthetic Rupee Denominated Bonds					
6.875% - 7.875%	-	5,000.00	3,300.00	-	8,300.00
Commercial Papers					
6.50% - 7.00%	12,524.05	-	-	-	12,524.05
7.01% - 8.00%	20,196.29	-	-	-	20,196.29
8.01% - 9.00%	4,722.94	-	-	-	4,722.94
Total	**37,443.28**	**-**	**-**	**-**	**37,443.28**
Total Debt Securities	**61,655.58**	**61,569.80**	**17,461.90**	**10,504.20**	**1,51,191.48**

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

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Term Loans from Banks - Secured			
Scheduled Banks	**47,162.72**	24,006.24	20,018.11
Term Loans from other parties - Secured			
Asian Development Bank	**255.79**	296.37	343.98
National Housing Bank	**9,119.38**	8,680.65	5,086.62
	56,537.89	32,983.26	25,448.71
Term Loans from Banks - Unsecured			
Scheduled Banks	**6,543.10**	6,161.70	4,235.95
External Commercial Borrowing - Low Cost Affordable Housing	**14,586.55**	7,657.48	7,619.87
Total Borrowings (A)	**77,667.54**	46,802.44	37,304.53
Borrowings in India	**62,825.20**	38,848.59	29,340.68
Borrowings outside India	**14,842.34**	7,953.85	7,963.85
Total (B)	**77,667.54**	**46,802.44**	**37,304.53**

Notes forming part of the standalone financial statements (Continued)

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

19.2 The Corporation has availed a loan of USD 100 million from the Asian Development Bank (Loan II). In respect of tranches 1 and 2 aggregating to USD 60 million, as per the agreements with a scheduled bank, the Corporation has handed over the dollar funds to the bank overseas and has obtained rupee funds in India amounting to ₹ 200 crore by way of a term loan and ₹ 100 crore through the issue of bonds which have been subscribed by the bank.

In respect of tranche 3 of USD 40 million, as per the agreement with a financial institution, the Corporation has handed over the dollars to the Bank of India, Cayman Island and under a back-to-back arrangement obtained rupee funds in India. All payments in foreign currency are the responsibility of the financial institution. In terms of the agreements, the Corporation's foreign exchange liability is protected.

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

19.3 The Corporation had availed External Commercial Borrowing (ECBs) of USD 1,625 million and JPY 53,200 million for financing prospective owners of low cost affordable housing units as per the ECB guidelines issued by Reserve Bank of India ("RBI") from time to time. The borrowing has a maturity of five years. In terms of the RBI guidelines, part of the borrowings have been swapped into rupees for the entire maturity by way of principal only swaps and balance borrowing has been hedged through forward contracts for shorter tenor. The currency exposure on the interest has been hedged by way of forward contracts for part of foreign currency borrowings.

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

19.4 As on March 31, 2019, the Corporation has foreign currency borrowings of **USD 2,797.36 million** and **JPY 53,200 million** (Previous Year USD 3,029.15 million and JPY Nil). The Corporation has undertaken currency swaps, forward contracts and option contracts of a notional amount of **USD 2,670.00 million** and **JPY 53,200 million** (Previous Year USD 2,325 million and JPY Nil) and dollar denominated assets and foreign currency arrangements of **USD 111.12 million** (PY USD 367.39 million) to hedge the foreign currency risk. As on March 31, 2019, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD 16.24 million** (Previous Year USD 336.76 million).

As a part of asset liability management on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into INR interest rate swaps of a notional amount of ₹ **55,650 crore** (Previous Year ₹ 48,270 crore) and Cross Currency Interest rate swaps of a notional amount of ₹ **Nil** (Previous Year ₹ 100 crore) as on March 31, 2019 for varying maturities into floating rate liabilities linked to various benchmarks.

Notes forming part of the standalone financial statements (Continued)

19.5 Terms of borrowings and repayment as at March 31, 2019

₹ in Crore

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

Terms of borrowings and repayment as at March 31, 2018

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks - Secured					
7.01% - 8.00%	10,532.00	-	-	265.00	10,797.00
8.01% - 9.00%	2,000.00	-	-	-	2,000.00
9.01% - 9.50%	-	-	-	-	-
USD LIBOR + 72 bps - 225 bps	11,209.24	-	-	-	11,209.24
Total	**23,741.24**	**-**	**-**	**265.00**	**24,006.24**
Term Loans from Other Parties - Secured					
Asian Development Bank					
6 months USD LIBOR + 40 bps	26.57	58.29	211.51	-	296.37
National Housing Bank - Secured					
4.00% - 6.00%	136.73	364.63	364.63	645.18	1,511.17
6.01% - 8.00%	664.89	1,731.72	1,357.35	1,873.52	5,627.48
8.01% - 10.00%	437.45	386.70	205.20	512.65	1,542.00
Total	**1,239.07**	**2,483.05**	**1,927.18**	**3,031.35**	**8,680.65**

MILLIONS MORE TO SERVE

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks- Unsecured					
6.65% - 7.00%	-	-	1,000.00	250.00	1,250.00
7.01% - 8.00%	3,260.00	-	-	-	3,260.00
8.01% - 9.00%	1,000.00	-	-	-	1,000.00
USD LIBOR + 72 bps - 225 bps	651.70	-	-	-	651.70
Total	**4,911.70**	**-**	**1,000.00**	**250.00**	**6,161.70**
External Commercial Borrowing - Low Cost Affordable Housing - Unsecured					
1 Month LIBOR + 100 bps to 126 bps	1,955.10	3,258.50	2,443.88	-	7,657.48
Total Borrowings	**31,873.68**	**5,799.84**	**5,582.57**	**3,546.35**	**46,802.44**

Terms of borrowings and repayment as at April 1, 2017

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks - Secured					
7.01% - 8.00%	225.00	-	-	-	225.00
8.01% - 9.00%	8,500.00	132.00	1,000.00	300.00	9,932.00
9.01%-9.50%	400.00	-	-	-	400.00
Fixed 2.68%-5.01%	311.28	-	-	-	311.28
Variable USD LIBOR + 72 bps - 225 bps	9,149.83	-	-	-	9,149.83
Total	**18,586.11**	**132.00**	**1,000.00**	**300.00**	**20,018.11**
Term Loans from Other Parties - Secured					
Asian Development Bank					
6 Months USD LIBOR + 40 bps	24.86	54.55	78.33	186.24	343.98
National Housing Bank - Secured					
4.00%-6.00%	0.11	-	-	-	0.11
6.01%-8.00%	665.65	1,687.72	1,260.95	250.18	3,864.50
8.01%-10.00%	535.28	663.92	22.81	-	1,222.01
Total	**1,201.04**	**2,351.64**	**1,283.76**	**250.18**	**5,086.62**
Term Loans from Banks - Unsecured					
7.01% - 8.00%	1,200.00	-	1,000.00	-	2,200.00
8.01% - 9.0%	285.00	-	-	-	285.00
9.01%-9.50%	-	-	-	-	-
Variable USD LIBOR + 72 bps - 225 bps	1,750.95	-	-	-	1,750.95
Total	**3,235.95**	**-**	**1,000.00**	**-**	**4,235.95**
External Commercial Borrowing - Low Cost Affordable Housing - Unsecured					
1 Month LIBOR + 100 bps to 126 bps	-	1,945.50	5,674.37	-	7,619.87
Total Borrowings	**23,047.96**	**4,483.69**	**9,036.46**	**736.42**	**37,304.53**

Notes forming part of the standalone financial statements (Continued)

20. Deposits - At Amortised Cost

₹ in Crore

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Deposits			
(i) Public Deposits	**75,591.50**	62,461.89	59,465.53
(ii) From Banks	**115.00**	323.00	582.00
(iii) From Others	**30,174.13**	28,714.40	25,725.31
Total	**105,880.63**	**91,499.29**	**85,772.84**
Less: Unamortised transaction cost	**(281.69)**	(230.59)	(236.84)
Borrowings net of unamortised cost	**105,598.94**	**91,268.70**	**85,536.00**

20.1 Deposits includes ₹ **220 crore** (As at March 31, 2018 ₹ 156.51 crore and As at April 1, 2017 ₹ 118.55 crore) from related parties [Refer Note 43].

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

21. Subordinated Liabilities - At Amortised Cost

₹ in Crore

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Non Convertible Subordinated Debentures	**5,500.00**	5,500.00	5,500.00
Total	**5,500.00**	**5,500.00**	**5,500.00**
Subordinated Liabilities in India	**5,500.00**	5,500.00	5,500.00
Subordinated Liabilities outside India	**-**	-	-
Total	**5,500.00**	**5,500.00**	**5,500.00**

21.1 Terms of borrowings and repayment:

As at March 31, 2019

₹ in Crore

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

As at March 31, 2018

₹ in Crore

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

As at April 1, 2017

₹ in Crore

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

21.2 These debentures are subordinated to present and future senior indebtedness of the Corporation and qualify as Tier II capital under National Housing Bank (NHB) guidelines for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2019, **65.45%** (Previous Year 74.55%) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.

Notes forming part of the standalone financial statements (Continued)

22. Other Financial Liabilities

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Interest accrued	**11,790.37**	10,869.92	8,897.55
Amounts payable on Assigned/Securitised Loans	**535.35**	490.55	574.60
Security and other deposits received	**33.33**	29.64	24.20
Financial Assistance received from Kreditanstalt für Wiederaufbau	**7.78**	7.78	7.78
Unclaimed dividend	**26.91**	43.05	24.74
Unclaimed matured deposits	**1,018.06**	743.34	801.39
Interest accrued and due on matured deposits	**105.90**	85.84	107.19
Others	**202.79**	7.02	0.00
Total	**13,720.49**	**12,277.14**	**10,437.45**

22.1 As required under Section 125 of the Companies Act 2013, the Corporation has transferred ₹ **3.18 crore** (Previous Year ₹ 2.76 crore) to the Investor Education and Protection Fund (IEPF) during the year. As of March 31, 2019, no amount was due for transfer to the IEPF. Further, in compliance with the said section, during the year the Corporation transferred 73,237 equity shares of ₹ 2 each (Previous Year 14,15,471) Corresponding to the said unclaimed dividend in the name of IEPF. However, 12 equity shares could not be transferred as the depositories informed that the aforesaid shares were not available in the demat accounts of the respective shareholders.

23. Current Tax Liabilities (Net)

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Provision for Tax (Net of Advance Tax)	**146.43**	91.84	59.46
Total	**146.43**	**91.84**	**59.46**

24. Provisions

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Provision for Employee Benefits	**209.55**	182.54	177.01
Total	**209.55**	**182.54**	**177.01**

25. Other Non-Financial Liabilities

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Revenue received in advance	**494.27**	379.81	416.14
Statutory Remittances	**233.80**	226.14	175.23
Others	**48.23**	53.89	63.20
Total	**776.30**	**659.84**	**654.57**

Notes forming part of the standalone financial statements (Continued)

26. Equity Share Capital

₹ in Crore

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
AUTHORISED			
228,80,50,000 (As at March 31, 2018 228,80,50,000 & As at April 1, 2017 175,00,00,000) Equity Shares of ₹ 2 each	**457.61**	457.61	350.00
	457.61	457.61	350.00
ISSUED, SUBSCRIBED AND FULLY PAID UP			
172,14,37,390 (As at March 31, 2018 167,58,79,893 & As at April 1, 2017 158,86,72,140) Equity Shares of ₹ 2 each	**344.29**	335.18	317.73
	344.29	335.18	317.73

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

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number	₹ in Crore	Number	₹ in Crore	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**1,67,58,79,893**	**335.18**	1,58,86,72,140	317.73	1,58,86,72,140	317.73
Shares allotted pursuant to exercise of stock options	**95,72,626**	**1.91**	1,19,74,230	2.40	-	-
Shares allotted pursuant to issue of shares under Conversion of Warrants into equity shares (Previous year allotment of shares under QIP, preferential basis and Conversion of Warrants into equity shares)	**3,59,84,871**	**7.20**	7,52,33,523	15.05	-	-
Equity shares outstanding as at the end of the year	**1,72,14,37,390**	**344.29**	1,67,58,79,893	335.18	1,58,86,72,140	317.73

26.2 Details of shareholders holding more than 5 percent shares in the Corporation are given below:

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number	₹ in Crore	Number	₹ in Crore	Number	₹ in Crore
Life Insurance Corporation of India (All accounts)	-	-	-	-	8,60,26,344	5.41%

26.3 Terms and rights attached to equity shares:

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

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

Notes forming part of the standalone financial statements (Continued)

As at March 31, 2019 **6,48,95,193 shares** (As at March 31, 2018 11,04,53,219 shares and As at April 1, 2017 12,29,51,224 shares) were reserved for issuance as follows:

a) **6,48,95,193 shares** of ₹ 2 each (As at March 31, 2018 7,44,67,819 and As at April 1, 2017 8,64,51,224 shares of ₹ 2 each) towards outstanding Employees Stock Options granted / available for grant, including lapsed options [Refer Note 42].

b) **Nil shares** of ₹ 2 each (As at March 31, 2018 3,59,85,400 and As at April 1, 2017 365,00,000 shares of ₹ 2 each) towards outstanding share warrants [Refer Note 26.5].

26.4 **Dividend**

The Board of Directors of the Corporation at its meeting held on March 6, 2019, inter alia, has approved the payment of an interim dividend of ₹ 3.50 per equity share (Previous Year ₹ 3.50 per equity share) of face value of ₹ 2 each of the Corporation, for the financial year 2018-19.

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

Particulars	**Current Year**		**Previous Year**	
	Interim	**Final**	**Interim**	**Final**
Year to which the dividend relates	**2018-19**	**2017-18**	2017-18	2016-17
Number of non-resident shareholders	**9,621**	**8,775**	8,191	6,825
Number of shares held by them	**1,27,73,15,174**	**1,27,49,34,974**	1,28,68,40,792	1,23,96,74,145
Gross amount of dividend (in ₹)	**4,47,06,03,109**	**21,03,64,27,071**	4,50,39,42,772	18,59,51,12,175

26.5 The Corporation had on October 5, 2015 issued 3,65,00,000 warrants, convertible into 3,65,00,000 equity share of ₹ 2 each at an exercise price of ₹ 1,475.00 each, simultaneously with the issue of 5,000 secured redeemable non-convertible debentures of face value of ₹ 1,00,00,000 each, to eligible qualified institutional buyers by way of a qualified institutions placement in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and Sections 42 and 71 of the Companies Act, 2013 and the rules made thereunder. An amount of ₹ 51.10 crore was received towards subscription of warrants. The said warrants were exercisable at any time on or before October 5, 2018. During the year, 3,59,84,871 warrants were exchanged with 3,59,84,871 equity shares of ₹ 2 each and realised an amount of ₹ 5,307.77 crore. 529 warrants were not submitted for exchange with equity shares of the Corporation and the said warrants has lapsed and ceased to be valid. The amount of ₹ 14 per Warrant paid on 529 warrants stands forfeited.

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

Notes forming part of the standalone financial statements (Continued)

27. OTHER EQUITY

₹ in Crore

Particulars	Notes	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Capital Reserve	27.1	**0.04**	0.04	0.04
Securities Premium	27.2	**30,661.21**	24,269.45	10,240.49
Retained Earnings		**11,635.24**	7,929.24	5,295.72
General Reserve	27.3	**15,905.51**	15,905.51	13,473.41
Special Reserve I	27.4	**51.23**	51.23	51.23
Special Reserve II	27.4 & 27.5	**13,016.95**	11,166.95	9,811.95
Statutory Reserve	27.5	**5,027.42**	4,927.42	3,849.42
Shelter Assistance Reserve	27.6	**3.21**	18.15	193.20
Equity Instruments through Other Comprehensive Income		**(170.23)**	(43.17)	(25.99)
Effective portion of Cash Flow Hedges	27.7	**(222.45)**	(232.36)	(183.80)
Cost of Cash Flow Hedges	27.7	**(2.44)**	-	-
Employee Stock Options Reserve	27.8	**1,098.06**	937.61	-
Foreign Currency Monetary Item Translation	27.9	**7.43**	(50.71)	362.12
Money received against Share Warrants		**-**	50.38	51.10
TOTAL		**77,011.18**	64,929.73	43,118.89

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

27.2 **Securities Premium:** Securities premium is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs, etc.

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

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

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

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

27.5 **Statutory Reserve:** As per Section 29C of The National Housing Bank Act, 1987 (the "NHB Act"), the Corporation is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Corporation under Section 36(1)(viii) of the Income-tax Act, 1961 is considered to be an eligible transfer. The Corporation has transferred an amount of **₹ 1,850 crore** (Previous Year ₹ 1,355 crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of **₹ 100 crore** (Previous Year ₹ 1,078 crore) to "Statutory Reserve (As per Section 29C of The NHB Act)".

Notes forming part of the standalone financial statements (Continued)

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

27.7 **Other Comprehensive Income:**

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

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

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

Particulars	₹ in Crore
(i) Cash flow hedging reserve	
As at April 1, 2017	183.80
Add: Changes in fair value of forward / currency swap contracts	36.60
Add: Changes in intrinsic value of foreign currency options	-
Add: Changes in fair value of foreign currency loans/ ECB/ ADB loans	38.04
Less: Deferred tax relating to above (net)	(26.08)
As at March 31, 2018	**232.36**
Add: Changes in fair value of forward / currency swap contracts	(298.11)
Add: Changes in intrinsic value of foreign currency options	-
Add: Changes in fair value of foreign currency loans/ ECB/ ADB loans	282.88
Less: Deferred tax relating to above (net)	5.32
As at March 31, 2019	**222.45**
(ii) Cost of hedge reserve	
As at April 1, 2017	-
Deferred time value of foreign currency option contracts	-
Less: Deferred tax relating to above (net)	-
As at March 31, 2018	**-**
Deferred time value of foreign currency option contracts	3.75
Less: Deferred tax relating to above (net)	(1.31)
As at March 31, 2019	**2.44**

27.8 **Employee Share Option Outstanding:**

The Corporation has stock option schemes under which options to subscribe for the Corporation's shares have been granted to eligible employees and key management personnel. The share-based payment reserve is used to recognise the value of equity-settled share-based payments.

27.9 Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities. Further the Corporation has availed the exemption as per para D13AA of Ind AS 101 and has continued the policy adopted for recognising exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the

Notes forming part of the standalone financial statements (Continued)

period ending immediately before the effective date as per the previous GAAP. Consequently, an amount of ₹ 7.43 crore (without considering future tax benefit of ₹ Nil) [(Previous Year net debit of ₹ 50.71 crore) (without considering future tax benefits of ₹ 17.72 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2019. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 1 year.

During the year, there was a net reduction of ₹ **58.14 crore** (Previous Year net addition of ₹ 412.84 crore) in the Foreign Currency Monetary Items Translation Difference Account.

28. Interest Income

₹ in Crore

Particulars	2018-19			2017-18		
	On Financial Assets measured at Amortised Cost	Income on Financial Assets classified at fair value through profit or loss	Total	On Financial Assets measured at Amortised Cost	Income on Financial Assets classified at fair value through profit or loss	Total
Interest on Loans	**37,270.55**	-	**37,270.55**	31,680.70	-	31,680.70
Interest income from investments	**733.44**	-	**733.44**	568.75	-	568.75
Interest on deposits	**149.95**	-	**149.95**	185.26	-	185.26
Other interest Income (net)*	**142.51**	-	**142.51**	264.46	-	264.46
Surplus from deployment in Cash Management Schemes of Mutual Funds	-	**943.79**	**943.79**	-	433.91	433.91
Total	**38,296.45**	**943.79**	**39,240.24**	32,699.17	433.91	33,133.08

* Other Interest includes interest on income tax refund ₹ **143.70 crore** (Previous Year ₹ 192.65 crore).

28.1 Dividend Income includes ₹ **603.35 crore** (Previous Year ₹ 625.04 crore) received from subsidiary companies and ₹ **0.05 crore** (Previous year ₹ 0.05 crore) received from Investment in Equity shares classified as fair value through other comprehensive income.

28.2 Income from lease rental includes ₹ **39.69 crore** (previous year ₹ 35.35 crore) from Investment properties.

28.3 Fees and Commission Income includes brokerage of ₹ **0.06 crore** (Previous Year ₹ 0.05 crore) received in respect of insurance/agency business undertaken by the Corporation.

28.4 Fees and Commission Income includes ₹ **155.04 crore** (Previous Year ₹ 102.61 crore) received from related parties.

28.5 Interest Income on Stage 3 Assets is recognised on the net carrying value (the gross carrying value as reduced by the impairment allowance). Accordingly the total Interest Income is net of such interest on Credit Impaired Assets amounting to ₹ 154 crore (Previous Year ₹ 113 crore).

Notes forming part of the standalone financial statements (Continued)

29. Net Gain/(Loss) on Fair Value Changes

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	**552.11**	109.25
- Derivatives	-	-
- Others	-	-
Total Net gain/(loss) on fair value changes	**552.11**	109.25
Fair Value changes:		
- Realised	**214.18**	80.81
- Unrealised	**337.93**	28.44
Total Net gain/(loss) on fair value changes	**552.11**	109.25

29.1 Profit on sale of Investment in subsidiaries

29.1.1 Profit on Sale of Investments during the year ended 31 March 2019 include profit of ₹ **895.71 crore** on offering of up to 85,92,970 equity shares of ₹ 5 each of equity shares of its subsidiary, HDFC Asset Management Company Limited (HDFC AMC) by way of offer for sale in the Initial Public Offering (IPO) of HDFC AMC.

29.1.2 Profit on Sale of Investments during the year ended 31 March 2019 include profit of ₹ **314.27 crore** on sale of investment in GRUH Finance Ltd (subsidiary).

29.1.3 Previous year Profit on Sale of Investments includes ₹ 265.46 crore on account of sale of equity shares of HDFC Developers Limited and HDFC Realty Limited (Subsidiary Companies).

29.1.4 During the previous year, the Corporation has offered 19,12,46,050 equity shares of ₹ 10 each of HDFC Standard Life Insurance Company Limited (HDFC Life), a material subsidiary representing 9.52% of its issued and paidup share capital in the initial public offering of HDFC Life, resulting in a profit of ₹ 5,256.59 crore (Net of expenses).

29.2 The Corporation has derecognised loans on account of assignment transactions resulting in a gains of ₹ **859.99 crore** (Previous year ₹ 533.71 crore)

30. Finance Costs

₹ in Crore

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	On Financial Liabilities measured at FVTPL	On Financial Liabilities measured at Amortised Cost	On Financial Liabilities measured at FVTPL	On Financial Liabilities measured at Amortised Cost
Interest on debt securities	-	**14,017.89**	-	13,196.31
Interest on borrowings	-	**5,014.57**	-	2,308.51
Interest on deposits	-	**8,128.47**	-	7,324.91
Interest on subordinated liabilities	-	**511.12**	-	511.15
Other charges	-	**165.62**	-	157.10
Sub Total	-	**27,837.67**	-	23,497.98
Total Finance Costs		**27,837.67**		23,497.98

30.1 The Finance cost for the year include foreign currency exchange loss of ₹ **445.99 crore** (Previous year ₹ 310.26 crore)

Notes forming part of the standalone financial statements (Continued)

31. Impairment on Financial Instruments

₹ in Crore

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	On Financial Instruments measured at OCI	On Financial Assets measured at Amortised Cost	On Financial Instruments measured at OCI	On Financial Assets measured at Amortised Cost
Loans	-	**920.33**	-	2,116.91
Investments	-	**0.53**	-	-
Others	-	**14.14**	-	(1.91)
Total	-	**935.00**	-	2,115.00

31.1 The details relating to movement in Impairment on Loans (Expected credit loss) is disclosed in note 9.4

31.2 The above amounts are net of the interest on Credit Impaired Assets mentioned in Note 28.5.

32. Employee Benefits Expenses

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and Bonus	**430.33**	367.37
Contribution to Provident Fund and Other Funds	**49.29**	45.55
Staff Training and Welfare Expenses	**25.82**	21.56
Share Based Payments to employees	**211.09**	937.61
Total	**716.53**	1,372.09

32.1 There has been a Supreme Court (SC) judgement dated 28 February 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. The Corporation will continue to assess any further developments in this matter for the implications on financial statements, if any.

33. Establishment Expenses

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Rent	**71.08**	63.29
Rates and Taxes	**5.22**	5.06
Repairs and Maintenance - Buildings	**9.33**	11.07
General Office Expenses	**3.22**	3.20
Electricity Charges	**17.31**	16.45
Insurance Charges	**1.42**	0.95
Total	**107.58**	100.02

Notes forming part of the standalone financial statements (Continued)

33.1 Direct operating Expenses arising from Investment Property

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
1. Direct operating expenses arising from investment property that generated rental income	**2.94**	1.61
2. Direct operating expenses arising from investment property that did not generate rental income	**1.51**	1.90
Total	**4.45**	3.51

33.2 Operating Leases

In accordance with the Indian Accounting Standard (Ind AS) 17 on 'Leases', the following disclosures in respect of Operating Leases are made:

The Corporation has acquired properties under non-cancellable operating leases for periods ranging from 12 months to 36 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, amounts to ₹ **0.33 crore** (Previous Year ₹ 0.29 crore).

₹ in Crore

Period	For the year ended March 31, 2019	For the year ended March 31, 2018
Not later than one year	**0.27**	0.24
Later than one year but not later than five years	-	-
Later than five years	-	-

34. Other Expenses

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Travelling and Conveyance	**18.25**	17.11
Printing and Stationery	**11.60**	9.98
Postage, Telephone and Fax	**32.55**	29.03
Advertising	**35.02**	42.05
Business Development Expenses	**44.98**	43.09
Loan Processing Expenses	**59.02**	45.76
Manpower Outsourcing	**57.53**	47.28
Repairs and Maintenance - Other than Buildings	**10.47**	9.97
Office Maintenance	**41.16**	35.15
Legal Expenses	**21.59**	17.39
Computer Expenses	**31.08**	24.69
Directors' Fees and Commission	**5.16**	4.76
Miscellaneous Expenses (Refer note 34.2)	**222.59**	52.54
Auditors' Remuneration	**4.94**	4.72
Total	**595.94**	383.52

Notes forming part of the standalone financial statements (Continued)

34.1 **Payments to auditors**

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Audit Fees	**1.67**	1.74
ICFR Fees	**0.30**	0.30
Limited Reviews	**0.95**	1.20
Tax Matters	**0.75**	1.00
Other Matters and Certification	**1.20**	0.45
Reimbursement of Expenses	**0.07**	0.03
Total	**4.94**	4.72

Auditors' Remuneration for the year ended March 31, 2018 comprises of remuneration of ₹ 1.00 crore paid to the previous auditor.

Audit Fees in the previous year include ₹ 0.04 crore paid to Branch Auditors.

Auditors' Remuneration above is excluding Goods and Service Tax.

34.2 Expenditure incurred for corporate social responsibility is ₹ 173.52 crore. The amount required to be spend is ₹ 166.81 crore

The details of amounts spent towards CSR are as under:

₹ in Crore

Particulars	In Cash	Yet to be paid	Total
a) Construction/acquisition of any asset	-	-	-
b) On purposes other than (a) above *	173.52	-	173.52

* Out of the above ₹ 14.61 crore was spent from the Shelter Assistance Reserve.

35. Other Comprehensive Income

₹ in Crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in fair value of FVOCI equity instruments	**(168.06)**	(39.21)
Remeasurements of post-employment benefit obligations	**(18.35)**	(9.58)
Total	**(186.41)**	(48.79)
Income tax relating to these items	**47.41**	25.38
Items that may be reclassified to profit or loss		
Changes in fair value of FVOCI debt instruments		
Deferred gains/(losses) on cash flow hedges	**15.23**	(74.64)
Deferred costs of hedging	**(3.75)**	0.00
Total	**11.48**	(74.64)
Income tax relating to these items	**(4.01)**	26.08
Other comprehensive income for the year, net of tax	**(131.53)**	(71.97)

35.1 During the year, the Corporation has sold Investment in Equity share classified as fair value through other comprehensive income amounting to ₹ **78.44 crore** (Previous year ₹ 7.27 Crore) and incurred a loss of ₹ **10.17 crore** (Previous year profit of ₹ 2.41 crore).

Notes forming part of the standalone financial statements (Continued)

36. Earnings Per Share

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

In calculating the Basic Earnings Per Share, the Profit After Tax of ₹ **9,632.46 crore** (Previous Year ₹ 10,959.34 crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **14.94 crore** (Previous Year ₹ 175.05 crore).

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

Amount in ₹

Particulars	Current Year	Previous Year
Basic Earnings Per Share	**56.53**	67.31
Effect of outstanding Stock Options	**(0.44)**	(0.83)
Diluted Earnings Per Share	**56.08**	66.48

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

Numbers in Crore

Particulars	Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share	**170.15**	160.22
Diluted effect of outstanding Stock Options	**1.34**	1.99
Weighted average number of shares for computation of Diluted Earnings Per Share	**171.48**	162.21

37. Segment Reporting

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

38. Employee Benefit Plan

38.1 Defined Contribution Plans

The Corporation recognised ₹ **14.35 crore** (Previous Year ₹ 13.54 crore) for superannuation contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

38.2 Defined Benefit Plans

Provident Fund

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ **441.38 crore** and ₹ **440.06 crore** respectively (Previous Year ₹ 382.06 crore and ₹ 379.49 crore respectively). In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.65%. The actuarial assumptions include discount rate

Notes forming part of the standalone financial statements (Continued)

of **7.77%** (Previous Year 7.73%) and an average expected future period of **14 years** (Previous Year 14 years). Expected guaranteed interest rate (weighted average yield) is **8.80%** (Previous Year 8.77%).

The Corporation recognised ₹ **21.49 crore** (Previous Year ₹ 18.29 crore) for provident fund contributions in the statement of profit and loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

Characteristics of defined benefit plan

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

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

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

Risks associated with defined benefit plan

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

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

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

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

Asset Liability Matching (ALM) Risk: The plan faces the ALM risk as to the matching cash flow.

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

Other Post Retirement Benefit Plan

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

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

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Discount Rate	**7.77%**	7.73%	7.27%
Return on Plan Assets	**7.77%**	7.73%	7.27%
Salary Escalation	**6.00%**	6.00%	6.00%

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

MILLIONS MORE TO SERVE

Notes forming part of the standalone financial statements (Continued)

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

₹ in Crore

Particulars	Current Year	Previous Year
Service Cost:		
Current Service Cost	**10.74**	10.13
Interest Cost	**4.05**	4.41
Components of defined benefit costs recognised in profit or loss	**14.79**	14.54
Remeasurement on the net defined benefit liability:		
Actuarial (Gains)/Losses on Obligation For the Period	**12.17**	6.61
Return on Plan Assets, Excluding Interest Income	**6.18**	2.97
Components of defined benefit costs recognised in other comprehensive income	**18.35**	9.58
Total	**33.14**	24.12

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

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

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

₹ in Crore

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Present value of funded defined benefit obligation	**284.65**	256.02	237.11
Fair value of plan assets	**213.48**	203.90	176.50
Net Liability arising from defined benefit obligation	**71.17**	52.12	60.61

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

₹ in Crore

Particulars	Current Year	Previous Year
Opening defined benefit obligation	**256.02**	237.12
Current Service Cost	**10.74**	10.13
Interest Cost	**19.81**	17.24
Benefits Paid	**(14.10)**	(15.08)
Actuarial Gains - Due to change in Financials Assumptions	**(0.46)**	(7.61)
Actuarial Losses - Due to Experience	**12.64**	14.22
Closing defined benefit obligation	**284.65**	256.02
The Liability at the end of the year ₹ **284.65 crore** (Previous Year ₹ 256.02 crore) includes ₹ **63.19 crore** (Previous Year ₹ 57.49 crore) in respect of an un-funded plan.		

Notes forming part of the standalone financial statements (Continued)

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

₹ in Crore

Particulars	Current Year	Previous Year
Opening fair value of plan assets	**203.90**	176.50
Expected Return on Plan Assets	**15.76**	12.83
Contributions	-	17.54
Actuarial loss on Plan Assets	**(6.18)**	(2.97)
Closing fair value of plan assets	**213.48**	203.90

Investment Pattern:

% Invested

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Central Government securities	**1.14**	1.24	1.86
State Government securities/securities guaranteed by State/Central Government	**24.75**	24.30	24.04
Public Sector / Financial Institutional Bonds	**4.07**	4.51	4.65
Private Sector Bonds	**18.46**	17.12	16.15
Special Deposit Scheme	**1.03**	1.08	1.25
Insurance Fund	**44.48**	46.08	47.04
Others (including bank balances)	**6.07**	5.67	5.01
Total	**100.00**	100.00	100.00

Compensated absences

The actuarial liability of compensated absences of privilege leave of the employees of the Corporation is ₹ **115.87 crore** (Previous Year ₹ 104.80 crore).

Sensitivity Analysis - Gratuity Fund

₹ in Crore

Particulars	Current Year	Previous Year
Projected Benefit Obligation on Current Assumptions	**221.46**	198.52
Delta Effect of +1% Change in Rate of Discounting	**(12.01)**	(10.51)
Delta Effect of -1% Change in Rate of Discounting	**13.74**	12.04
Delta Effect of +1% Change in Rate of Salary Increase	**13.85**	12.13
Delta Effect of -1% Change in Rate of Salary Increase	**(12.31)**	(10.77)
Delta Effect of +1% Change in Rate of Employee Turnover	**1.66**	1.44
Delta Effect of -1% Change in Rate of Employee Turnover	**(18.69)**	(1.63)

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

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

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

MILLIONS MORE TO SERVE

Notes forming part of the standalone financial statements (Continued)

Maturity Analysis of the Benefit Payments: From the Fund

₹ in Crore

Projected Benefits Payable in Future Years From the Date of Reporting	Current Year	Previous Year
1st Following Year	**52.49**	52.99
2nd Following Year	**14.51**	13.89
3rd Following Year	**24.20**	17.08
4th Following Year	**26.78**	21.30
5th Following Year	**16.67**	15.00
Sum of Years 6 To 10	**70.34**	67.15
Sum of Years 11 and above	**207.52**	177.28

39. Maturity Analysis of Assets and Liabilities

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

₹ in Crore

	March 31, 2019			March 31, 2018			April 1, 2017		
ASSETS	**Within 12 months**	**After 12 months**	**Total**	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets									
Cash and cash equivalents	360.80	-	360.80	1,232.14	-	1,232.14	4,217.12	-	4,217.12
Bank Balance other than (a) above	1,151.05	84.41	1,235.46	145.98	106.95	252.93	2,342.11	10.00	2,352.11
Derivative Financial Instruments	190.35	1,213.00	1,403.35	115.25	341.00	456.25	90.33	242.38	332.71
Trade Receivables	186.86	-	186.86	103.45	-	103.45	105.97	-	105.97
Loans	64,341.11	3,36,418.52	4,00,759.63	57,780.86	2,99,600.00	3,57,380.86	53,117.87	2,42,574.11	2,95,691.98
Investments	26,843.00	19,397.35	46,240.35	18,269.21	12,447.52	30,716.73	4,793.23	15,388.00	20,181.23
Other Financial Assets	3,041.62	852.72	3,894.34	2,099.78	684.29	2,784.07	6,971.11	698.89	7,670.00
Non-Financial Assets									
Current Tax Asset	-	2,750.18	2,750.18	-	3,376.87	3,376.87	-	3,145.98	3,145.98
Deferred Tax Assets (Net)	-	830.91	830.91	-	1,279.50	1,279.50	-	280.10	280.10
Investment Property	-	321.32	321.32	-	395.13	395.13	-	399.53	399.53
Property, Plant and Equipment	-	644.23	644.23	-	639.71	639.71	-	638.24	638.24
Other Intangible Assets	-	7.10	7.10	0.01	4.78	4.79	-	4.13	4.13
Other Non-Financial Assets	143.02	-	143.02	117.07	-	117.07	170.11	-	170.11
Non-Current Assets Held for Sale	-	-	-	170.09	-	170.09	-	-	-
Total Assets	**96,257.81**	**3,62,519.74**	**4,58,777.55**	**80,033.84**	**3,18,875.75**	**3,98,909.59**	**71,807.85**	**2,63,381.36**	**3,35,189.21**
LIABILITIES									
Financial Liabilities									
Derivative Financial Instruments	143.06	970.40	1,113.46	47.11	462.93	510.04	665.55	255.25	920.80
Trade Payables	-	-							
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	190.17	-	190.17	207.59	-	207.59	148.82	-	148.82
Debt Securities	33,544.40	1,42,954.80	1,76,499.20	23,829.62	1,52,314.93	1,76,144.55	19,619.45	1,31,394.50	1,51,013.95
Borrowings (Other than debt securities)	15,987.63	61,679.91	77,667.54	16,175.37	30,627.07	46,802.44	11,104.68	26,199.85	37,304.53
Deposits	30,387.44	75,211.50	1,05,598.94	23,457.91	67,810.79	91,268.70	22,424.88	63,111.12	85,536.00
Subordinated Liabilities	250.00	5,250.00	5,500.00	-	5,500.00	5,500.00	-	5,500.00	5,500.00
Other Financial Liabilities	11,902.90	1,817.59	13,720.49	9,897.03	2,380.11	12,277.14	8,435.94	2,001.51	10,437.45
Non-Financial Liabilities									
Current Tax Liabilities (Net)	146.43	-	146.43	91.84	-	91.84	59.46	-	59.46
Provisions	113.82	95.73	209.55	37.28	145.26	182.54	116.29	60.72	177.01
Other Non-Financial Liabilities	776.30	-	776.30	659.84	-	659.84	654.57	-	654.57
Total Liabilities	**93,442.15**	**2,87,979.93**	**3,81,422.08**	**74,403.59**	**2,59,241.09**	**3,33,644.68**	**63,229.64**	**2,28,522.95**	**2,91,752.59**
Net	**2,815.66**	**74,539.81**	**77,355.47**	**5,630.25**	**59,634.66**	**65,264.91**	**8,578.21**	**34,858.41**	**43,436.62**

Notes forming part of the standalone financial statements (Continued)

40. Contingent Liabilities and Commitments

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

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

Contingent liability in respect of income-tax demands, net of amounts provided for and disputed by the Corporation, amounts to ₹ **1,806.08 crore** (As at 31 March 2018 ₹ 1,528.78 crore and As at 1 April 2017 ₹ 1,241.88 crore). The said amount has been paid/adjusted and will be received as refund if the matters are decided in favour of the Corporation.

Contingent liability in respect of disputed dues towards wealth tax, interest on lease tax, and payment towards employer's contribution to ESIC not provided for by the Corporation amounts to ₹ **0.13 crore** (As at 31 March 2018 ₹ 0.15 crore and As at 1 April 2017 ₹ 0.15 crore).

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

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

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

a) Guarantees ₹ **534.98 crore** (As at 31 March 2018 ₹ 511.88 crore and As at 1 April 2017 ₹ 628.09 crore).

b) Corporate undertakings for securitisation of receivables aggregated to ₹ **1,838.13 crore** (As at 31 March 2018 ₹ 1,838.21 crore and As at 1 April 2017 ₹ 1,838.21 crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

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

40.4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **890.45 crore** (As at 31 March 2018 ₹ 1,066.99 crore and as at 1 April 2017 ₹ 580.63 crore).

40.5 **Proposed Dividend**

The Board of Directors have proposed dividend on equity shares at ₹ 17.50 per share at their meeting held on 13 May 2019. As per the Companies (Accounting Standard) Amendment Rules, 2016, the dividend will be recorded after the approval in the ensuing Annual General Meeting.

41. Movement in Impairment Loss Allowance (Expected Credit Loss)

Particulars	₹ in crore
At April 1, 2017	**3,277.00**
Arising during the year	2,228.00
Utilised	(56.17)
At March 31, 2018	**5,448.83**
Arising during the year	1,089.00
Utilised	(657.45)
At March 31, 2019	**5,880.38**

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

Notes forming part of the standalone financial statements (Continued)

42. Share-Based Payments

42.1 Under Employees Stock Option Scheme - 2017 (ESOS - 17), the Corporation had granted 4,28,45,977 options at an exercise price ranging between ₹ 1,569.85 and ₹ 1908.30 per option representing 4,28,45,977 equity shares of ₹ 2 each to the employees and directors of the Corporation. The options were granted at an excercise price ranging between ₹ 1,569.85 and ₹ 1908.30 per option being the latest available closing price of the equity shares of the Corporation on the stock exchange on which the shares are listed and having higher trading volume, prior to the meeting of the NRC at which the options were granted.

In terms of ESOS-17, the options would vest over a period of 1-3 years from the date of grant, but not later than March 16, 2021, depending upon options grantee completing continuous service of three years with the Corporation. Accordingly, **4,04,56,804 options** (Previous Year Nil options) were vested. In the current year **1,55,680 options** (Previous Year 4,03,871 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2014 (ESOS - 14), the Corporation had on October 8, 2014, granted **62,73,064 options** at an exercise price of ₹ 5,073.25 per option representing 3,13,65,320 equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS-14, the options would vest over a period of 1-3 years from the date of grant, but not later than October 7, 2017, depending upon options grantee completing continuous service of three years with the Corporation. Accordingly, during the year **Nil options** (Previous Year 49,902 options) were vested. In the current year **150 options** (Previous Year 1,799 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2011 (ESOS - 11), the Corporation had on May 23, 2012, granted **61,02,475 options** at an exercise price of ₹ 3,177.50 per option representing 3,05,12,375 equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 11, the options would vest over a period of 1-3 years from the date of grant, but not later than May 22, 2015, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. In the current year **998 options** (Previous Year 27 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme – 2008 (ESOS – 08), the Corporation had on November 25, 2008, granted **57,90,000 options** at an exercise price of ₹ 1,350.60 per option representing 57,90,000 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 08, the options would vest over a period of 1-3 years from the date of grant, but not later than November 24, 2011, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme – 2007 (ESOS – 07), the Corporation had on September 12, 2007, granted **54,56,835 options** at an exercise price of ₹ 2,149 per option representing 54,56,835 equity shares

Notes forming part of the standalone financial statements (Continued)

of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 07, the options would vest over a period of 1-3 years from the date of grant, but not later than September 11, 2010, depending upon option grantee completing continuous service of three years with the Corporation. All the options have been vested in the earlier years. The options can be exercised over a period of five years from the date of respective vesting.

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

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

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

Number of options
(Previous Year figures are in brackets)

Particulars	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Outstanding at the beginning of the year	**4,24,42,106**	**42,64,210**	**4,35,254**	**4,874**	**5,287**
	-	*(54,08,364)*	*(16,87,772)*	*(4,874)*	*(5,287)*
Granted during the year	**-**	**-**	**-**	**-**	**-**
	(4,28,45,977)	-	-	-	-
Vested during the year	**4,04,56,804**	**-**	**-**	**-**	**-**
	-	*(49,902)*	-	-	-
Exercised during the year	**18,41,716**	**11,16,519**	**4,29,663**	**-**	**-**
	-	*(11,42,355)*	*(12,52,491)*	-	-
Lapsed during the year	**1,55,680**	**150**	**998**	**-**	**-**
	(4,03,871)	*(1,799)*	*(27)*	-	-
Outstanding at the end of the year	**4,04,44,710**	**31,47,541**	**4,593**	**4,874**	**5,287**
	(4,24,42,106)	*(42,64,210)*	*(4,35,254)*	*(4,874)*	*(5,287)*
Unvested at the end of the year	**18,56,556**	**-**	**-**	**-**	**-**
	(4,24,42,106)	-	-	-	-
Exercisable at the end of the year	**3,85,88,154**	**31,47,541**	**4,593**	**4,874**	**5,287**
	-	*(42,64,210)*	*(4,35,254)*	*(4,874)*	*(5,287)*
Weighted average price per option	**1,571.33**	**5,073.25**	**3,177.50**	**1,350.60**	**2,149.00**

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

Notes forming part of the standalone financial statements (Continued)

42.4 **Fair Value Methodology:**

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

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

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

*The stock based compensation expense determined under fair value based method and charged to statement profit and loss is ₹ 211.09 crore (Previous Year ₹ 937.61 crore).

43. Related Party Disclosures

Group structure

Subsidiary Companies

HDFC Life Insurance Company Ltd.
(erstwhile HDFC Standard Life Insurance Company Ltd.)
HDFC Pension Management Company Ltd.
(Subsidiary of HDFC Life Insurance Company Ltd.)
HDFC International Life and Re Company Limited
(Subsidiary of HDFC Life Insurance Company Ltd.)
HDFC ERGO General Insurance Company Ltd.
Gruh Finance Ltd.
HDFC Asset Management Company Ltd.
HDFC Credila Financial Services Private Ltd.
HDFC Trustee Company Ltd.
HDFC Capital Advisors Ltd.
HDFC Holdings Ltd.
HDFC Investment Ltd.
HDFC Sales Pvt. Ltd.
HDFC Education & Development Services Pvt. Ltd.
HDFC Property Ventures Ltd.
HDFC Venture Capital Ltd.
HDFC Venture Trustee Company Ltd.
Griha Pte Ltd. (Subsidiary of HDFC Investments Ltd.)
Griha Investments (Subsidiary of HDFC Holdings Ltd.)
HDFC Developers Ltd. (till January 24, 2018)
HDFC Realty Ltd. (till January 24, 2018)
HDFC Investment Trust (HIT)
HDFC Investment Trust - II (HIT - II)

Associates Companies

HDFC Bank Ltd.
True North Ventures Private Ltd.
Good Host Spaces Pvt Ltd (w.e.f. August 24, 2018)
HDB Financial Services Ltd.
(Subsidiary of HDFC Bank Ltd.)
HDFC Securities Ltd.
(Subsidiary of HDFC Bank Ltd.)
Magnum Foundations Private Ltd. (Associate of HDFC Property Ventures Ltd.)

Notes forming part of the standalone financial statements (Continued)

Entities over which control is exercised	H T Parekh Foundation HDFC Employees Welfare Trust HDFC Employees Welfare Trust 2
Key Management Personnel	Mr. Keki M. Mistry (Vice Chairman & CEO) Ms. Renu Sud Karnad (Managing Director) Mr. V. Srinivasa Rangan (Executive Director) Mr. Deepak S Parekh Mr. B. S. Mehta (ceased to be related party effective July 30, 2018) Mr. Nasser Munjee Dr. Bimal Jalan (ceased to be related party effective July 30, 2018) Dr. J. J. Irani Mr. D. N. Ghosh (ceased to be related party effective April 30, 2018) Mr. D. M. Sukthankar (ceased to be related party effective April 30, 2018) Mr. U. K. Sinha (appointed w.e.f April 30, 2018) Ms. Ireena Vittal (appointed w.e.f January 30, 2019) Dr. Bhaskar Ghosh (appointed w.e.f September 27, 2018) Mr. Jalaj Dani (appointed w.e.f April 30, 2018)
Relatives of Key Management Personnel (Whole-time Directors) *(where there are transactions)*	Mr. Singhal Nikhil Mr. Ashok Sud Mr. Bharat Karnad
Relatives of Key Management Personnel (Non-executive directors) *(where there are transactions)*	Mr. Aditya Parekh Mr. Siddharth D. Parekh Ms. Harsha Shantilal Parekh Ms. Hasyalata Bansidhar Mehta (ceased to be related party effective July 30, 2018) Ms. Tapasi Ghosh (ceased to be related party effective April 30, 2018) Chandrakant Mahadev Sukthankar (HUF) (ceased to be related party effective April 30, 2018) Ms. Niamat Munjee Ms. Sarita Yeshwant Keni (ceased to be related party effective April 30, 2018) Ms. Smita D Parekh Adv Wadhwa Darpan (ceased to be related party effective July 30, 2018)
Post Employment Benefit Plans	Housing Development Finance Corporation Ltd. Provident Fund Superannuation Fund of Housing Development Finance Corporation Ltd. Gratuity Fund of Housing Development Finance Corporation Ltd. Gruh Finance Limited Officers Superannation Fund

MILLIONS MORE TO SERVE

Notes forming part of the standalone financial statements (Continued)

Compensation of key management personnel of the Corporation

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

Transactions with key management personnel of the Corporation

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

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

₹ in Crore

Nature of related party	Nature of Transactions	March 31, 2019	March 31, 2018	April 1, 2017
Subsidiary	Dividend Income	603.35	625.05	-
	Interest Income	38.15	75.81	-
	Consultancy, Fees & Other Income	155.04	102.61	-
	Rent Income	22.89	25.05	-
	Support cost recovered	4.52	5.27	-
	Other Income	0.36	26.69	-
	Interest Expense	131.97	75.23	-
	Other Expenses/ Payments	438.17	330.10	-
	Investments made	259.66	272.64	-
	Investments sold / Redeemed	126.52	333.53	-
	Investments closing balance	3,136.06	3,002.92	3,152.34
	Loans given	108.70	168.00	-
	Loans repaid	108.50	169.50	-
	Loans closing balance	108.70	108.50	110.00
	Corporate Deposits placed	57.70	25.00	-
	Corporate Deposits Redeemed / withdrawn	57.70	38.30	-
	Corporate Deposits closing balance	-	-	13.30
	Trade Receivable	75.88	42.43	53.62
	Other Advances / Receivables	15.00	13.16	12.38
	Purchase of Fixed Assets	0.28	-	-
	Deposits Received	89.60	23.85	-
	Deposits repaid / matured	70.85	37.00	-
	Deposits closing balance	21.00	2.25	15.40

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Nature of related party	Nature of Transactions	March 31, 2019	March 31, 2018	April 1, 2017
	Non-Convertible Debentures - Redemption	55.00	127.00	-
	Non-Convertible Debentures closing balance	1,900.00	1,385.00	1,257.00
	Other Liabilities / Payables	130.86	102.04	68.27
	Commercial Paper-Redemption	-	25.00	-
Associates	Dividend Income	511.17	432.53	-
	Interest Income	5.48	5.66	-
	Rent Income	1.48	2.13	-
	Support cost recovered	0.70	0.41	-
	Other Income	387.05	329.97	-
	Interest Expense	3.88	34.02	-
	Bank & Other Charges	0.61	3.33	-
	Other Expenses / Payments	265.13	248.20	-
	Investments made	8,569.75	-	-
	Investments sold / Redeemed	2.50	-	-
	Investments closing balance	14,119.52	5,552.27	5,552.27
	Loans Sold	23,982.42	5,623.94	-
	Bank Deposits placed	70.00	1,060.41	-
	Bank Deposits matured / withdrawn	1,070.00	60.16	-
	Bank Balance and Deposits closing balance	351.05	1,233.13	199.33
	Trade Receivable	46.16	32.37	4.10
	Other Advances / Receivables	87.27	34.39	4.51
	Non-Convertible Debentures (Allotments under Primary Market)	685.00	2,105.00	-
	Non-Convertible Debentures - Redemption	428.00	65.00	-
	Non-Convertible Debentures closing balance	-	1,610.00	-
	Other Liabilities / Payables	29.50	52.47	25.69
	Amounts payable - Securitised Loans	452.01	419.22	508.64
	Dividend Paid	0.18	0.33	-
	Issuance of Letter of Comfort	6.00	-	-

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Nature of related party	Nature of Transactions	March 31, 2019	March 31, 2018	April 1, 2017
Entities over which control is exercised	Support cost recovered	0.41	0.36	-
	Interest Expense	9.45	4.99	-
	Donation @	130.77	-	-
	Deposits Received	112.26	60.00	-
	Deposits repaid / matured	70.00	-	-
	Deposits closing balance	172.26	130.00	70.00
	Other Liabilities / Payables	0.07	24.97	17.85
	Donation @	12.00	169.97	-
Post employment benefit plans of the Corporation or its related entities	Interest Expense	0.28	0.01	-
	Contribution To PF & Other Funds	46.17	-	-
	Non-Convertible Debentures - Redemption	0.10	-	-
	Non-Convertible Debentures closing balance	1.80	0.10	0.10
	Other Liabilities / Payables	8.15	-	-
Key Management Personnel (Whole-time Directors)	Interest Income	-	-	-
	Interest Expense	0.27	0.24	-
	Remuneration #	34.68	30.22	-
	Share based payments **	16.91	84.27	-
	Loans repaid	0.01	0.01	-
	Loans closing balance	0.04	0.05	0.06
	Deposits Received	3.27	0.02	-
	Deposits repaid / matured	2.85	0.01	-
	Deposits closing balance	3.28	2.86	2.85
	Other Liabilities / Payables	0.13	0.33	0.11
	Dividend Paid	7.91	6.66	-
Key Management Personnel (Non whole-time Directors)	Interest Expense	0.09	0.58	-
	Sitting Fees	0.89	0.75	-
	Commission ^^	4.27	3.99	-
	Share based payments **	3.77	18.78	-

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Nature of related party	Nature of Transactions	March 31, 2019	March 31, 2018	April 1, 2017
	Deposits Received	-	0.50	-
	Deposits repaid / matured	-	9.40	-
	Deposits closing balance	-	3.25	12.15
	Other Liabilities / Payables	-	-	0.34
	Dividend Paid	2.36	2.93	-
Relatives of Key Management Personnel (Whole-time Directors)	Interest Income	0.03	0.03	-
	Interest Expense	0.01	0.01	-
	Other Expenses / Payments	-	0.10	-
	Loans repaid	0.03	0.02	-
	Loans closing balance	0.35	0.37	0.40
	Other Advances / Receivables	-	0.03	0.06
	Deposits Received	0.50	-	-
	Deposits repaid / matured	0.11	0.11	-
	Deposits closing balance	0.50	-	0.11
	Other Liabilities / Payables	0.01	0.02	0.01
	Dividend Paid	1.32	1.22	-
Relatives of Key Management Personnel (Non whole-time Directors)	Interest Income	0.05	0.16	-
	Interest Expense	1.76	1.52	-
	Loans repaid	0.04	0.10	-
	Loans closing balance	-	1.58	1.69
	Deposits Received	21.40	1.47	-
	Deposits repaid / matured	16.09	1.36	-
	Deposits closing balance	22.95	18.15	18.04
	Other Liabilities / Payables	1.07	1.90	0.83
	Dividend Paid	3.22	2.54	-

Notes:-

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

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

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

@ Donations includes ₹ 12 crore, utilised out of Shelter Assistance Reserve during the year 2018-19.

"0" denotes amount less than ₹ Fifty thousand.

Notes forming part of the standalone financial statements (Continued)

44. Financial instruments

44.1 Capital Management

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

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

₹ in Crore

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Net debt	**3,64,904.89**	3,18,483.55	2,75,137.36
Total equity	**77,355.47**	65,264.91	43,436.62
Net debt to equity ratio	**4.72:1**	**4.88:1**	**6.33:1**

Loan covenants

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

44.2 Financial Risk Management

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

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

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

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

44.3 Categories of Financial Instruments

₹ in Crore

Particulars	March 31, 2019			March 31, 2018			April 1, 2017		
	FVTPL	FVOCI/Cash flow Hedge Reserve	Amortised cost	FVTPL	FVOCI/Cash flow Hedge Reserve	Amortised cost	FVTPL	FVOCI/Cash flow Hedge Reserve	Amortised cost
Financial Assets									
Investments									
Mutual funds	15,425.81	-	-	10,224.81	-	-	3,020.97	-	-
Government securities	-	-	10,457.45	-	-	9,434.73	-	-	6,484.97
Other approved securities	-	-	-	-	-	-	-	-	-
Equity shares	1,145.99	221.93	-	840.80	426.18	-	796.29	464.45	-
Preference Shares	0.45	-	-	42.70	-	-	-	-	-
Debentures	19.96	356.98	396.31	19.96	356.98	162.67	-	-	151.30
Pass-through Certificates	-	-	27.32	-	-	33.02	-	-	39.48
Security Receipts	221.69	-	-	224.35	-	-	229.20	-	-
Investment in Units of Venture Capital Fund	711.42	-	-	397.88	-	-	292.51	-	-
Derivative financial assets*	962.00	441.35	-	337.85	118.40	-	251.86	80.85	
Trade receivables	-	-	186.86	-	-	103.45	-	-	105.97
Loans	-	-	4,00,759.63	-	-	3,57,380.86	-	-	2,95,691.98
Other Financial Assets	-	-	3,894.34	-	-	2,784.07	-	-	7,670.00
Total Financial Assets	**18,487.32**	**1,020.26**	**4,15,721.91**	**12,088.35**	**901.56**	**3,69,898.80**	**4,590.83**	**545.30**	**3,10,143.70**
Financial Liabilities									
Derivative financial liabilities*	948.71	164.75	-	278.12	231.92	-	174.94	745.86	-
Trade payables	-	-	190.17	-	-	207.59	-	-	148.82
Debt Securities	-	-	1,76,499.20	-	-	1,76,144.55	-	-	1,51,013.95
Borrowings	-	-	77,667.54	-	-	46,802.44	-	-	37,304.53
Deposits	-	-	1,05,598.94	-	-	91,268.70	-	-	85,536.00
Subordinated Liabilities	-	-	5,500.00	-	-	5,500.00	-	-	5,500.00
Other financial liabilities	-	-	13,720.49	-	-	12,277.14	-	-	10,437.45
Total Financial Liabilities	**948.71**	**164.75**	**3,79,176.34**	**278.12**	**231.92**	**3,32,200.42**	**174.94**	**745.86**	**2,89,940.76**

* Derivatives designated as Cash Flow Hedges.

MILLIONS MORE TO SERVE

Notes forming part of the standalone financial statements (Continued)

44.3.1 **Fair Value Hierarchy**

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

₹ in Crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at March 31, 2019				
Financial assets				
Financial Investments at FVTPL				
Mutual funds	15,405.77	20.04	-	15,425.81
Equity shares	686.52	-	459.47	1,145.99
Preference Shares	-	-	0.45	0.45
Debentures	-	-	19.96	19.96
Security Receipts	-	214.70	6.99	221.69
Investment in Units of Venture Capital Fund	-	-	711.42	711.42
Derivatives designated as fair value hedges				
Interest Rate Swaps	-	962.00	-	962.00
Financial Investments at FVOCI				
Listed equity investments	204.68	-	-	204.68
Equity investments	-	-	17.26	17.26
Debentures	-	-	356.98	356.98
Derivatives designated as cash flow hedges				
-Forwards	-	7.42	-	7.42
-Currency swaps - Principal Only Swaps	-	311.72	-	311.72
-Options purchased (net)	-	122.20	-	122.20
Total financial assets	**16,296.97**	**1,638.08**	**1,572.53**	**19,507.58**
Financial liabilities				
Derivatives designated as fair value hedges				
Interest Rate Swaps	-	948.71	-	948.71
Derivatives designated as cash flow hedges				
-Forwards	-	100.71	-	100.71
-Currency swaps - Principal Only Swaps	-	63.93	-	63.93
-Options purchased (net)	-	0.11	-	0.11
Total financial liabilities	**-**	**1,113.46**	**-**	**1,113.46**

₹ in Crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at March 31, 2018				
Financial assets				
Financial Investments at FVTPL				
Mutual funds	10,204.75	20.06	-	10,224.81
Equity shares	515.16	-	325.64	840.80
Preference Shares	-	-	42.70	42.70
Debentures	-	-	19.96	19.96

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Security Receipts	-	214.70	9.65	224.35
Investment in Units of Venture Capital Fund	-	-	397.88	397.88
Derivatives designated as fair value hedges				
Interest Rate Swaps	-	337.85	-	337.85
Financial Investments at FVOCI				
Equity investments	195.61	-	230.57	426.18
Debentures	-	-	356.98	356.98
Derivatives designated as cash flow hedges				
-Forwards	-	39.61	-	39.61
-Currency swaps - Principal Only Swaps	-	78.79	-	78.79
Total financial assets	**10,915.52**	**691.01**	**1,383.38**	**12,989.91**
Financial liabilities				
Derivatives designated as fair value hedges				
Interest Rate Swaps	-	278.12	-	278.12
Derivatives designated as cash flow hedges				
-Forwards	-	22.06	-	22.06
-Currency swaps - Principal Only Swaps	-	209.86	-	209.86
Total financial liabilities	**-**	**510.04**	**-**	**510.04**

₹ in Crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at April 1, 2017				
Financial assets				
Financial Investments at FVTPL				
Mutual funds	3,000.92	20.05	-	3,020.97
Equity shares	526.59	-	269.70	796.29
Security Receipts	-	214.70	14.50	229.20
Investment in Units of Venture Capital Fund	-	-	292.51	292.51
Derivatives designated as fair value hedges				
Interest Rate Swaps	-	251.86	-	251.86
Financial Investments at FVOCI				
Equity investments	165.65	-	298.80	464.45
Debentures	-	-	-	-
Derivatives designated as cash flow hedges				
-Currency swaps - Principal Only Swaps	-	80.85	-	80.85
Total financial assets	3,693.16	567.46	875.51	5,136.13
Financial liabilities				
Derivatives designated as fair value hedges				
Interest Rate Swaps	-	174.94	-	174.94
Derivatives designated as cash flow hedges				
-Forwards	-	460.87	-	460.87
-Currency swaps - Principal Only Swaps	-	284.99	-	284.99
Total financial liabilities	-	920.80	-	920.80

Notes forming part of the standalone financial statements (Continued)

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

Level 2: The fair value of financial instruments that are not traded in an active market for example, securities receipts, Mutual Funds (close ended) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity instruments, venture fund units, security receipts, contingent consideration and indemnification asset included in level 3.

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2019, 2018 and April 1, 2017.

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

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

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

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

44.3.3 **Valuation Process - Equity Instrument Level 3**

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

For certain unquoted equity instruments insufficient more recent information is available to measure fair value and cost represents the best estimate of fair value within that range. These investments in equity instruments are not held for trading. Instead, they are held for medium or long term strategic purpose.

Notes forming part of the standalone financial statements (Continued)

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

The following table presents the changes in level 3 items for the periods 31 March 2019:

₹ in Crore

Particulars	Unlisted equity securities	Preference Shares	Debentures	Venture Funds	Security Receipts	Total
As at April 1, 2017	**568.50**	**-**	**-**	**292.50**	**14.50**	**875.50**
Acquisitions	5.89	42.70	376.94	142.69	-	568.22
Disposal	-	-	-	(27.39)	(4.07)	(31.46)
Fair Value Gains/losses recognised in profit or loss	50.04	-	-	(9.92)	(0.78)	39.34
Gains(losses) recognised in other comprehensive income	(68.23)	-	-	-	-	(68.23)
As at March 31, 2018	**556.20**	**42.70**	**376.94**	**397.88**	**9.65**	**1,383.37**
Acquisitions	-	-	-	325.10	-	325.10
Disposal	(47.06)	(42.25)	-	(44.31)	(1.96)	(135.58)
Gains/losses recognised in profit or loss	134.52	-	-	32.77	(0.70)	166.59
Gains/(losses) recognised in other comprehensive income	(166.95)	-	-	-	-	(166.95)
As at March 31, 2019	**476.71**	**0.45**	**376.94**	**711.44**	**6.99**	**1,572.53**
Unrealised gains/(losses) recognised in profit and loss related to assets and liabilities held at the end of the reporting period						
For the year ended March 31, 2018	**50.04**	**-**	**-**	**(9.92)**	**(0.78)**	**39.34**
For the year ended March 31, 2019	**134.52**	**-**	**-**	**32.77**	**(0.70)**	**166.59**

44.3.5 Valuation inputs and relationships to fair value

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

₹ in Crore

Particulars					Sensitivity	
	March 31, 2019	March 31, 2018	April 1, 2017	Significant unobservable inputs*	Favourable	Un-favourable
Unquoted equity shares	**476.73**	556.20	568.50	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 54.70 crore in FY19.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 52.13 crore in FY19.
Compulsorily Convertible Preference Shares	**0.45**	0.45	0.00	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 0.05 crore in FY19.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 0.05 crore in FY19.
Convertible Debentures	**376.94**	376.94	0.00	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 37.69 crore in FY19.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 37.69 crore in FY19.
Security Receipts	**6.98**	9.65	14.50	Net Asset Value	Increase in NAV by 10% increases the fair value by ₹ 0.70 crore in FY19.	Decrease in NAV by 10% reduces the fair value by ₹ 0.70 crore in FY19.
Venture Funds	**711.42**	397.88	292.51	Net Asset Value	Increase in NAV by 10% increases the fair value by ₹ 56.50 crore in FY19.	Decrease in NAV by 10% reduces the fair value by ₹ 59.68 crore in FY19.

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

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

Notes forming part of the standalone financial statements (Continued)

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

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

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

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

₹ in Crore

Particulars	As at 31 March 19		As at 31 March 18		As at 1 April 17	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets at amortised cost						
Government securities	10,457.45	10,164.73	9,434.73	9,066.02	6,484.97	6,506.25
Debentures	396.31	396.93	162.67	166.25	151.30	157.20
Pass-through Certificates	27.32	27.32	33.02	33.03	39.48	39.48
Total Financial Assets	**10,881.08**	**10,588.98**	**9,630.42**	**9,265.30**	**6,675.75**	**6,702.93**
Financial liabilities at amortised cost						
Non Convertible Debentures	1,28,341.75	1,29,482.51	1,23,719.20	1,24,699.38	1,05,407.70	1,07,458.36
Synthetic Rupee Denominated Bonds	11,100.00	11,039.76	9,600.00	9,572.90	8,300.00	8,305.82
Subordinated Liabilities	5,500.00	5,648.42	5,500.00	5,751.91	5,500.00	5,864.36
Deposits	1,05,880.63	1,05,640.63	91,499.29	91,737.29	85,772.84	86,505.84
Total Financial Liabilities	**2,50,822.38**	**2,51,811.32**	**2,30,318.49**	**2,31,761.48**	**2,04,980.54**	**2,08,134.38**

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

44.3.6.2 **Loans:**

Substantially all loans reprice frequently, with interest rates reflecting current market pricing, the carrying value of these loans amounting to ₹ **400,759.63 crore** (As at March 31, 2018 ₹ 3,57,380.86 crore and as at April 1, 2017 ₹ 2,95,691.98 crore) approximates their fair value.

44.3.6.3 **Other Financial Assets and Liabilities**

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

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

44.3.6.5 **Fair Value hierarchy of the above mentioned financial asset and financial liability**

₹ in Crore

Particulars	Level 1	Level 2	Level 3	Total
As at March 31, 2019				
Financial Assets at amortised cost				
Government securities	-	10,164.73	-	10,164.73
Debentures	-	-	396.93	396.93
Pass-through Certificates	-	-	27.32	27.32
Total	**-**	**10,164.73**	**424.25**	**10,588.98**
Financial Liabilities at amortised cost				
Non Convertible Debentures	-	129,482.51	-	129,482.51
Synthetic Rupee Denominated Bonds	-	11,039.76	-	11,039.76
Subordinated Liabilities	-	5,648.42	-	5,648.42
Deposits	-	-	1,05,640.63	1,05,640.63
Total	**-**	**146,170.69**	**1,05,640.63**	**2,51,811.32**

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Particulars	Level 1	Level 2	Level 3	Total
As at March 31, 2018				
Financial Assets at amortised cost				
Government securities	-	9,066.02	-	9,066.02
Debentures	-	-	166.25	166.25
Pass-through Certificates	-	-	33.03	33.03
Total	**-**	**9,066.02**	**199.28**	**9,265.30**
Financial Liabilities at amortised cost				
Non Convertible Debentures	-	124,699.38	-	124,699.38
Synthetic Rupee Denominated Bonds	-	9,572.90	-	9,572.90
Subordinated Liabilities	-	5,751.91	-	5,751.91
Deposits	-	-	91,737.29	91,737.29
Total	**-**	**1,40,024.19**	**91,737.29**	**2,31,761.48**

₹ in Crore

Particulars	Level 1	Level 2	Level 3	Total
As at April 1, 2017				
Financial Assets at amortised cost				
Government securities	-	6,506.25	-	6,506.25
Debentures	-	-	157.20	157.20
Pass-through Certificates	-	-	39.48	39.48
Total	**-**	**6,506.25**	**196.68**	**6,702.93**
Financial Liabilities at amortised cost				
Non Convertible Debentures	-	107,458.36	-	107,458.36
Synthetic Rupee Denominated Bonds		8,305.82		8,305.82
Subordinated Liabilities	-	5,864.36	-	5,864.36
Deposits	-	-	86,505.84	86,505.84
Total	**-**	**1,21,628.54**	**86,505.84**	**2,08,134.38**

44.3.7 **Equity Instrument designated at FVOCI**

₹ in Crore

Particulars	As at 31 March 19	As at 31 March 18	As at 1 April 17
Asset Reconstruction Co. (India) Ltd.	**-**	33.81	26.47
Citrus Processing India Pvt Ltd.	**17.26**	16.97	14.04
GMR Chhattisgarh Energy Limited	**-**	69.78	118.63
Infrastructure Leasing & Financial Services Ltd.	**-**	107.52	134.76
Andhra Cements Ltd.	**13.26**	24.97	23.36
CL Educate Ltd.	**7.22**	11.26	25.08
Clayfin Technologies Private Limited (Erstwhile Vayana Enterprises Pvt. Ltd.)	**-**	2.50	4.91
Hindustan Oil Exploration Co. Ltd.	**182.70**	155.58	117.20
Reliance Naval and Engineering Ltd. (Erstwhile Reliance Defence And Engineering Ltd)	**1.50**	3.79	-
Total	**221.93**	**426.18**	**464.45**

44.4 Credit Risk

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

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

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

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

Notes forming part of the standalone financial statements (Continued)

Credit Approval Authorities

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

Credit Risk Assessment Methodology

44.4.1 **Corporate Portfolio**

The Corporation has an established credit appraisal procedure leading to appropriate identification of credit risk. Appropriate appraisals have been established for various types of products and businesses. The methodology involves critical assessment of quantitative and qualitative parameters subject to review and approval by Sanctioning Committee of Management (COM).

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

Borrower risk is evaluated by considering:

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

For Lease rental discounting, the risk assessment procedure include:

- Carrying out a detailed analysis of lease rental receivables and the timing of the payments based on an exhaustive analysis of Cash flow structure; and
- Conducting due diligence on lessee and lessor and the underlying business systems, including a detailed evaluation of the servicing and collection terms and the underlying contractual arrangements.

44.4.2 **Construction Finance**

The Corporation has a framework for the appraisal and execution of project finance transactions. The Corporation believes that this framework creates optimal risk identification, allocation and mitigation and helps minimize residual risk.

The project finance approval process begins with a detailed evaluation of technical, commercial, financial, marketing and management factors and the sponsor's financial strength and experience.

As part of the appraisal process, a risk matrix is generated, which identifies each of the project risks, mitigating factors and residual risks associated with the project. After credit approval, a letter of intent is issued to the borrower, which outlines the principal financial terms of the proposed facility, sponsor obligations, conditions precedent to disbursement, undertakings from and covenants on the borrower.

After completion of all formalities by the borrower, a loan agreement is entered into with the borrower. Project finance loans are generally fully secured and have full recourse against the borrower. In most cases, the Corporation has a security interest and first lien on all the fixed assets. Security interests typically include property, plant and equipment as well as other tangible assets of the borrower, both present and future. The Corporation also takes additional credit comforts such as corporate or personal guarantees from one or more sponsors of the project.

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

Notes forming part of the standalone financial statements (Continued)

44.4.3 **Individual Loans**

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

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

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

44.4.4 **Risk Management and Portfolio Review**

The Corporation ensures effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is determined depending on the risk associated with the product. For both Corporate and Individual borrowers, the Operations team verifies adherence to the terms of the credit approval prior to the commitment and disbursement of credit facilities.

The Operations team monitors compliance with the terms and conditions for credit facilities prior to disbursement. It also reviews the completeness of documentation, creation of security and compliance with regulatory guidelines.

The Credit Risk Management team of the Corporation, regularly reviews the credit quality of the portfolio and various sub-portfolios. A summary of the reviews carried out by the Credit Risk Management is submitted to the Branches & Management Team for its information.

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

44.4.5 **Collateral and other credit enhancements**

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

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

The carrying amount of loans as at March 31, 2019 is ₹ **406,607.06 crore** (as at March 31, 2018 ₹ 3,62,811.41 crore; as at April 1, 2017 ₹ 2,98,948.78 crore) which best represent the maximum exposure to credit risk, the related Expected credit loss amount to ₹ **5,847.43 crore** (as at March 31, 2018 ₹ 5,430.55 crore, as at April 1, 2017 ₹ 3,256.80 crore). The Corporation has right to sell or pledge the collateral in case borrower defaults.

44.5 **Liquidity Risk**

Maturities of Financial Liabilities

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

MILLIONS MORE TO SERVE

Notes forming part of the standalone financial statements (Continued)

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

₹ in Crore

Contractual maturities of financial liabilities 31 March 2019	0-1 year	1-3 years	3-5 years	>5 years	Total
Non-Derivatives					
Debt Securities	77,541.70	56,603.95	7,132.40	35,376.75	1,76,654.80
Borrowings (Other than Debt Securities)	50,735.89	12,593.87	10,913.16	3,424.62	77,667.54
Deposits	58,106.16	38,225.27	6,238.38	3,310.81	1,05,880.63
Subordinated Liabilities	500.00	2,000.00	-	3,000.00	5,500.00
Other Financial Liabilities	11,902.90	1,817.59	-	-	13,720.49
Trade Payables	190.17	-	-	-	190.17
Total Non-Derivative Liabilities	**1,98,976.82**	**1,11,240.68**	**24,283.94**	**45,112.18**	**3,79,613.63**
Derivatives (net settled)					
Foreign exchange forward contracts	100.71	-	-	-	100.71
Currency swaps - Principal Only Swaps	-	9.40	54.53	-	63.93
Options purchased (net)	0.11	-	-	-	0.11
Interest Rate Swaps	42.25	452.84	453.62	-	948.71
Total Derivative Liabilities	**143.07**	**462.24**	**508.15**	**-**	**1,113.46**

₹ in Crore

Contractual maturities of financial liabilities 31 March 2018	0-1 year	1-3 years	3-5 years	>5 years	Total
Non-Derivatives					
Debt Securities	86,774.57	69,589.95	6,787.40	13,115.00	1,76,266.92
Borrowings (Other than Debt Securities)	31,873.68	5,799.84	5,582.57	3,546.35	46,802.44
Deposits	47,876.99	35,123.34	7,658.34	840.62	91,499.29
Subordinated Liabilities	-	1,500.00	1,000.00	3,000.00	5,500.00
Other Financial Liabilities	9,897.03	2,380.11	-	-	12,277.14
Trade Payables	207.59	-	-	-	207.59
Total Non-Derivative Liabilities	**1,76,629.86**	**1,14,393.24**	**21,028.31**	**20,501.97**	**3,32,553.38**
Derivatives (net settled)					
Foreign exchange forward contracts	22.06	-	-	-	22.06
Currency swaps - Principal Only Swaps	2.19	22.41	185.26	-	209.86
Interest Rate Swaps	22.86	36.41	218.85	-	278.12
Total Derivative Liabilities	**47.11**	**58.82**	**404.11**	**-**	**510.04**

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Contractual maturities of financial liabilities 1 April 2017	0-1 year	1-3 years	3-5 years	>5 years	Total
Non-Derivatives					
Debt Securities	61,655.58	61,569.80	17,461.90	10,504.20	1,51,191.48
Borrowings (Other than Debt Securities)	23,047.96	4,483.69	9,036.46	736.42	37,304.53
Deposits	44,934.68	30,355.52	10,244.56	238.08	85,772.84
Subordinated Liabilities	-	500.00	2,000.00	3,000.00	5,500.00
Other Financial Liabilities	8,435.94	2,001.51	-	-	10,437.45
Trade Payables	207.59	-	-	-	207.59
Total non-derivative liabilities	**1,38,281.75**	**98,910.52**	**38,742.92**	**14,478.70**	**2,90,413.89**
Derivatives (net settled)					
Foreign exchange forward contracts	460.87	-	-	-	460.87
Currency swaps - Principal Only Swaps	129.14	-	155.86	-	284.99
Interest Rate Swaps	75.55	35.81	63.58	-	174.94
Total Derivative Liabilities	**665.56**	**35.81**	**219.44**	**-**	**920.80**

44.6 Market Risk

44.6.1 Foreign currency risk

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

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

The Corporation uses a combination of foreign currency option contracts and foreign exchange forward contracts to hedge its exposure in foreign currency risk. The Corporation designates fair value of the forward contracts and intrinsic value of the option contracts as hedging instruments. In case the hedge effectiveness is 100%, the change in the fair value of the forward contracts or change in the intrinsic value of the option contracts and the change in carrying value of the underlying foreign currency liability are compared and the difference is recognised in cash flow hedge reserve. The changes in time value that relate to the option contracts are deferred in the costs of hedging reserve. Amortisation of forward points through cash flow hedge reserve which is pertaining to the forward contracts is recognised in the statement of profit and loss over life of the forward contracts. During the years ended March 31, 2019 and 2018, the Corporation did not have any hedging instruments with terms which were not aligned with those of the hedged items.

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

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

Notes forming part of the standalone financial statements (Continued)

44.6.1.1 **Foreign currency risk exposure:**

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

₹ in Crore

Particulars	March 31, 2019					March 31, 2018			
	USD	JPY	SGD	GBP	AED	USD	SGD	GBP	AED
Financial Assets									
Dollar Denominated loans & others	**770.14**	-	**0.48**	**0.09**	**0.79**	2,394.25	0.53	0.40	0.55
Derivative assets									
Foreign exchange Derivative contracts	**18,658.09**	**3,323.68**	-	-	-	16,898.28	-	-	-
Exposure to foreign currency risk (assets) - (a)	**19,428.23**	**3,323.68**	**0.48**	**0.09**	**0.79**	19,292.53	0.53	0.40	0.55
Financial Liabilities									
Foreign currency loan	**(19,540.62)**	**(3,323.68)**	**(0.29)**	**(0.09)**	**(0.10)**	(21,492.04)	(0.17)	(0.11)	(0.35)
Exposure to foreign currency risk (liabilities) (b)	**(19,540.62)**	**(3,323.68)**	**(0.29)**	**(0.09)**	**(0.10)**	(21,492.04)	(0.17)	(0.11)	(0.35)
Net exposure to foreign currency risk c= (b) + (a)	**(112.39)**	-	**0.19**	-	**0.69**	(2,199.51)	0.36	0.29	0.20

Particulars	April 1, 2017				
	USD	GBP	CHF	SGD	AED
Financial Assets					
Dollar Denominated loans & others	2,577.01	0.64	-	0.17	1.32
Derivative assets					
Foreign exchange Derivative contracts	18,496.47	-	-	-	-
Exposure to foreign currency risk (assets) - (a)	21,073.48	0.64	-	0.17	1.32
Financial Liabilities					
Foreign currency loan	(21,013.98)	(0.08)	(413.29)	(0.12)	(0.99)
Exposure to foreign currency risk (liabilities) - (b)	**(21,013.98)**	**(0.08)**	**(413.29)**	**(0.12)**	**(0.99)**
Net exposure to foreign currency risk c=(a) + (b)	**59.50**	**0.56**	**(413.29)**	**0.05**	**0.33**

44.6.1.2 **Foreign currency sensitivity analysis:**

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

₹ in Crore

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
USD sensitivity				
INR/USD -Increase by 1% *	1.37	8.05	23.24	(3.55)
INR/USD -Decrease by 1% *	(1.37)	(8.05)	(23.24)	3.55
JPY sensitivity				
INR/JPY -Increase by 1% *	-	-	0.27	-
INR/JPY -Decrease by 1% *	-	-	(0.27)	-

* Assuming all other variable is constant

44.6.1.3 **Hedging Policy**

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

Notes forming part of the standalone financial statements (Continued)

critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

Cash Flow Hedge

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

Hedging Instrument ₹ in Crore

Particulars	Notional amount	Carrying amount of hedging instruments Assets	Carrying amount of hedging instruments liabilities	Line in the balance sheet	Weighted average contract / strike price of the hedging instrument	Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness - (profit) / loss
March 31, 2019						
INR USD - Forward exchange contracts	1,227.59	7.42	30.79	Derivative financial instruments	71.99	40.91
INR JPY - Forward exchange contracts	1,949.23	-	69.92		0.63	69.92
INR USD - Currency Swaps (incl. EXIM swap)	11,452.48	311.73	49.69		66.75	(393.10)
INR JPY - Currency Swaps	1,374.45	-	14.24		0.63	14.24
Option purchased (net)	6,757.73	122.20	0.11		69.46 -75.62^	(122.09)
Total	**22,761.48**	**441.35**	**164.75**			**(390.12)**
March 31, 2018						
INR USD - Forward exchange contracts	7,721.12	39.61	22.06	Derivative financial instruments	66.69	(478.42)
INR USD - Currency Swaps (incl. EXIM swap)	7,980.03	78.79	209.86		64.34	(73.08)
Total	**15,701.15**	**118.40**	**231.92**			**(551.50)**
April 1, 2017						
INR USD - Forward exchange contracts	8,236.00	-	460.87	Derivative financial instruments	70.89	460.87
INR USD - Currency Swaps (incl. EXIM swap)	9,287.00	80.85	284.99		64.34	204.15
Total	**17,523.00**	**80.85**	**745.86**			**665.02**

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

Hedged Item

₹ in Crore

Particulars	Change in the value of hedged item used as the basis for recognising hedge ineffectiveness	Cash flow hedge reserve as at	Cost of hedging as at	Foreign Currency Monetary Items Translation Reserve
March 31, 2019				
FCY Term Loans	136.47	0.39	3.75	-
External Commercial Borrowings (incl. ADB loans)	282.88	242.82	-	-
March 31, 2018				
FCY Term Loans	-	-	-	(58.49)
External Commercial Borrowings (incl. ADB loans)	38.04	258.44	-	-
April 1, 2017				
FCY Term Loans	-	-	-	264.33
External Commercial Borrowings (incl. ADB loans)	95.30	183.80	-	-

Notes forming part of the standalone financial statements (Continued)

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

Particulars	Hedging gains or losses recognised in other comprehensive income			Hedge ineffectiveness recognised in statement of profit and loss			Line in the statement of profit and loss that includes hegde ineffectiveness
	31-Mar-19	31-Mar-18	01-April-17	31-Mar-19	31-Mar-18	01-April-17	
Forward exchange contracts and Currency swaps	(15.23)	74.60	183.80	-	-	-	Finance Cost
Option purchased (net)	3.75	-	-	(130.65)	-	-	

Fair Value Hedge

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

Hedging Instrument ₹ in Crore

Particulars	Notional amount	Carrying amount - Asset	Line in the balance sheet	Change in fair value used for measuring ineffectiveness for the period
Interest Rate Swap as at				
March 31, 2019	55,650.00	962.00	Derivative financial instruments	624.15
March 31, 2018	48,270.00	337.85		85.98
April 1, 2017	30,809.00	251.86		195.52

Hedged Item ₹ in Crore

Particulars	Notional amount	Carrying amount - Asset	Line in the balance sheet	Change in fair value used for measuring ineffectiveness for the period
Fixed-rate borrowing as at				
March 31, 2019	55,650.00	948.71	Derivative financial instruments	670.59
March 31, 2018	48,270.00	278.13		103.19
April 1, 2017	30,809.00	174.94		174.94

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

Particulars	Hedge ineffectiveness recognised in statement of profit and loss			Line in the statement of profit and loss that includes hegde ineffectiveness
	31-Mar-19	31-Mar-18	1-Apr-17	
Interest Rate Swap	**46.44**	17.20	(20.59)	Finance Cost

44.6.1.4 Hedge Ratio

The foreign exchange forward and option contracts are denominated in the same currency as the highly probable future sales and purchases, therefore the hedge ratio is 1:1. The notional amount of interest rate swap is equal to the portion of variable rate loans that is being hedged, and therefore the hedge ratio for interest rate swap is also 1:1.

Notes forming part of the standalone financial statements (Continued)

44.6.2 **Interest rate risk**

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

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

44.6.2.1 **Interest rate risk exposure**

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

Particulars	**March 31, 2019**	March 31, 2018	April 1, 2017
Variable rate borrowings	**67%**	65%	64%
Fixed rate borrowings	**33%**	35%	36%
Total borrowings	**100%**	100%	100%

44.6.2.2 **Sensitivity**

The impact of 10 bps change in interest rates on financial asset and liabilities on the Profit after tax for the year ended March 31, 2019 is ₹ **40.99 crore** (Previous year: ₹ 46.75 crore).

44.6.3 **Price risk**

44.6.3.1 **Exposure**

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

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

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

44.6.3.2 **Sensitivity**

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

MILLIONS MORE TO SERVE

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Particulars	Impact on profit before tax		Impact on OCI before tax	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
NSE Nifty 50 – increase 10%	**68.48**	51.39	**20.42**	19.51
NSE Nifty 50 – decrease 10%	**(68.48)**	(51.39)	**(20.42)**	(19.51)

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

45. EVENTS AFTER THE REPORTING PERIOD

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

46. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors of the Corporation on May 13, 2019.

As per our report of even date attached.

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

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 13, 2019

Deepak S. Parekh
Chairman
(DIN: 00009078)

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

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

J. J. Irani
(Din: 00311104)

Jalaj Dani
(Din: 00019080)

U. K. Sinha
(Din: 00010336)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Disclosures Required by the National Housing Bank

The following additional disclosures have been given in terms of Notification no. NHB.HFC.CG DIR.1/MD&CEO/2016 dated February 9, 2017 issued by the National Housing Bank. These figures are not tracable to the Financial Statements as at March 31, 2019. The differences are arising as the disclosures are made as per the regulatory requirement vis á vis the financial statements prepared as per Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013.

Comparative numbers in these disclosures have been provided as per the audited financial statements as at and for the year ended March 31, 2018. These disclosures have been certified separately by the statutory auditors of the Corporation.

1. Minimum Disclosures

The following additional disclosures have been given in terms of Notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by the National Housing Bank.

2. Summary of Significant Accounting Policies

The accounting policies regarding key areas of operations are disclosed as note 3 to the Standalone Financial Statement for the year ended March 31, 2019.

3. Disclosure:

3.1 Capital

Particulars		Current Year	Previous Year
(i)	CRAR (%)	**19.08**	19.16
(ii)	CRAR – Tier I Capital (%)	**17.54**	17.30
(iii)	CRAR – Tier II Capital (%)	**1.54**	1.86
(iv)	Amount of subordinated debt raised as Tier- II Capital	-	-
(v)	Amount raised by issue of Perpetual Debt Instruments	-	-

3.2. Reserve Fund u/s 29C of NHB Act, 1987

₹ in Crore

Particulars		Current Year	Previous Year
Balance at the beginning of the year			
a)	Statutory Reserve under Section 29C of The NHB Act	**4,927.42**	3,849.42
b)	Amount of Special Reserve under Section 36 (1)(viii) of the Income Tax Act taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act.	**10,864.95**	9,509.95
		15,792.37	13,359.37
Addition / Appropriation / Withdrawal during the year			
Add :			
a)	Amount transferred under Section 29C of the NHB Act	**100.00**	1,078.00
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	**1,850.00**	1,355.00
Less :			
a)	Amount appropriated from Statutory Reserve under section 29C of the NHB Act	-	-
b)	Amount withdrawn from Special Reserve under section 36 (1)(viii) of the Income Tax Act which has been taken into account for the purpose of provision under section 29C of the NHB Act	-	-
		17,742.37	15,792.37

₹ in Crore

Particulars		Current Year	Previous Year
Balance at the end of the year			
a)	Statutory Reserve under section 29C of the NHB Act	**5,027.42**	4,927.42
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.	**12,714.95**	10,864.95
		17,742.37	15,792.37

Note: The Reserve Fund under section 29C of the NHB Act includes all the transfers to Special Reserve No. II except for ₹ 302 crore that was transferred to Special Reserve No. II prior to the notification of Section 29C.

3.3 Investments

₹ in Crore

Particulars			Current Year	Previous Year
1.	Value of Investments			
(i)	Gross value of Investments			
	(a)	In India	**46,819.19**	31,650.73
	(b)	Outside India	**-**	-
(ii)	Provisions for Depreciation			
	(a)	In India	**1,168.63**	702.59
	(b)	Outside India	**-**	-
(iii)	Net value of Investments			
	(a)	In India	**45,650.56**	30,948.14
	(b)	Outside India	**-**	-
2.	Movement of provisions held towards depreciation on investments			
(i)	Opening balance		**702.59**	662.69
(ii)	Add: Provisions made		**535.93**	52.28
(iii)	Less: Write-off / Written-back of excess provisions during the year		**(69.89)**	(12.38)
(iv)	Closing balance		**1,168.63**	702.59

3.4 Derivatives

Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

₹ in Crore

3.4.1

Particulars		Current Year	Previous Year
(i)	The notional principal of swap agreements	**55,650**	48,270
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	**2,391**	1,330
(iii)	Collateral required by the HFC upon entering into swaps		-
(iv)	Concentration of credit risk arising from the swaps *	**100%**	100%
(v)	The fair value of the swap book	**2,342**	1,195

* Concentration of credit risk arising from swap is with banks.

Benchmark	Current year	Previous year	Terms
	Notional Principal (₹ in Crore)		
OIS	**54,850**	45,670	Fixed Receivable V/s Floating Payable
INBMK	**800**	2,600	Fixed Receivable V/s Floating Payable
	Notional Principal (USD mn)		
USD LIBOR	**-**	-	Fixed Payable V/s Floating Receivable

3.4.2 Exchange Traded Interest Rate (IR) Derivative

The Corporation has not entered into any exchange traded derivative.

3.4.3 Disclosures on Risk Exposure in Derivatives

A. Qualitative Disclosure

Financial Risk Management

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

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

Liquidity risk and Interest rate risks arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of maturity profiles. The currency risk on the borrowings is actively managed mainly through a combination of principal only swaps, forward contracts, option contracts and dollar denominated assets. Counter party risk is reviewed periodically to ensure that exposure to various counter parties is well diversified and is within the limits fixed by the Derivative Committee.

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

Constituents of Derivative Business

Financial Risk Management of the Corporation constitutes the Audit Committee, Asset Liability Committee (ALCO), Derivative Committee and the Risk management and hedging team.

The Corporation periodically monitors various counter party risk and market risk limits, within the risk architecture and processes of the Corporation.

Hedging Policy

The Corporation has a Financial Risk Management policy and Hedging policy approved by the Board of Directors. For derivative contracts designated as hedges, the Corporation documents at inception, the relationship between the hedging instrument and hedged item. Hedge effectiveness is ascertained periodically on a forward looking basis and is reviewed by the Derivative Committee at each reporting period. Hedge effectiveness is measured by the degree to which changes in the fair value or cashflows of the hedged item that are attributed to the hedged risk are offset by changes in the fair value or cashflows of the hedging instrument.

Measurement and Accounting

The IND AS applicable for derivative instruments issued by the Ministry of Corporate Affairs is effective from April 1, 2017.

All derivative contracts are recognised on the balance sheet and measured at fair value. Hedge accounting is applied to all the derivative instruments as per IND AS 109. Gain / loss arising on account of fair value changes are recognised in the Statement of Profit and Loss to the extent of ineffective portion of hedge instruments and hedged items. The gains / losses of effective portion of hedge instrument are offset against gain / losses of hedged items in Other Comprehensive Income.

The Corporation has entered into fair value hedges like interest rate swaps on fixed rate rupee liabilities as a part of the Asset Liability management whereby a portion of the fixed rate liabilities are converted to floating rate. The Corporation has a mark to market gain of ₹ 962 crore on outstanding Fair value hedges.

Foreign exchange forward contracts outstanding at the Balance Sheet date, are recorded at fair value. The premium or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

The Corporation has entered into cashflow hedges to hedge currency risk on certain foreign currency loans and forward contracts to cover future interest on foreign currency borrowings. Under the cashflow hedge, the hedging instrument is measured at fair value and any gain or loss that is determined to be an effective hedge is recognized in equity i.e., Cash flow Hedge reserve. The outstanding notional of forward contracts to cover future interest on foreign currency borrowings is USD 107.12 mn.

Movements in the Cash flow hedge reserve are as follows (as per Ind AS Financials):

₹ in Crore

Particulars	Current Year	Previous Year
Opening Balance	**232.36**	183.80
(Credits) / Debit in the Cash flow reserve	**(9.91)**	48.56
Closing Balance	**222.45**	232.36

B. **Quantitative Disclosure**

₹ in Crore

Particulars			Currency Derivatives*		Interest Rate Derivatives	
			Current Year	Previous Year	Current Year	Previous Year
(i)	Derivatives (Notional Principal Amount)		**22,761**	15,479	**55,650**	48,270
(ii)	Marked to Market Positions					
	(a)	Assets (+)	**441**	52	**962**	1,330
	(b)	Liability (-)	**(165)**	(294)	**(949)**	(135)
(iii)	Credit Exposure		**1,740**	823	**2,719**	1,698
(iv)	Unhedged Exposures		**-**	-	**-**	-

*Currency Derivatives includes Forward contracts, Principal Only swaps, Cross Currency Interest rate swaps

3.5 **Securitisation**

₹ in Crore

3.5.1

Particulars				Current Year No. / Amount	Previous Year No. / Amount
1.	No. of SPVs sponsored by the HFC for securitisation transactions*			**2**	2
2.	Total amount of securitised assets as per books of the SPVs sponsored			**804.23**	968.68
3.	Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet				
	i.	Off-balance sheet exposures towards Credit Concentration			
		a)	Corporate Guarantee	**97.83**	97.83
	ii.	On-balance sheet exposures towards Credit Concentration			
		a)	Investment in PTC	**27.15**	32.83
4.	Amount of exposures to securitisation transactions other than MRR			**Nil**	Nil

3.5.2 Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction

₹ in Crore

Particulars		Current Year	Previous Year
(i)	No. of accounts	**6**	4
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	**675.90**	230.32
(iii)	Aggregate consideration	**855.57**	165.91
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	**-**	-
(v)	Aggregate gain / loss over net book value	**179.67**	64.41

3.5.3 Details of Assignment transactions undertaken by HFCs

₹ in Crore

Particulars		**Current Year**	Previous Year
(i)	No. of accounts	**1,42,619**	31,732
(ii)	Aggregate value (net of provisions) of accounts assigned	**25,149.90**	6,453.14
(iii)	Aggregate consideration	**25,149.90**	6,453.14
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	**Nil**	Nil
(v)	Aggregate gain / loss over net book value	**Nil**	Nil

3.5.4 Details of non-performing financial assets purchased / sold

A. Details of non-performing financial assets purchased:

₹ in Crore

Particulars			**Current Year**	Previous Year
1.	(a)	No. of accounts purchased during the year	**-**	-
	(b)	Aggregate outstanding	**-**	-
2.	(a)	Of these, number of accounts restructured during the year	**-**	-
	(b)	Aggregate outstanding	**-**	-

B. Details of Non-performing Financial Assets solds

₹ in Crore

Particulars		**Current Year**	Previous Year
1.	No. of accounts sold	**6**	4
2.	Aggregate outstanding	**1,396.65**	306.53
3.	Aggregate consideration received	**855.57**	165.91

3.6 Assets Liability Management (Maturity pattern of certain items of Assets Liabilities)

₹ in Crore

Maturity Buckets	**Liabilities**			
	Deposits	**Borrowings from Bank**	**Market Borrowing**	**Foreign Currency Liabilities**
Up to 30/31 days (one month)	3,772.69	300.00	2,283.00	35.47
Over one month to 2 months	1,724.88	622.50	3,497.39	311.90
Over 2 to 3 months	5,596.19	1,061.61	3,032.22	25.47
Over 3 to 6 months	7,676.95	4,557.94	8,375.95	769.34
Over 6 months to 1 year	11,616.73	6,982.42	16,605.84	1,321.16
Over 1 to 3 years	38,035.21	19,078.01	69,948.48	8,991.13
Over 3 to 5 years	24,410.75	10,648.56	27,023.95	9,935.37
Over 5 to 7 years	12,765.54	10,206.95	20,690.37	1,333.80
Over 7 to 10 years	-	1,485.92	30,542.00	-
Over 10 years	-	-	-	-
Total	**1,05,598.94**	**54,943.91**	**1,81,999.20**	**22,723.64**

₹ in Crore

	Assets		
Maturity Buckets	**Advances**	**Investments**	**Foreign Currency Assets**
Up to 30/31 days (one month)	6,557.08	3,010.00	3.97
Over one month to 2 months	5,227.27	-	-
Over 2 to 3 months	5,674.86	894.27	4.05
Over 3 to 6 months	14,878.18	21.56	166.15
Over 6 months to 1 year	31,596.51	22,917.50	233.03
Over 1 to 3 years	1,07,576.20	78.63	124.57
Over 3 to 5 years	80,993.20	384.51	43.77
Over 5 to 7 years	49,495.94	15,951.42	5.00
Over 7 to 10 years	50,407.81	493.85	-
Over 10 years	53,619.47	2,488.61	-
Total	**4,06,026.51**	**46,240.35**	**580.54**

3.7 Exposure

3.7.1 Exposure to Real Estate Sector

₹ in Crore

Category				Current Year	Previous Year
a)	**Direct Exposure**				
	(i)	**Residential Mortgages**			
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Individual Housing Loans upto ₹ 15 Lacs: ₹ **28,411.04 crore** (Previous Year ₹ 27,460.16 crore)		**2,69,381.41**	2,38,744.42
	(ii)	**Commercial Real Estate**			
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits		**1,05,076.43**	93,162.69
	(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures**			
		a)	Residential	**27.15**	32.83
		b)	Commercial Real Estate	**-**	-
b)	**Indirect Exposure**				
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)			**127.86**	185.77

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

3.7.2 Exposure to Capital Market

₹ in Crore

Particulars		Current Year	Previous Year
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	**930.34**	904.66
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds;	**64.63**	50.69
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	**112.53**	95.07
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	**9,658.36**	10,527.39
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	**1,593.41**	1,487.01
	Total Exposure to Capital Market	**12,359.27**	**13,064.82**

3.7.3 Details of financing of parent company products

These details are not applicable since the Corporation is not a subsidiary of any company.

3.7.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC

The Corporation has not exceeded Single Borrower Limit (SGL) / Group Borrower Limit (GBL) during the financial year.

3.7.5 Advances against Intangible Collateral

₹ in Crore

Particulars		Advances against Intangible Collateral	Value of such Intangible Collateral
(i)	Corporate Loans	**3,083.06**	2,356.32
(ii)	Project Loans	**8,894.97**	9,501.93
(iii)	Deposits	**2,672.50**	2,629.50
Total		**14,650.53**	**14,487.75**

4. Miscellaneous

4.1 Registration obtained from other financial sector regulators

Regulator	Registration No.
Insurance Regulatory and Development Authority:	CA0058
As corporate agent (Composite)	
Securities and Exchange Board of India:	INR000003159
As share transfer agent in Category II	

4.2 Disclosure of Penalties imposed by NHB and other regulators

During FY 2018-19, there were no penalties imposed by NHB or any other regulators.

4.3 Related party Transactions

Details of all material transactions with related parties are disclosed in note 43.

4.4 Rating assigned by Credit Rating Agencies and migration of rating during the year

Instrument	Rating Agency	Ratings Assigned
Deposits	ICRA Limited	MAAA/ Stable
	CRISIL Limited	FAAA/ Stable
Bonds/ Non-Convertible Debentures	ICRA Limited	ICRA AAA/ Stable
	CRISIL Limited	CRISIL AAA/ Stable
Non-Convertible Debentures with Warrants	ICRA Limited	ICRA AAA/ Stable
	CRISIL Limited	CRISIL AAA/ Stable
Subordinated Debt	ICRA Limited	ICRA AAA/ Stable
	CRISIL Limited	CRISIL AAA/ Stable
Short Term Debt	ICRA Limited	ICRA A1+
	CRISIL Limited	CRISIL A1+
	CARE Ratings Limited	CARE A1+
Long Term Bank Facilities	CARE Ratings Limited	CARE AAA/ Stable
Short Term Bank Facilities		CARE A1+
Long Term Bank Facilities	ICRA Limited	ICRA AAA/ Stable
Short Term Bank Facilities		ICRA A1+

Note: The Corporation has been assigned the highest ratings in all the above-mentioned instruments. There were no changes in any of the ratings or outlook during the year.

4.5 Remuneration of Directors

Details of Remuneration of Directors are disclosed in Form No. MGT - 9.

4.6 Management

Refer to the Management Discussion and Analysis report for the relevant disclosures.

4.7 Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items that have impact on the current year's profit and loss.

4.8 Revenue Recognition

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

4.9 Accounting Standard 21 – Consolidated Financial Statements (CFS)

Refer to the Consolidated Financial Statements for the relevant disclosures.

5. Additional Disclosures

5.1 Provisions and Contingencies

₹ in Crore

	Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Current Year	Previous Year
1.	Provisions for depreciation on Investment & Properties	**466.04**	40.68
2.	Provision towards NPA	**245.89**	190.61
3.	Provision for Standard Assets * (with details like teaser loan, CRE, CRE-RH etc.)	**217.77**	163.85
4.	Other Provisions and Contingencies	-	1,634.86
5.	Total Debit to Statement of Profit and Loss as required by NHB*	**929.70**	2,030.00
6.	Provision made towards Income tax	**3,529.71**	3,100.00

Provision for Standard Assets includes CRE - RH of ₹ 10.11 crore (Previous Year ₹ 27.72 crore) , CRE - Non RH of ₹ 111.37 crore (Previous Year ₹ 97.98 crore) and Non CRE of ₹ 116.51 crore (Previous Year ₹ 38.15 crore).

* Actual provision carried in the Balance sheet is more than adequate to cover the provision required under Prudential Norms.

₹ in Crore

Break up of Loan & Advances and Provisions thereon		Housing		Non-Housing	
		Current Year	Previous Year	Current Year	Previous Year
Standard Assets					
a)	Total Outstanding Amount	**2,67,240.36**	2,45,581.69	**1,34,989.76**	1,13,566.36
b)	Provisions made	**893.99**	833.56	**922.21**	764.89
Sub-Standard Assets					
a)	Total Outstanding Amount	**2,308.68**	1,050.28	**531.71**	1,534.72
b)	Provisions made	**346.30**	157.56	**79.76**	230.21
Doubtful Assets – Category-I					
a)	Total Outstanding Amount	**456.76**	252.09	**470.49**	407.83
b)	Provisions made	**123.16**	72.62	**118.91**	108.52
Doubtful Assets – Category-II					
a)	Total Outstanding Amount	**199.15**	184.15	**363.42**	236.78
b)	Provisions made	**84.58**	76.73	**145.74**	100.41
Doubtful Assets – Category-III					
a)	Total Outstanding Amount	**115.33**	112.34	**14.62**	89.73
b)	Provisions made	**115.33**	112.34	**14.62**	89.73
Loss Assets*					
a)	Total Outstanding Amount	**171.68**	102.20	**203.25**	107.12
b)	Provisions made	**171.68**	102.20	**203.25**	107.12
Total					
a)	**Total Outstanding Amount**	**2,70,491.96**	**2,47,282.75**	**1,36,573.25**	**1,15,942.54**
b)	**Provisions made (A)**	**1,735.05**	**1,355.01**	**1,484.49**	**1,400.88**
	Additional Provision towards identified assets (B)	-	1,285.60	-	958.31
	Total Provision made (A+B)	**1,735.05**	2,640.61	**1,484.49**	2,359.19

* Loss Assets include amount of ₹ 37.19 crore (Previous Year ₹ 62.62 crore) related to fraud.

5.2 Draw Down from Reserves

During FY 2018-19, there were no draw down from Reserves.

5.3 Concentration of Public Deposits, Advances, Exposures and NPAs

5.3.1 Concentration of Public Deposits

₹ in Crore

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	**6,479.49**	5,466.29
Percentage of Deposits of twenty largest depositors to Total Deposits of the Corporation	**8.49%**	8.65%

5.3.2 Concentration of Loans & Advances

₹ in Crore

Particulars	Current Year	Previous Year
Total Loans & Advances to twenty largest borrowers	**43,051.80**	34,160.18
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the Corporation	**10.69%**	9.49%

5.3.3 Concentration of all Exposure (including off-balance sheet exposure)

₹ in Crore

Particulars	Current Year	Previous Year
Total Exposure to twenty largest borrowers / customers	**43,051.80**	34,175.08
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	**10.68%**	9.48%

5.3.4 Concentration of NPAs

₹ in Crore

Particulars	Current Year	Previous Year
Total Exposure to top ten NPA accounts	**2,154.72**	2,052.34

5.3.5 Sector-wise NPAs

Sl. No.	Sector	Percentage of NPA to Total Advances in that Sector
A.	**Housing Loans:**	
1	Individual	0.65%
2	Builder/Project Loans	5.08%
3	Corporates	2.65%
B.	**Non-Housing Loans:**	
1	Individual	0.94%
2	Builder/Project Loans	0.56%
3	Corporates	2.48%

5.4 Movement of NPAs

₹ in Crore

Particulars			Current Year	Previous Year
(I)	Net NPAs to Net Advances (%)		**0.84%**	0.80%
(II)	Movement of NPAs (Gross)			
	a)	Opening balance	**4,077.25**	2,436.27
	b)	Additions during the year	**2,991.37**	2,677.38
	c)	Reductions during the year	**2,233.54**	1,036.40
	d)	Closing balance	**4,835.08**	4,077.25
(III)	Movement of Net NPAs			
	a)	Opening balance	**2,919.81**	1,645.69
	b)	Additions during the year	**2,421.07**	2,025.01
	c)	Reductions during the year	**1,909.12**	750.89
	d)	Closing balance	**3,431.76**	2,919.81
(IV)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	a)	Opening balance	**1,157.43**	790.58
	b)	Additions during the year	**570.31**	652.36
	c)	Reductions during the year	**324.44**	285.51
	d)	Closing balance	**1,403.30**	1,157.43

5.5 Overseas Assets

₹ in Crore

Particulars	Current Year	Previous Year
Bank Balances	**0.69**	0.43
Fixed assets	**0.07**	0.09
Advances and Prepaid expenses	**1.12**	1.03

5.6 Off-balance Sheet SPVs sponsored

(which are required to be consolidated as per accounting Norms)

Name of the SPV sponsored	
Domestic	**Overseas**
HDFC Investment Trust	NA
HDFC Investment Trust II	NA

6. Disclosure of Complaints

6.1 Customer Complaints

Particulars		Current Year	Previous Year
a)	No. of complaints pending at the beginning of the year	**156**	1,286
b)	No. of complaints received during the year	**23,596**	19,433
c)	No. of complaints redressed during the year	**23,727**	20,563
d)	No. of complaints pending at the end of the year	**25**	156

Form AOC - I

Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A" : Subsidiaries

(As on / for the period / year ended March 31, 2019) ₹ in Crore

Sl. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investments included in Total Assets	Total Income	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend	% of Shareholding
1	HDFC Life Insurance Co. Ltd. (erstwhile HDFC Standard Life Insurance Company Ltd.)	INR	-	2,017.77	3,637.87	*1,30,000.80	1,24,345.16	*1,25,551.66	#40,071.88	1,289.89	13.09	1,276.80	-	51.48
2	HDFC Asset Management Co. Ltd.	INR	-	106.29	2,964.43	3,223.75	153.03	2,934.96	2,096.78	1,374.70	444.10	930.60	-	52.77
3	HDFC Trustee Co. Ltd.	INR	-	0.10	1.25	1.78	0.43	-	2.18	0.47	0.12	0.35	-	100.00
4	HDFC ERGO General Insurance Co. Ltd.	INR	-	605.42	1,349.49	11,528.94	9,574.03	9,104.01	4,535.62	467.23	84.24	382.99	-	50.49
5	Gruh Finance Ltd.	INR	-	146.74	1,744.70	18,665.97	16,774.53	148.27	2,026.65	615.04	167.84	447.20	-	56.09
6	HDFC Venture Capital Ltd.	INR	-	0.50	1.33	21.58	19.75	-	-	(2.00)	-	(2.00)	-	80.50
7	HDFC Ventures Trustee Co. Ltd.	INR	-	0.05	1.10	1.18	0.03	0.67	0.13	0.07	0.01	0.06	-	100.00
8	HDFC Property Venture Ltd.	INR	-	1.00	5.04	142.41	136.37	26.11	48.14	0.20	2.52	(2.32)	-	100.00
9	HDFC Investments Ltd.	INR	-	26.67	170.87	197.94	0.40	174.22	210.04	209.30	8.02	201.28	-	100.00
10	HDFC Holdings Ltd.	INR	-	1.80	219.51	231.74	10.43	187.99	10.71	10.14	(0.65)	10.79	-	100.00
11	HDFC Sales Pvt. Ltd.	INR	-	67.00	(13.56)	137.28	83.84	-	461.31	8.40	2.55	5.85	-	100.00
12	HDFC Credila Financial Services Pvt. Ltd.	INR	-	69.02	561.80	5,497.16	4,866.34	-	603.53	157.27	55.21	102.06	-	91.57
13	HDFC Pension Management Co. Ltd. (Subsidiary of HDFC Life Insurance Company Ltd.)	INR	-	28.00	(1.30)	27.54	0.84	25.09	2.74	(0.35)	-	(0.35)	-	51.48
14	HDFC Education and Development Services Pvt. Ltd.	INR	-	134.00	(19.90)	116.21	2.11	-	6.05	(7.78)	-	(7.78)	-	100.00
15	Griha Investments (Subsidiary of HDFC Holdings Ltd.)	USD	69.17	0.20	117.47	118.43	0.76	-	20.47	(9.72)	-	(9.72)	-	100.00
16	Griha Pte. Ltd. (Subsidiary of HDFC Investments Ltd.)	SGD	51.00	5.21	38.86	46.17	2.10	-	16.66	10.53	1.50	9.03	-	100.00
17	HDFC Capital Advisors Ltd	INR	-	2.00	25.04	33.32	6.28	14.20	40.18	23.48	6.88	16.60	-	100.00
18	HDFC International Life And Re Company Limited (Subsidiary of HDFC Life Insurance Company Ltd.)	USD	69.17	204.06	(7.08)	237.07	40.09	103.44	6.08	1.47	-	1.47	-	51.48

Note:

* Includes Investments of Shareholders', Policyholders' and Assets held to cover Linked Liability

Includes Net Premium Income, Investment Income and other Income

Part "B" : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(As on / for the year ended March 31, 2019)

Name of Associates/Joint Ventures	HDFC Bank Limited	True North Ventures Pvt. Ltd.	Good Host Spaces Pvt. Ltd.	Magnum Foundations Pvt. Ltd.
Latest audited Balance Sheet Date	31st March 2019	31st March 2018	31st March 2019	31st March 2017
Shares of Associate/Joint Ventures held by Corporation and its subsidiaries at the year end				
Number	58,23,12,917	9,75,002	30,52,469	5,00,000
Amount of investment in Associates/Joint Venture (₹ in Crore)	14,123.09	0.03	69.75	23.25
Extent of Holding %	21.38	21.51	25.01	50.00
Description of how there is significant influence	%age holding more than 20% and representation on the board.	%age holding more than 20%	%age holding more than 20%	%age holding more than 20%
Reason why associate/Joint venture is not consolidated	NA	NA	NA	The same is accounted as Fair Value through Profit and Loss
Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Crore)	43,805.23	1.56	67.90	-
Consolidate Profit/Loss for the year (₹ in Crore)	22,332.43	0.23	7.85	-
Considered in Consolidation (₹ in Crore)*	4,110.69	(0.09)	1.96	-
Not Considered in Consolidation (₹ in Crore)	18,221.74	0.32	5.89	-

* Excluding dilution gain

CONSOLIDATED FINANCIAL STATEMENTS

- Independent Auditors' Report
- Consolidated Balance Sheet
- Consolidated Statement of Profit and Loss
- Consolidated Statement of Changes in Equity
- Consolidated Cash Flow Statement
- Notes to Consolidated Financial Statements

Independent Auditor's Report

TO THE MEMBERS OF

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Report on the audit of consolidated financial statements

Opinion

We have audited the consolidated financial statements of Housing Development Finance Corporation Limited (hereinafter referred to as the 'Holding Company' or the 'Corporation') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associates, which comprise the consolidated balance sheet as at 31 March 2019 and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows, for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries and associates as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (hereinafter referred to as 'the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143 (10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by Institute of Chartered Accountants of India ('the ICAI'), and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement and based on the consideration of reports of other auditors on separate financial statements of subsidiaries and associates audited by them, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. Key Audit Matters for Holding Company

Key Audit Matters	How the matter was addressed in our audit
Transition date accounting Refer to the accounting policies in the consolidated financial statements: Significant accounting policies - Basis of preparation and notes to the consolidated financial statements: "First time adoption of Ind AS"	
Adoption of new accounting framework (Ind AS)	
Effective 1 April 2018, the Corporation adopted Ind AS notified by the Ministry of Corporate Affairs with the transition date of 1 April 2017. The following are the major impact areas for the Corporation upon transition: • Classification and measurement / valuation of financial instruments: - Determination of Expected Credit Loss (ECL) - Computation of Effective Interest Rate on financial assets and financial liabilities - Gain / loss on assignment of loans	**We performed audit procedures set out below** **Design / controls** • Assessed the design, implementation and operating effectiveness of key internal controls over management's evaluation of transition date choices and exemptions availed in line with the Ind AS 101. **Substantive tests** • Evaluated management's transition date choices and exemptions for compliance / acceptability under Ind AS 101; • Understood the approach and methodology adopted by management to implement the transition to Ind AS;

Key Audit Matters	How the matter was addressed in our audit
• Classification and measurement of investment in Subsidiaries and Associates • Accounting for employee stock options • Accounting for derivative contracts • Additional disclosures as per the requirements of the new financial reporting framework Transition to the new financial reporting framework is an intricate process involving multiple decision points for management i.e.: Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS at the transition date. We identified the transition date accounting as a key audit matter because of the significant degree of management judgment in the first time application of Ind AS principles as at the transition date particularly in the areas noted above and the additional disclosures associated with Ind AS transition.	• Test checked the computations relating to transition adjustments; • Assessed areas of significant estimates and management judgement on transition in line with Ind AS principles; • Compared the reasonableness of management assumptions in respect of recognition and measurement of financial instruments including determination of ECL provisioning, employee stock options, derivative contracts as at the date of transition etc.
Expected Credit Loss	
Refer to the accounting policies in Note 3.2.3 to the consolidated financial statements: Impairment; Note 2.4.1 to the consolidated financial statements: use of estimates and judgements – determination of Excepted Credit Loss and Note 8 to the consolidated financial statements: Loans	
Subjective Estimates	**We performed audit procedures as set out below**
Recognition and measurement of impairment relating to loans and advances involves significant management judgement. With the applicability of Ind AS 109 credit loss assessment is now based on the ECL model. The Corporation's impairment allowance is computed based on from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are: - Segmentation of loan book - Loan staging criteria - Calculation of probability of default / Loss given default - Consideration of probability weighted scenarios and forward looking macro-economic factors. There is a large increase in the data inputs required for the computation of ECL. This increases the risk of completeness and accuracy of the data that has been used as a basis of assumptions in the model.	**Design / controls** • Evaluated appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice; • Understood Corporation's new / revised processes, systems and controls implemented relating to impairment allowance process including governance controls over the development and implementation of the ECL model; • Test checked the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge; • Test checked management review controls over measurement of impairment allowances and disclosures in the consolidated financial statements. **Substantive tests** • Performed substantive procedures over validating completeness and accuracy of the data and reasonableness of assumptions used in the model; • Re-performed calculation of ECL provision on a test check basis; • Critically evaluated management's judgement in the determination of ECL;

Key Audit Matters	How the matter was addressed in our audit
	• We engaged our specialists to test the working of the ECL model and reasonableness of assumptions used; • Performed cut off procedures on a sample basis relating to recoveries at year end that would impact staging of loans; • Test checked the basis of collateral valuation in the determination of ECL provision.
Valuation of Derivative Instruments and Hedge Accounting	
Refer to the accounting policies in Note 3.2.8 to the consolidated financial statements, Derivative financial instruments; Note 7 to the consolidated financial statements: Derivative financial instruments and Note 49.1.6.a to the consolidated financial statements – Foreign currency risk	
The Corporation enters into derivative contracts in order to manage and hedge risks such as foreign exchange rate risk and interest rate risk on the borrowings. The Corporation either enters into cash flow hedges or fair value hedges depending on the risk being hedged. The application of hedge accounting and ensuring hedge effectiveness is complex and operationally cumbersome, and requires close monitoring from management.	**We performed audit procedures as set out below** **Design / Controls** • Obtained an understanding of the risk management policies and tested key controls (i) at the time of designation of hedging relationship including authorisation by designated authority; and documentation prepared by management at the inception of the hedge transaction; (ii) with regard to ongoing monitoring and review of the hedge relationship by management including test of hedge effectiveness.
	Substantives tests • Checked that the recognition and measurement of derivative instruments, for selected samples, is as per Ind AS 109; • Examined hedge documentation on a sample basis to assess whether the documentation complies with Ind AS 109 requirements; • Test checked on a sample basis reconciliation of derivative instruments to third party confirmations; • Compared input data used in the Corporation's valuation models to independent sources and externally available market data on a sample basis; • Compared valuation of derivative instruments with market data or results from alternative independent valuation models on a sample basis; • Test checked on a sample basis the applicability and accuracy of hedge accounting; • Considered the appropriateness of disclosures in relation to financial risk management, derivative financial instruments and hedge accounting in the financial statements.

<table>
<tr><th>Key Audit Matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Valuation of Investments (other than investments in subsidiaries and associates)</td></tr>
<tr><td colspan="2">Refer to the accounting policies in Note 3.2 to the consolidated financial statements: Financial instruments; Note 2.4.2 to the consolidated financial statements: Use of estimates and judgements – fair valuation of investment (other than Associates) and Note 10 to the consolidated financial statements: Investments</td></tr>
<tr><td>Subjective estimates
Evaluation of business model is a subjective matter and impacts the classification of investments upon initial recognition and consequently the measurement of the same.
Investments carried at fair value comprise:
- Fair value through profit and loss (FVTPL) investments - ₹ 17,525 crore
- Fair value through other comprehensive income (FVOCI) investments - ₹ 579 crore
The effect of fair value adjustments may impact either the profit or loss or other comprehensive income.
The valuation of investments measured at fair value entails significant management estimates and is based on a combination of observable market data and / or valuation techniques which are often based on unobservable inputs.
We identified determination of fair value of investments as a key audit matter because of the degree of subjectivity and judgement exercised by management in determining the inputs used in the valuation techniques and methodologies.</td><td>We performed audit procedures as set out below
Design / controls
• Test checked the design, implementation and operating effectiveness of management's key internal controls over the valuation process and inputs.
Substantive tests
• Read the investment agreements on a sample basis, to understand the relevant investment terms and identify any conditions that were relevant to the classification and valuation of investments;
• Assessed the appropriateness of the valuation methodology and tested key inputs used such as pricing inputs and discount factors;
• Checked that valuation methodology was consistently followed and critically evaluated any change in valuation technique;
• Assessed whether the disclosures appropriately reflected the Corporation's exposure to investment valuation risk with reference to the requirements of the prevailing accounting standards;
• Critically evaluated the reliability of inputs i.e. market observable / unobservable data to determine fair value of investments and checked the appropriateness of disclosures in accordance with Ind AS 107 on 'Financial Instruments: Disclosures'.</td></tr>
<tr><td>Information technology ('IT')
IT systems and controls
The Corporation's key financial accounting and reporting processes are highly dependent on information systems including automated controls in information systems, such that there exists a risk that, gaps in the IT control environment could result in the financial accounting and reporting records being misstated. The Corporation uses several systems for it's overall financial reporting.
We have identified 'IT systems and controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the scale and complexity of the IT architecture.</td><td>We performed audit procedures as set out below
• Understood General IT Control i.e. access controls, program/ system change, program development, computer operations (i.e. job processing, data/ system backup incident management) over key financial accounting and reporting systems, and supporting control systems (referred to as in-scope systems);
• Understood IT infrastructure i.e. operating systems and databases supporting the in-scope systems;
• Test checked the General IT Controls for design and operating effectiveness for the audit period over the in-scope systems;
• Understood IT application controls covering</td></tr>
</table>

HDFC

Key Audit Matters	How the matter was addressed in our audit
	– user access and roles, segregation of duties, and – key interfaces, reports, reconciliations and system processing • Test checked the IT application controls for design and operating effectiveness for the audit period; • Performed testing to determine that these controls remained unchanged during the audit period or were changed following the standard change management process; • Test checked controls over the IT infrastructure covering user access (including privilege users), data center and system change (e.g. patches).

B. Key Audit Matters of Subsidiary Company- HDFC Life Insurance Company Limited ('HDFC Life')

Key Audit Matters	How the matter was addressed in our audit
Appropriateness of the Timing of Revenue Recognition in the proper period	
During the year, the HDFC Life has recognised premium revenue of ₹ 14,335 crores towards new business (first year premium and single premium). Out of the total revenue recognised, ₹ 4,754 crores was recognised during the last quarter. The auditor of HDFC Life focused on this area because of the significant concentration of revenue during the last quarter of financial year (including cut-off at the balance sheet date). Due to the nature of the industry, revenue is skewed towards the balance sheet date. Hence, there is possibility that policy sales of the next financial year are accounted in the current period.	**During the course of their audit, the auditor of HDFC Life performed the following procedures:** • Understood and evaluated the design and operating effectiveness of process and controls relating to recognition of revenue; • Tested key controls (including at selected branches) for ensuring that the revenue has been accrued in the correct accounting period; • Tested on a sample basis the policies at the year end to confirm that the related procedural compliances with regard to acceptability of the terms of policy were completed before or after the year end to ensure appropriate accounting of revenue; • Tested on a sample basis unallocated premium to ensure that there were no policies where risk commenced prior to balance sheet but revenue was not recognized; • Tested the manual accounting journals relating to revenue on a sample basis so as to identify unusual or irregular items. Agreed the journals tested to corroborative evidence; • Tested on a sample basis cash receipt with the time stamp in case of products like Unit Linked Insurance Plan to confirm the recognition of revenue in correct accounting period.

Key Audit Matters	**How the matter was addressed in our audit**
Appropriateness of the classification and valuation of Investments	
HDFC Life holds investments against policy holder's liabilities, linked liabilities and shareholder funds. A significant portion of the assets of HDFC Life is in the form of investments (total investments as on 31 March 2019 is ₹ 1,25,038 crores). As prescribed by Insurance Regulatory and Development Authority of India (the "IRDAI"), all investments should be made and managed in accordance with the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 (the "Investment Regulations") and policies approved by Board of Directors of the HDFC Life. Further, investments should be valued in accordance with the principles of Ind AS. The valuation of unlisted or not frequently traded investment involves management judgement. Also, due to events affecting the investee company's rating, there could be a need to reclassify investment and assess its valuation/ impairment per the requirements of Ind AS and HDFC Life's internal policies. Thus, this is an area where significant time was spent by the auditor of HDFC Life.	**During the course of their audit, the auditor of HDFC Life performed the following procedures:** • Understood management's process and controls to ensure proper classification and valuation of Investment; • Tested key controls over investment classification and valuation; • Tested on a sample basis, correct recording of investments, classification and compliance with Investment Regulations, Ind AS and policies approved by Board of Directors; • Tested on a sample basis valuation of securities which have been valued in accordance with the Ind AS and HDFC Life's accounting policies; • For unlisted and not frequently traded investments, evaluated management's valuation model and assumptions and corroborated these with regulatory requirements and HDFC Life's internal policies; • For an event specific reclassification and valuation, corroborated management's assessment with the regulatory requirements, Ind AS requirements and HDFC Life's internal policies.

C. Key Audit Matter of Subsidiary Company- HDFC Ergo General Insurance Company Limited ('HDFC Ergo')

Key Audit Matters	**How the matter was addressed in our audit**
Valuation of Investments • The value of Investments represent 64.9% of the total assets. • Due to the Ind AS requirements applicable to recognition, measurement and disclosure of Investments and the assumptions used in the valuation of Investments, this was considered as a key audit matter. • The valuation of all investments should be as per the investment policy framed by HDFC Ergo which in turn should be in line with principles of Ind AS. • HDFC Ergo has *inter alia* a policy framework for valuation and impairment of Investments • The valuation of unquoted investments and thinly traded investments continues to be an area of inherent risk because of market volatility, unavailability of reliable prices and macro-economic uncertainty. • HDFC Ergo performs an impairment review of its investments periodically and recognizes impairment charge when the investments meet the trigger/s for impairment provision as per the criteria set out in the investment policy of the Company. Further, the assessment of impairment involves significant management judgment.	**During the course of their audit, the auditor of HDFC Ergo performed the following procedures:** • Tested the management oversight and controls over valuation of investments. • Independently test-checked valuation of unquoted investments. • Reviewed HDFC Ergo's impairment policy, and assessed the adequacy of its impairment charge on investments outstanding at the year end.

D. Key Audit Matter of Associate - HDFC Bank Limited ('HDFC Bank')

Key Audit Matters	How the matter was addressed in our audit
Information Technology ("IT") Systems and Controls	
The reliability and security of IT systems plays a key role in the business operations of the Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. These systems also play a key role in the financial accounting and reporting process of the Bank. Due to the pervasive nature and complexity of the IT environment auditor's of HDFC Bank have ascertained IT systems and controls as a key audit matter.	**During the course of their audit, the auditor of HDFC Bank performed the following procedures:** • For testing the IT general controls, application controls and IT dependent manual controls, the auditor involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the IT systems. • Tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. Tested IT general controls (logical access, change management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. • Tested the Bank's periodic review of access rights. Inspected requests of changes to systems for appropriate approval and authorisation. The auditor considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to the audit. • In addition to the above, the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting were tested. • Tested compensating controls or performed alternate procedures, where necessary. In addition, understood where relevant, changes made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.
Impairment of financial assets (including provision for expected credit loss)	
HDFC Bank's impairment provision for finance assets (designated at amortised cost and fair value through other comprehensive income) is based on the expected credit loss approach laid down under 'Ind AS 109 Financial instruments'. Under this approach, HDFC Bank's management has been required to exercise significant judgement while applying principles and other requirements of the standard in addition to the identification and adequacy of these provisions in areas such as: • Grouping of borrowers on the basis of homogeneity/ industry type given the variety of products; • Staging of loans and estimation of behavioral life;	**During the course of their audit, the auditor of HDFC Bank performed the following procedures:** • Audit procedures included reading the HDFC Bank's accounting policies for impairment of financial assets and assessing compliance with Ind AS 109. • Understood the process of ECL estimation and tested the design and operating effectiveness of key controls around data extraction and validation. • Involved specialists to review the methodology of the computation of staging of loans, estimation of probability of default, its calibration, macro-economic overlays and estimation of loss given default.

Key Audit Matters	How the matter was addressed in our audit
• Calculation of past default rates; • Calibrating external ratings/scores -linked probability of default to align with past default rates; • Calculation of the loss given default based on historical recovery patterns/type of collateral; • Applying macro-economic factors to arrive at forward looking probability of default; • Significant assumptions regarding the probability of default based of various products/stress sectors. In view of the high degree of estimation involved in the process of calculating impairment provision and considering its significance to the financial information of HDFC Bank, whereby any error or omission in estimation may give rise to a material misstatement, it is considered as a key audit matter.	• Performed test of controls on classification of financial assets into various stages through inspection of evidence and re-performance of those controls. • Tested the ECL model and computation for its model/ methodology used for various loan products including; - HDFC Bank's Management's grouping of borrowers on basis of different product lines and customer segments with different risk characteristics; - Staging of loans based on their past-due status and other loss indicators; - Various assumptions for calculation of expected loss viz. probability of default, loss given defaults, exposure at default, discounting factors applied by HDFC Bank's management along with HDFC Bank's management's governance process and documentation of its assumptions; - HDFC Bank's management overlays for macro-economic factors. • Performed test of details of the inputs used in the ECL computation, on a sample basis. • Tested the arithmetical accuracy of computation of ECL provision performed by the HDFC Bank in spreadsheets. • Performed analytical procedures by determining various ratios or percentage based measures to review overall reasonableness of the estimate determined by HDFC Bank's management.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Corporation's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Corporation's Director's report and Management Discussion and Analysis (MD&A) report, but does not include the consolidated financial statements and our auditor's report thereon. The Director's report and MD&A report is expected to be made available to us after the date of this auditor's report.

Our opinion on consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Corporation's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of their respective Companies and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Corporation, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the respective company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates are responsible for overseeing the financial reporting process of their respective companies.

Auditor's Responsibilities for the audit of consolidated financial statements.

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group and associates has adequate internal financial controls system in place and the operating effectiveness of such controls. Our opinion is based on audit evidence obtained by us and audit evidence obtained by other auditors of subsidiary and associate companies, which are incorporated in India in terms of their reports referred to in the 'Other Matters' paragraph of 'Annexure A' to this report.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Corporation's management.

- Conclude on the appropriateness of Corporation management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (Corporation and subsidiaries) as well as associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para 4(a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph 4(a) of Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

1. The comparative financial information of the Group and its associates for the year ended 31 March 2018 and the transition date opening balance sheet as at 1 April 2017 included in these consolidated financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 as amended, audited by

the predecessor auditors whose report for the year ended 31 March 2017 dated 4 May 2017 expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Group and its associates on transition to Ind AS, which have been audited by us with respect to the Holding Company and by other auditors with respect to the subsidiaries and associates as noted below. Our opinion is not modified in respect of this matter.

2. During the year ended 31 March 2018, Grandeur Properties Private Limited, Haddock Properties Private Limited, Pentagram Properties Private Limited, Winchester Properties Private Limited and Windermere Properties Private Limited (collectively referred to as 'Transferor Companies') were amalgamated with the Corporation on 28 March 2018 with the appointed date of 1 April 2016. The transition date balance sheet of the Corporation includes financial information of the aforesaid Transferor Companies, which is based on the financial statements of such Transferor Companies prepared in accordance with the applicable Accounting Standards as per section 133 of the Act read with relevant rules thereunder, audited by the respective auditors of such Transferor Companies whose reports for the year ended 31 March 2017 dated 28 April 2017 respectively expressed unmodified opinions on the respective financial statements, as adjusted for the differences in the accounting principles adopted by the Corporation on transition to Ind AS, which have been audited by us.

3. The comparative financial information for the year ended 31 March 2018 forming part of these consolidated financial statements, includes unaudited financial information of Transferor Companies. We did not audit the financial information of the aforesaid Transferor Companies whose financial information reflect total asset of ₹ 99 crores, total revenue of ₹ 30 crores and cashflows of ₹ 15 crores. We have been provided with the financial information of the aforesaid Transferor Companies for the period from 1 April 2017 to 28 March 2018 by management of the Corporation, as adjusted for the differences in the accounting principles adopted by the Corporation on transition to the Ind AS, which have been audited by us.

4. a) We did not audit the financial statements of 15 subsidiaries and whose financial statements reflect total assets of ₹ 1,67,471 crores as at 31 March 2019, total revenues of ₹ 52,976 crores and net cash flows amounting to ₹ 1,111 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) of ₹ 7,539 crores for the year ended 31 March, 2019, in respect of 2 associates, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates is based solely on the reports of the other auditors.

Of the aforesaid subsidiaries, 3 subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Corporation's management has converted the financial statements of these 3 subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Corporation's management. Our opinion in so far as it relates to the amounts and disclosures of these 3 subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by management of the Corporation and audited by us.

(b) The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) of ₹ 0.05 crores for the year ended 31 March 2019, in respect of 2 associates whose financial statements/ financial information have not been audited by us or by other auditors. These financial statements/financial information are not audited and have been furnished to us by management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the associates, is based solely on such unaudited financial statements/ financial information which are certified by management of these associates. In our opinion and according to the information and explanations given to us by management of the Corporation, these financial statements/financial information are not material to the consolidated financial statements.

(c) Expenses pertaining to Life Insurance Business includes charge for actuarial valuation of liabilities for life policies in force, in respect of one subsidiary and Expenses pertaining to General Insurance Business includes the estimate of claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER') in respect of another subsidiary. This charge has been determined based on the liabilities duly certified by the respective subsidiaries appointed actuaries, and in their respective opinion, the assumptions for such valuations are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ('IRDAI') and the Institute of Actuaries of India in concurrence with the IRDAI. The respective auditors of these subsidiaries have relied on the appointed actuary's certificate in this regard in forming their opinion on the financial statements of the said subsidiaries.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by management of the associates and the actuarial valuation of the liabilities for the life insurance policies in force and of the estimate of claims of IBNR and IBNER.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act based on our audit and on the consideration of reports of the other auditors on the separate financial statements of such subsidiaries and associates as were audited by other auditors as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standard specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India are disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act. In respect of one subsidiary of an associate, the statutory auditor of subsidiary company reported, based on the information available on the Ministry of Corporate Affairs website, it is understood that a director of a subsidiary company has attracted disqualification under section 164(2) as on 31 March 2019. The subsidiary company has represented to its statutory auditor that the said director is in disagreement with the disqualification and has tendered his resignation as a director of the subsidiary company on 16 April 2019.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and associate companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on the separate financial statements of subsidiaries and associates as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates. Refer Note 44 to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 7.1 to the consolidated financial statements in respect of such items as it relates to the Group and its associates;

iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Corporation. Whilst the Corporation transferred the unclaimed dividend, 12 underlying equity shares relating to such unclaimed dividend could not be transferred as the depository participant informed that the aforesaid equity shares were not available in the demat accounts of the respective shareholders; and.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies and associate companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies and associate companies to its directors is in accordance with the provisions of Section 197 of the Act to the extent applicable.

The remuneration paid to any director by the Holding Company, its subsidiary companies and associate companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

AKEEL MASTER
Partner
Membership No: 046768

MUMBAI
13 May 2019

Annexure - A to the Independent Auditor's report – 31 March 2019

(Referred to in our report of even date)

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

In conjunction with our audit of the consolidated financial statements of Housing Development Finance Corporation Limited (hereinafter referred to as the 'Holding Company' or the 'Corporation') as of and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting of the Holding Company and such companies incorporated in India under Companies Act, 2013 which are its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group') and associate companies, as of that date.

Expenses pertaining to Life Insurance Business includes charge for actuarial valuation of liabilities for life policies in force, in respect of one subsidiary and Expenses pertaining to General Insurance Business includes the estimate of claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER') in respect of another subsidiary. This charge has been determined based on the liabilities duly certified by the respective subsidiaries appointed actuaries, and in their respective opinion, the assumptions for such valuations are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ('IRDAI') and the Institute of Actuaries of India in concurrence with the IRDAI. The respective auditors of these subsidiaries have relied on the appointed actuary's certificate in this regard in forming their opinion on the financial statements of the said subsidiaries.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies and its associate companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as 'the Act').

Auditor's responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing, issued by the ICAI and specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies and associate companies in terms of their reports referred to in the 'Other matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and Directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to the 10 subsidiaries and 2 associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting is not modified in respect of the above matters with respect to our reliance on the work done and reports of the other auditors and representations of Board of Directors and the management of the Corporation.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

AKEEL MASTER
Partner
Membership No: 046768

MUMBAI
13 May 2019

Housing Development Finance Corporation Limited
Consolidated Balance Sheet as at March 31, 2019

₹ in Crore

Particulars	Notes	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
ASSETS				
Financial assets				
(i) Cash and cash equivalents	4	**3,183.31**	2,814.70	5,352.25
(ii) Bank Balances other than (i) above	5	**1,353.23**	313.84	2,416.96
(iii) Receivables				
(a) Trade Receivables	6	**611.99**	245.11	231.34
(b) Other Receivables		**28.60**	12.96	6.67
(iv) Derivative financial instruments	7	**1,403.36**	456.25	332.71
(v) Loans	8	**4,22,363.83**	3,76,174.98	3,12,038.13
(vi) Investments in Associates	9	**43,874.69**	28,472.04	23,864.83
(vii) Other Investments	10	**32,759.30**	25,031.76	13,581.22
(viii) Assets pertaining to Life Insurance Business	11	**1,27,936.45**	1,06,789.62	92,618.70
(ix) Assets pertaining to Non-Life Insurance Business	11	**13,154.36**	11,924.13	10,986.95
(x) Other financial assets	12	**6,709.89**	5,465.36	10,024.76
Total Financial Assets		**6,53,379.01**	5,57,700.75	4,71,454.52
Non-Financial assets				
(i) Current tax assets (Net)	13	**3,279.98**	3,822.02	3,521.24
(ii) Deferred tax assets (Net)	13	**919.07**	1,337.21	337.08
(iii) Investment property	14	**395.64**	460.87	461.03
(iv) Property, plant and equipment	15	**1,188.02**	1,168.22	1,100.14
(v) Other intangible assets	16	**101.20**	94.93	82.67
(vi) Capital work in Progress		**20.41**	4.42	15.10
(vii) Intangible assets under development		**3.81**	19.00	17.27
(viii) Other non-financial assets	17	**962.52**	1,376.33	1,345.93
(ix) Goodwill on consolidation	16	**625.46**	625.46	626.84
Total Non-Financial Assets		**7,496.11**	8,908.46	7,507.30
Total Assets		**6,60,875.12**	5,66,609.21	4,78,961.82

MILLIONS MORE TO SERVE

Housing Development Finance Corporation Limited
Consolidated Balance Sheet as at March 31, 2019 (Continued)

₹ in Crore

Particulars	Notes	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
(i) Derivative financial instruments	7	**1,113.46**	510.04	920.80
(ii) Payables	18			
(A) Trade Payables				
(a) Total outstanding dues of micro enterprises and small enterprises		**1.55**	0.30	0.18
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		**1,995.80**	1,715.62	1,300.57
(B) Other Payables				
(a) Total outstanding dues of micro enterprises and small enterprises		**-**	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		**463.04**	596.61	487.64
(iii) Debt Securities	19	**1,83,572.02**	1,82,024.35	1,54,010.15
(iv) Borrowings (Other than Debt Securities)	20	**90,375.39**	56,053.97	46,761.46
(v) Deposits	21	**1,07,071.99**	92,705.85	86,989.43
(vi) Subordinated Liabilities	22	**5,735.70**	5,632.28	5,549.51
(vii) Liabilities pertaining to Life Insurance Business	23	**1,25,344.52**	1,06,251.85	92,512.53
(viii) Liabilities pertaining to Non-Life Insurance Business	23	**11,174.31**	10,094.05	8,987.55
(ix) Other financial liabilities	24	**14,460.04**	12,840.88	11,316.68
Total Financial Liabilities		**5,41,307.82**	4,68,425.80	4,08,836.50
Non-Financial Liabilities				
(i) Current tax liabilities (Net)	25	**170.53**	113.55	74.87
(ii) Deferred tax liabilities (Net)	13	**65.43**	49.55	245.65
(iii) Provisions	26	**369.42**	315.53	314.00
(iv) Other non-financial liabilities	27	**983.40**	837.22	771.37
Total Non-Financial Liabilities		**1,588.78**	1,315.85	1,405.89
Total Liabilities		**5,42,896.60**	4,69,741.65	4,10,242.39
EQUITY				
(i) Equity Share capital	28	**344.29**	335.18	317.73
(ii) Other equity	29	**1,11,388.85**	91,538.08	64,836.96
(iii) Non-controlling interest	29	**6,245.38**	4,994.30	3,564.74
Total equity		**1,17,978.52**	96,867.56	68,719.43
Total liabilities and equity		**6,60,875.12**	5,66,609.21	4,78,961.82

See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached.

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

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 13, 2019

Deepak S. Parekh
Chairman
(DIN: 00009078)

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

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

J. J. Irani
(Din: 00311104)

Jalaj Dani
(Din: 00019080)

U. K. Sinha
(Din: 00010336)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Housing Development Finance Corporation Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2019

₹ in Crore

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
I. Revenue from Operations			
(i) Interest Income	30	46,825.19	39,120.12
(ii) Dividend Income		511.14	465.03
(iii) Rental Income	31	68.05	103.74
(iv) Fees and commission Income		2,475.11	2,214.86
(v) Net gain on fair value changes	32	750.59	465.51
(vi) Profit on Sale of Investments		21.63	392.88
(vii) Net gain on derecognition of assigned loans		859.99	533.71
(viii) Income from Life Insurance Business	33	32,252.60	26,227.87
(ix) Income from Non Life Insurance Business	33	11,929.22	9,950.14
Total Revenue from Operations		95,693.52	79,473.86
II. Other Income		501.35	345.74
Total Income (I + II)		96,194.87	79,819.60
III. Expenses			
(i) Finance costs	34	29,525.33	24,718.46
(ii) Impairment on financial instruments (Expected Credit Loss)	35	1,165.70	2,143.42
(iii) Employee benefit expenses	36	2,967.37	3,394.40
(iv) Depreciation, amortisation and impairment	15	141.47	116.48
(v) Establishment Expenses	37	321.11	326.40
(vi) Expenses from Life Insurance Business	38	32,777.09	26,693.77
(vii) Expenses from Non-Life Insurance Business	38	11,474.85	9,509.17
(viii) Other Expenses	39	3,112.81	2,646.61
Total expenses		81,485.73	69,548.71
IV. Profit before share of profit of Associates (III - IV)		14,709.14	10,270.89
V. Share of profit of associates	9	7,389.82	5,936.36
VI. Profit before tax (IV + V)		22,098.96	16,207.25
VII. Tax expense	40		
- Current tax		4,370.02	4,079.61
- Deferred tax		148.43	(983.57)
Total tax expense		4,518.45	3,096.04
VIII.Net Profit After Tax (VI - VII)		17,580.51	13,111.21
IX. Other comprehensive income	41		
(A) (i) Items that will not be reclassified to profit or (loss)		(72.38)	(215.05)
(ii) Income tax relating to items that will not be reclassified to profit or (loss)		17.80	83.38
Sub Total (A)		(54.59)	(131.67)
(B) (i) Items that will be reclassified to profit or (loss)		(12.37)	(143.21)
(ii) Income tax relating to items that will be reclassified to profit or (loss)		(0.60)	35.97
Sub Total (B)		(12.97)	(107.24)
(C) Share of Other Comprehensive income of an Associate	9	149.27	(367.36)
Other Comprehensive Income		81.72	(606.27)
Total comprehensive income (VIII + IX)		17,662.23	12,504.94

Housing Development Finance Corporation Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2019 (Continued)

₹ in Crore

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Profit attributable to:			
Owners of the Corporation		**16,231.76**	11,979.90
Non-Controlling Interest		**1,348.75**	1,131.31
Other Comprehensive Income attributable to:			
Owners of the Corporation		**119.49**	(580.86)
Non-Controlling Interest		**(37.77)**	(25.41)
Total Comprehensive Income attributable to:			
Owners of the Corporation		**16,351.25**	11,399.04
Non-Controlling Interest		**1,310.98**	1,105.90
Earnings per equity share	43		
Basic (₹)		**95.40**	74.77
Diluted (₹)		**94.66**	73.85

See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached.

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

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 13, 2019

Deepak S. Parekh
Chairman
(DIN: 00009078)

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

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

J. J. Irani
(Din: 00311104)

Jalaj Dani
(Din: 00019080)

U. K. Sinha
(Din: 00010336)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

HDFC

Housing Development Finance Corporation Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2019

A. Equity Share Capital

₹ in Crore

	Notes	Amount
As at 1st April, 2017	**28**	**317.73**
Equity share capital issued during the year		17.44
As at 31st March, 2018	**28**	**335.18**
Equity share capital issued during the year		9.11
As at 31st March, 2019	**28**	**344.29**

B. Other Equity (Refer Note 29)

Particulars	Reserves and Surplus												Other Comprehensive Income						
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Special Reserve I	Special Reserve II	Statutory Reserve	Special Reserve U/s 45-IC of The Reserve Bank of India Act, 1934	Shelter Assistance Reserve	Corporate Social Responsibility Account	"Foreign Currency Monetary Item Translation"	Other reserves	Investments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Cost of Cash Flow Hedges	Employee Stock Option Reserve	Money received against share warrants	Total	Non Controlling Interest
Balance as at April 1, 2017	48.30	10,467.69	16,270.30	23,300.51	51.23	10,069.08	3,865.64	70.34	193.21	1.55	362.12	40.00	208.35	(183.80)	-	21.34	51.10	64,836.96	3,564.74
Changes in accounting policy/prior period errors																		-	
Restated balance at the beginning of the reporting period	**48.30**	**10,467.69**	**16,270.30**	**23,300.51**	**51.23**	**10,069.08**	**3,865.64**	**70.34**	**193.21**	**1.55**	**362.12**	**40.00**	**208.35**	**(183.80)**	**-**	**21.34**	**51.10**	**64,836.96**	**3,564.74**
Profit for the year				11,979.90														11,979.90	1,131.31
Other Comprehensive Income for the year													(535.19)	(48.56)	2.89			(580.86)	(25.41)
Total Comprehensive Income for the year	-	-	-	**11,979.90**	-	-	-	-	-	-	-	-	**(535.19)**	**(48.56)**	**2.89**	-	-	**11,399.04**	**1,105.90**
Opening Adjustments				(1,277.51)														(1,277.51)	
Profits on sale of subsidiary				5,086.70														5,086.70	
Dividends including tax on dividend				(3,581.15)														(3,581.15)	
Transfer from retained earnings			2,519.83	(5,030.29)		1,416.55	1,078.00	15.90										-	
Received during the year		14,421.74										6.45				952.81		15,381.00	
Utilised during the year		(52.74)		(5.23)					(174.99)	(1.55)	(412.84)		344.26	(2.89)		(0.25)	(0.72)	(306.95)	323.66
Balance as at March 31, 2018	**48.30**	**24,836.68**	**18,790.13**	**30,472.93**	**51.23**	**11,485.63**	**4,943.64**	**86.24**	**18.22**	**0.00**	**(50.72)**	**46.45**	**17.42**	**(235.25)**	**2.89**	**973.90**	**50.38**	**91,538.08**	**4,994.30**

Particulars	Reserves and Surplus												Other Comprehensive Income						
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Special Reserve I	Special Reserve II	Statutory Reserve	Special Reserve U/s 45-IC of The Reserve Bank of India Act, 1934	Shelter Assistance Reserve	Corporate Social Responsibility Account	Foreign Currency Monetary Item Translation	Other reserves	Investments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Cost of Cash Flow Hedges	Employee Stock Option Reserve	Money received against share warrants	Total	Non Controlling Interest
Balance as at April 1, 2018	48.30	24,836.68	18,790.13	30,472.93	51.23	11,485.63	4,943.64	86.24	18.22	0.00	(50.72)	46.45	17.42	(235.25)	2.89	973.90	50.38	91,538.08	4,994.30
Changes in accounting policy/prior period errors																			
Restated balance at the beginning of the reporting period	**48.30**	**24,836.68**	**18,790.13**	**30,472.93**	**51.23**	**11,485.63**	**4,943.64**	**86.24**	**18.22**	**0.00**	**(50.72)**	**46.45**	**17.42**	**(235.25)**	**2.89**	**973.90**	**50.38**	**91,538.08**	**4,994.30**
Profit for the year				16,231.76														16,231.76	1,348.75
Other Comprehensive Income for the year													112.01	9.91	(2.44)			119.49	(37.77)
Total Comprehensive Income for the year	-	-	-	**16,231.76**	-	-	-	-	-	-	-	-	**112.01**	**9.91**	**(2.44)**	-	-	**16,351.25**	**1,310.98**
Opening Adjustments				(349.01)														(349.01)	
Profits on sale of subsidiary				1,205.61														1,205.61	
Dividends including tax on dividend				(4,086.63)														(4,086.63)	
Transfer from retained earnings			47.68	(2,086.76)		1,908.89	100.00	18.69				11.50						-	
Received during the year		6,613.17									58.14	10.91				178.74		6,860.95	
Utilisations / other adjustments		(41.43)		(6.49)					(14.95)				(11.09)	1.31	(1.31)	(7.05)	(50.38)	(131.39)	(59.90)
Balance as at March 31, 2019	**48.30**	**31,408.42**	**18,837.81**	**41,381.41**	**51.23**	**13,394.52**	**5,043.64**	**104.93**	**3.27**	**0.00**	**7.43**	**68.86**	**118.34**	**(224.03)**	**(0.86)**	**1,145.58**	**-**	**1,11,388.85**	**6,245.38**

See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached.

Directors

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

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 13, 2019

Deepak S. Parekh
Chairman
(DIN: 00009078)

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

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(Din: 00311104)

U. K. Sinha
(Din: 00010336)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Jalaj Dani
(Din: 00019080)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Housing Development Finance Corporation Limited
Consolidated Cash Flow Statement for the year ended March 31, 2019

₹ in Crore

		Notes	Year ended March 31, 2019	Year ended March 31, 2018
A	CASH FLOW FROM OPERATING ACTIVITIES			
	Profit before tax		22,098.96	16,207.25
	Adjustments for:			
	Share of Profit of the Associates		(7,389.82)	(5,936.36)
	Depreciation, amortisation and impairment		175.20	147.15
	Impairment on Financial Instruments (Expected Credit Loss)		1,165.70	2,143.42
	Expense on Employee Stock Option Scheme		245.98	965.56
	Net gain on fair value changes		(750.59)	(465.51)
	Interest Expense		29,012.79	24,267.29
	Interest Income		(46,825.19)	(39,120.12)
	Dividend Income		(511.14)	(465.03)
	Profit on Sale of Investments		(21.63)	(392.88)
	(Profit) / Loss on Sale of Investment Properties and Fixed Assets (Net)		(66.83)	(0.01)
	Net gain on derecognition of assigned loans		(218.75)	(3.08)
	Utilisation of Shelter Assistance Reserve		(14.94)	(174.99)
	Utilisation of CSR		0.00	(1.55)
	MTM on Derivative Financial Assets and Liabilities		(336.21)	(582.86)
	Operating Profit before Working Capital changes		(3,436.47)	(3,411.71)
	Adjustments for:			
	Investments in schemes of Mutual Fund (Net)		(6,091.39)	(7,444.10)
	Financial Assets and Non Financial Assets		(1,315.96)	1,801.07
	Financial and Non Financial Liabilities		1,069.89	98.24
	Assets pertaining to Insurance Business		(22,377.06)	(15,108.10)
	Liabilities pertaining to Insurance Business		20,172.92	14,845.82
	Cash used for Operations		(11,978.07)	(9,218.78)
	Interest Received		46,513.71	38,819.50
	Interest Paid		(28,101.80)	(22,273.82)
	Dividend Received		511.14	465.03
	Taxes Paid		(3,485.40)	(4,554.37)
	Net cash from Operations		3,459.58	3,237.56
	Loans disbursed (net)		(47,354.55)	(66,280.27)
	Corporate Deposits (net)		(406.45)	5,114.70
	Net cash used in operating activities	A	(44,301.42)	(57,928.01)
B	CASH FLOW FROM INVESTING ACTIVITIES			
	Purchase of Fixed Assets		(211.78)	(247.53)
	Sale of Fixed Assets		31.60	38.18
	Net Cash used for Fixed Assets		(180.18)	(209.35)
	Purchase of Investment Properties		(17.28)	(33.54)
	Sale of Investment Properties		127.45	24.51
	Net Cash flow from / used for Investment Properties		110.17	(9.03)
	Investments			
	- in Subsidiary Companies		(121.24)	(192.00)
	- in Associates Companies		(8,569.75)	0.00
	Other Investments (Net)		(1,554.61)	(7,900.24)
	Sale proceeds of Investments in Subsidiary Companies		-	356.97
	Net cash used for investing activities	B	(10,315.61)	(7,953.65)

Housing Development Finance Corporation Limited
Consolidated Cash Flow Statement for the year ended March 31, 2019 (Continued)

₹ in Crore

		Notes	Year ended March 31, 2019	Year ended March 31, 2018
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share Capital - Equity		**9.11**	17.45
	Securities Premium received		**6,613.17**	14,421.74
	Securities Premium utilised		**(41.43)**	(52.74)
	Sale proceeds of Investments in Subsidiary Companies		**1,248.87**	5,947.70
	Borrowings and Deposits (Net)		**48,745.70**	14,596.10
	Proceeds from Debt Securities and Subordinated Liabilities		**1,74,755.46**	1,53,761.95
	Repayment of Debt Securities and Subordinated Liabilities		**(1,73,104.37)**	(1,25,664.97)
	Dividend paid - Equity Shares		**(3,407.28)**	(2,956.88)
	Tax paid on Dividend		**(695.25)**	(605.50)
	Change in Non-Controlling Interest		**861.65**	3,879.25
	Net cash from financing activities	C	**54,985.63**	63,344.10
	Net Increase/(Decrease) in cash and cash equivalents	[A+B+C]	**368.61**	(2,537.55)
	Add : Cash and cash equivalents as at the beginning of the year		**2,814.70**	5,352.25
	Cash and cash equivalents as at the end of the year		**3,183.31**	2,814.70
	Cash and cash equivalents			
	(i) Cash on hand		**1.35**	0.65
	(ii) Balances with banks:			
	- In Current Accounts		**1,885.82**	1,445.97
	- In Deposit accounts with original maturity of 3 months or less		**901.58**	1,000.68
	(iii) Cheques, drafts on hand		**394.56**	367.40
			3,183.31	2,814.70

Note: Net movement in Borrowings (including Debt Securities), Deposits and Subordinated Liabilities amounting to ₹ **50,338.64 Crore** (Previous year ₹ 43,105.91 Crore) includes fresh issuance, repayments and effect of changes in foreign exchange rates.

See accompanying notes forming part of the consolidated financial statements

As per our report of even date attached.

Directors

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

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 13, 2019

Deepak S. Parekh
Chairman
(DIN: 00009078)

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

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(Din: 00311104)

U. K. Sinha
(Din: 00010336)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Jalaj Dani
(Din: 00019080)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Notes forming part of the Consolidated Financial Statements

1. Corporation Overview

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

2. Basis of Preparation and Presentation

2.1 Statement of Compliance and basis of preparation and presentation

The consolidated financial statements ("financial statements") have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the National Housing Bank ("NHB"), the Reserve Bank of India ("RBI") and the Insurance Regulatory and Development Authority of India ("IRDAI") to the extent applicable.

Effective April 1, 2018, the Corporation has adopted Ind AS and the adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, with April 1, 2017 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 as amended ("IGAAP"), which was the previous generally accepted accounting principles.

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

Amounts in the financial statements are presented in Indian Rupees in crore rounded off to two decimal places as permitted by Schedule III to the Act. Per share data are presented in Indian Rupee to two decimal places. The Corporation presents its Balance Sheet in the order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 48.

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

2.2 Functional and presentation currency

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

2.3 Basis of Measurement

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

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

Notes forming part of the Consolidated Financial Statements (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Corporation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17.

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

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

2.4 **Use of Estimates and Judgements**

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The preparation of the financial statements in conformity with Indian Accounting Standards (“Ind AS”) requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.4.1 **Determination of Expected Credit Loss**

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

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

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

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

MILLIONS MORE TO SERVE

Notes forming part of the Consolidated Financial Statements (Continued)

The various inputs used and process followed by the Corporation in determining the significant increase in credit risk has been detailed separately.

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

Some of the Corporation's Investments (other than Investment in Subsidiaries and Associates) are measured at fair value. In determining the fair value of such Investments, the Corporation uses quoted prices (unadjusted) in active markets for identical assets or based on inputs which are observable either directly or indirectly. However in certain cases, the Corporation adopts valuation techniques and inputs which are not based on market data. When Market observable information is not available, the Corporation has applied appropriate valuation techniques and inputs to the valuation model.

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

Information about the valuation techniques and inputs used in determining the fair value of Investments are disclosed in Note 49.

2.4.3 Income Taxes

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

2.4.4 Evaluation of Business Model

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

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

2.4.5 Share-Based Payments

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

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

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

2.4.6 Defined Benefit Plans

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

Notes forming part of the Consolidated Financial Statements (Continued)

Insurance Companies

For Insurance Companies, critical adjustments or judgements are required for valuation of policy liabilities as on date.

2.5 **Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries together referred to as ("the Corporation / Group") and Associates as at and for the year ended March 31, 2019. The Corporation consolidates a subsidiary when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Corporation has less than a majority of the voting or similar rights of an investee, the Corporation considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Corporation's voting rights and potential voting rights.
- The size of the Corporation's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Corporation re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Corporation obtains control over the subsidiary and ceases when the Corporation loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Corporation gains control until the date the Corporation ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Corporation uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Corporation member's financial statements in preparing the consolidated financial statements to ensure conformity with the Corporation's accounting policies.

The financial statements of all entities used for the purpose of consolidation are same reporting date as that of the parent company, i.e., year ended on March 31, 2019.

2.6 **Consolidation procedure:**

(a) Combine like items of assets, liabilities, equity, income, and expenses of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to

Notes forming part of the Consolidated Financial Statements (Continued)

temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Corporation's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

If the Corporation loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Corporation had directly disposed of the related assets or liabilities.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

The financial statements of the following subsidiary companies have been consolidated as per Ind AS 110 - Consolidated Financial Statements.

All the below mentioned subsidiaries have been incorporated in India, other than Griha Investments which has been incorporated in Mauritius, Griha Pte. Ltd. which has been incorporated in Singapore and HDFC International Life and Re Company Limited which has been incorporated in Dubai.

Sr. no.	Name of Subsidiary	Proportion of Ownership Interest (%)		
		March 31, 2019	March 31, 2018	April 1, 2017
1	HDFC Developers Ltd. (upto January 24, 2018)	-	-	100.00
2	HDFC Investments Ltd.	**100.00**	100.00	100.00
3	HDFC Holdings Ltd.	**100.00**	100.00	100.00
4	HDFC Asset Management Co. Ltd.	**52.77**	57.36	59.99
5	HDFC Trustee Co. Ltd.	**100.00**	100.00	100.00
6	HDFC Realty Ltd. (upto January 24, 2018)	-	-	100.00
7	GRUH Finance Ltd.	**56.09**	57.93	58.45
8	HDFC Venture Capital Ltd.	**80.50**	80.50	80.50
9	HDFC Ventures Trustee Co. Ltd.	**100.00**	100.00	100.00
10	HDFC Life Insurance Co. Ltd.	**51.48**	51.62	61.53

Notes forming part of the Consolidated Financial Statements (Continued)

Sr. no.	Name of Subsidiary	Proportion of Ownership Interest (%)		
		March 31, 2019	March 31, 2018	April 1, 2017
11	HDFC Pension Management Co. Ltd. (Subsidiary of HDFC Life Insurance Co. Ltd.)	**51.48**	51.62	61.53
12	HDFC International Life and Re Company Limited (Subsidiary of HDFC Life Insurance Co. Ltd.)	**51.48**	51.62	61.53
13	HDFC ERGO General Insurance Co. Ltd.	**50.49**	50.48	50.80
14	HDFC Sales Pvt. Ltd.	**100.00**	100.00	100.00
15	HDFC Property Ventures Ltd.	**100.00**	100.00	100.00
16	HDFC Investment Trust	**100.00**	100.00	100.00
17	HDFC Investment Trust – II	**100.00**	100.00	100.00
18	Griha Investments (Subsidiary of HDFC Holdings Ltd.)	**100.00**	100.00	100.00
19	Griha Pte Ltd. (Subsidiary of HDFC Investments Ltd.)	**100.00**	100.00	100.00
20	HDFC Credila Financial Services Pvt. Ltd.	**91.57**	91.28	91.02
21	HDFC Education and Development Services Pvt. Ltd.	**100.00**	100.00	100.00
22	HDFC Capital Advisors Ltd	**100.00**	100.00	100.00

Consequent to the above changes in the ownership interest, certain previous year balances have been considered on current ownership and accordingly the same is reflected in the Reserves and Surplus as 'Opening Adjustments'.

2.7 Business combinations and Goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Corporation has elected to apply Ind AS accounting for business combinations prospectively from April 01, 2017. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward.

Business combinations except under common control are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Corporation measures the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 non-current assets held for sale and discontinued operations are measured in accordance with that standard.

Notes forming part of the Consolidated Financial Statements (Continued)

- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

In case of bargain purchase, before recognising a gain in respect thereof, the Corporation re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

2.8 Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105.

Under the equity method, the investment in an associate is initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. Dividend received from associates is recognised as reduction in the carrying amount of the investments.

After application of the equity method, the Corporation determines whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Corporation calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit/loss of an associate in the Statement of Profit and Loss'.

Upon loss of significant influence over the associate, the Corporation measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal, is recognised in profit or loss. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in OCI are reclassified to profit or loss where appropriate. Changes in investor's interest in other component of equity in such cases are being directly recognised in Equity.

When a group entity transacts with an associate of the Group, profit or losses resulting from the transactions with associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. Significant Accounting Policies

3.1 Revenue Recognition

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

Notes forming part of the Consolidated Financial Statements (Continued)

3.1.1 **Interest**

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

Effective Interest Rate ("EIR")

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

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

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

3.1.2 **Dividend income**

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

3.1.3 **Fee and Commission income**

The Group recognises revenue from contract with customers based on five step model as set out in Ind AS 115, revenue from contracts with customers to determine when to recognise revenue and at what amount.

Revenue is measured based on the consideration specified in the contract with customers. Revenue from contracts with customers is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

If the consideration promised in a contract includes a variable amount, the group estimates the amount of consideration to which it will be entitled in exchange for rendering the promised services to a customer. The amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, or other similar items. The promised consideration can also vary if an entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

3.1.4 **Rental Income**

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

3.1.5 **Premium Income of Life Insurance Business**

Premium income on Insurance contracts and Investment contracts with Discretionary Participative Feature (DPF) is recognised as income when due from policy holders and as reduced for lapsation expected based on the experience of the Company. In case of linked business, premium income is accounted for when the associated units are created. Premium on lapsed policies is accounted for as income when such policies are reinstated.

Notes forming part of the Consolidated Financial Statements (Continued)

3.1.6 Premium Income of General Insurance Business

Premium including Reinsurance accepted (net of service tax upto June 30, 2017, and net of Goods & Service Tax w.e.f. July 1, 2017) is recognized as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellations of premiums are accounted for in the period in which they occur. Installment cases are recorded on installment due dates. Premium received in advance represents premium received prior to commencement of the risk.

3.1.7 Reinsurance premium

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Reinsurance premium ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium. Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur.

Premium on excess of loss Reinsurance cover is accounted as per the terms of the Reinsurance arrangements.

3.1.8 Other Income

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

3.2 Financial instruments

3.2.1 Recognition and Initial measurement

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognised immediately in profit or loss.

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

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

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

Notes forming part of the Consolidated Financial Statements (Continued)

3.2.2 **Classification and Subsequent Measurement of Financial Assets and Liabilities**

3.2.2.1 **Financial Assets**

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

- Amortised cost
- Fair value through other comprehensive income ("FVOCI")
- FVTPL

3.2.2.1.1 **Amortised Cost**

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

- Financial Assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are SPPI, are subsequently measured at amortised cost;

3.2.2.1.2 **FVOCI**

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

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

3.2.2.1.3 FVTPL

Financial assets at FVTPL are:

- Assets with contractual cash flows that are not SPPI; or/and
- Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at FVTPL using the fair value option.

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

3.2.2.1.4 Business Model Test

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

The Corporation considers all relevant information available when making the business model assessment. The Corporation takes into account all relevant evidence available such as:

Notes forming part of the Consolidated Financial Statements (Continued)

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

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

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

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

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

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

3.2.2.1.6 Subsequent Measurement and Gain and Losses

Financial Assets at Amortised Cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Debt Instrument at FVOCI:

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

Equity Instrument at FVOCI:

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

Financial assets at FVTPL:

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

3.2.2.1.7 Reclassifications

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

3.2.2.2 **Financial Liabilities and Equity Instruments**

3.2.2.2.1 Classification as Debt or Equity

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

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

3.2.2.2.2 Equity Instruments

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

3.2.2.2.3 Subsequent Measurement and Gain and Losses

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

3.2.3 **Impairment and Write-off**

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

- Loans and advances to customers;
- Debt instruments measured at amortised cost and at FVOCI;
- Lease receivables;
- Loan commitments issued; and
- Financial guarantee.

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

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

▪ 12-month ECL, i.e. the portion of lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or

Notes forming part of the Consolidated Financial Statements (Continued)

- Lifetime ECL, i.e. lifetime ECL that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

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

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

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

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

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

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

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

3.2.3.1 Measurement of Expected Credit Losses

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

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

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

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

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

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

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

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

3.2.3.2 **Significant Increase in Credit Risk**

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

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

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

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

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

3.2.3.3 **Credit Impaired Financial Assets**

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated

Notes forming part of the Consolidated Financial Statements (Continued)

future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- The disappearance of an active market for a security because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

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

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

3.2.3.4 **Definition of Default**

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

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

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

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

3.2.3.5 **Write-off**

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

3.2.4 Modification and Derecognition of Financial Assets

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

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

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

Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;

a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original EIR. If the significant difference in present value, the Corporation deems the arrangement is substantially different leading to derecognition.

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

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

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

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

Notes forming part of the Consolidated Financial Statements (Continued)

when there is evidence of the borrower's improved repayment behavior following modification leading to a reversal of the previous significant increase in credit risk.

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

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

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

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

3.2.5 Derecognition of Financial Liabilities

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

3.2.6 Collateral Valuation and Repossession

To mitigate the credit risk on financial assets, the Corporation seeks to use collateral, where possible as per the powers conferred on the HFC under SARFAESI act. The Corporation provides fully secured, partially secured and unsecured loans to individuals and Corporates.

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

3.2.7 **Transfer and Servicing of Assets**

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

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

3.2.8 **Derivative Financial Instruments**

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

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

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

3.2.8.1 **Hedge Accounting**

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

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

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

3.2.8.2 **Fair value hedges**

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

Notes forming part of the Consolidated Financial Statements (Continued)

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

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

3.2.8.3 **Cash Flow Hedges**

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

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

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

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

3.2.9 **Financial Guarantee Contracts**

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

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

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

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

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

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

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

For transition to Ind AS, the Corporation has elected to adopt as deemed cost, the carrying value of PPE measured as per IGAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2017.

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

3.4 **Investment Property**

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

For transition to Ind AS, the Corporation has elected to adopt as deemed cost, the carrying value of investment property as per IGAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2017.

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

3.5 **Intangible Assets**

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Corporation and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment, except for Goodwill on Consolidation (refer note 2.7). Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

For transition to Ind AS, the Corporation has elected to adopt as deemed cost, the carrying value of Intangible assets measured as per IGAAP less accumulated amortisation and cumulative impairment on the transition date of April 1, 2017.

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

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

Notes forming part of the Consolidated Financial Statements (Continued)

3.6 Capital work-in-progress

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

3.7 Depreciation and Amortisation

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

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

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

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

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

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

3.8 Impairment of Assets other than Financial Instruments

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

3.9 Employee Benefits

3.9.1 Share-based payment arrangements

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

Notes forming part of the Consolidated Financial Statements (Continued)

3.9.2 **Defined Contribution Plans**

3.9.2.1 **Superannuation Fund**

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

3.9.3 **Defined Benefit Plans**

3.9.3.1 **Provident Fund**

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

3.9.3.2 **Gratuity and Other Post Retirement Benefits**

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

3.9.3.3 **Short-term Employee Benefits**

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

3.9.3.4 **Long-term Employee Benefits**

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

3.10 **Scheme and Commission Expenses**

Certain scheme related expenses and commission paid to distributors were being borne by one of the subsidiary company till October 22, 2018. These expenses have been charged in accordance with applicable circulars and guidelines issued by Securities and Exchange Board of India ("SEBI") and Association of Mutual Funds in India and have been presented under the respective expense heads in the Statement of Profit and Loss.

Any brokerage or commission paid by one of the subsidiary in line with the applicable regulations is being amortised over the contractual period.

Notes forming part of the Consolidated Financial Statements (Continued)

Pursuant to circulars issued by SEBI in this regard, with effect from October 22, 2018, all of these expenses, subject to certain minor exceptions, are being borne by the respective schemes.

New Fund Offer expenses on the launch of schemes are borne by one of the subsidiary and recognised in the Statement of Profit and Loss as and when incurred.

3.11 **Leases**

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

3.11.1 **Operating Leases**

A. Lease rentals on assets under operating lease are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

B. Assets leased out under operating leases are continued to be shown under the respective class of assets. Rental income is recognised on a straight line basis over the term of the relevant lease unless the payments are structured to increase in line with expected general inflation to compensate for the Corporation's expected inflationary cost increases.

3.12 **Dividends on Ordinary Shares**

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

3.13 **Cash and Cash Equivalents**

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

3.14 **Securities Premium Account**

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

3.15 **Borrowing Costs**

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

3.16 **Deferred Acquisition Cost (DAC)/Deferred Origination Fees (DOF)**

Incremental costs incurred during the financial year on acquiring or renewing of investment contracts without Discretionary Participating Feature are deferred and amortized over the life of the policy contracts as the related revenue is recognized, to the extent that these costs are recoverable out of future premiums.

Initial and other front-end fees received for rendering future investment management services relating to investment contracts without DPF, are deferred and recognized as revenue when the related services are rendered.

3.17 **Claims Incurred**

Claims incurred comprises of claims paid (net of salvage and other recoveries), change in estimated liability for outstanding claims made following a loss occurrence reported, change in estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) and specific settlement costs comprising survey, legal and other directly attributable expenses.

Provision is made for estimated value of outstanding claims at the Balance Sheet date. Such provision is made on the basis of the ultimate amounts that are likely to be paid on each claim, established by the management in light of past experience and progressively modified for changes as appropriate, on availability of further information and include claim settlement costs likely to be incurred to settle outstanding claims.

Claims are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

The estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) has been estimated by the Appointed Actuary in compliance with applicable provisions of Guidance Note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has used generally accepted actuarial methods for each product category as considered appropriate depending upon the availability of past data as well as appropriateness of the different methods to the different lines of businesses. The above elements of estimates of liability for claims are periodically reviewed by the Appointed Actuary and adjusted based on recent experience and emerging trends.

3.18 **Acquisition Costs**

Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission. These costs are expensed in the period in which they are incurred.

3.19 **Commission Received**

Commission on Reinsurance ceded is recognised as income on ceding of Reinsurance premium.

Profit commission under Reinsurance treaties, wherever applicable, is recognised in the year of final determination of the profits and as intimated by the Reinsurer.

3.20 **Reserve for Unexpired Risk**

Reserve for unexpired risk represents that part of the net premium written which is attributable to and allocated to the succeeding accounting period. Reserve for unexpired risk is calculated on the basis of 1/365th method in all segment subject to a minimum of 100% in case of Marine Hull business and based on Net Premium Written during the year, whichever is higher as per Circular No. IRDA/F&A/CIR/CPM/056/03/2016 dated April 4, 2016.

3.21 **Premium Deficiency**

Premium deficiency is recognised for the Company as a whole on an annual basis. Premium deficiency is recognised if the sum of the expected claim costs, related expenses and maintenance cost (related to claims handling) exceeds related reserve for unexpired risk. The expected claim costs are calculated and duly certified by the Appointed Actuary.

3.22 Salvage Recoveries

Salvaged vehicles are recognised at net realizable value and are deducted from the claim settlement made against the same. Salvaged vehicles on hand are treated as stock-in-trade and are recognised at estimated net realizable value based on independent valuer's report.

MILLIONS MORE TO SERVE

Notes forming part of the Consolidated Financial Statements (Continued)

3.23 Foreign Currencies

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

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

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

3.24 **Segments**

The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes in India, Life Insurance business, General Insurance business and Asset Management business. All other activities of the Corporation revolve around the main business.

3.25 **Earnings per share**

Basic earnings per share are computed by dividing net income by the weighted average number of shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

3.26 **Taxes on Income**

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

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

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

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

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

Notes forming part of the Consolidated Financial Statements (Continued)

3.27 **Goods and Services Input Tax Credit**

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

3.28 **Provisions and Contingent Liabilities**

Provisions are recognised only when:

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

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

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

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

Contingent liability is disclosed in case of:

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

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

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

3.29 **Contingent Assets**

Contingent assets are not recognised in the financial statements.

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

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

3.30 **Reinsurance assets**

Reinsurance Asset, being net contractual rights receivable under reinsurance contract, has been recognized on the basis of Actuarial valuation involving assumption about the future. The assumptions include the determination of the discount rate, mortality rates etc. All assumptions are reviewed at each reporting date. This also includes the balances due from reinsurance companies which are accounted for in the period in which the related claims are intimated.

3.31 **Insurance contract liabilities**

The actuarial liabilities, for all inforce policies and policies where premiums are discontinued but a liability exists as at the valuation date, are calculated in accordance with the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938, as amended from time to time including amendment brought by the Insurance Laws (Amendment) Act, 2015, regulations notified by the IRDAI and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDAI.

A brief of the methodology used is as given below:

3.31.1 The policy liabilities are valued on policy by policy basis, i.e. each policy is valued separately.

Notes forming part of the Consolidated Financial Statements (Continued)

3.31.2 The reserves for linked business (individual and group) comprises of unit reserves and non-unit reserves. The unit reserves are determined on the basis of NAV of the units outstanding as at the valuation date and non-unit reserves are calculated using gross premium method.

3.31.3 The liabilities for individual non-linked non-participating and participating business are calculated using gross premium method and are subject to the minimum floor of surrender value. Additionally, individual non-linked participating policies also have a reference to the asset share of policies at valuation date.

3.31.4 The liabilities for one year renewable group protection business are calculated on the unexpired risk premium basis. For other than one year renewable group protection business, the liabilities are calculated using gross premium valuation method.

3.31.5 The liabilities for the group non-linked savings products are determined as the higher of policy account balances (including accrued interest/bonuses) and reserves calculated by gross premium valuation method.

3.31.6 The liabilities in respect of rider benefits are determined as the higher of unexpired premium reserves and reserves calculated by gross premium valuation method.

3.31.7 Additional reserves are determined to:

- Allow for the claims that may have occurred already but not yet reported (Incurred but not reported).
- Allow for the servicing of existing policies if the Company were to close the new business one year from the valuation date (Closure to new business).
- Meet the expected liabilities that would arise on the revival of lapsed policies on the basis of the proportion of the policies expected to be revived based on the revival experience of the Company (Revival Reserve).
- Allow for the additional amount required to be paid on account of cancellation of policies due to look-in, on the basis of the proportion of the policies expected to exercise the look-in option based on the experience of the Company (Look-in Reserve).
- Allow for the cost of guarantees, wherever applicable.

3.32 **Commitments**

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

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

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

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

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

3.33 **Non-Current Assets held for sale**

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

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

Notes forming part of the Consolidated Financial Statements (Continued)

3.34 **Statement of Cash Flows**

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

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

ii. Non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates; and

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

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

3.35 **Standards issued but not effective**

The Corporation is currently evaluating the impact of the following standards:

3.35.1 **Ind AS 116 Leases**

Ind AS 116 Leases was notified on 28 March, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

3.35.2 **Amendment to Ind AS 12 Income Taxes**

Income tax consequences of distribution of profits (i.e. dividends), including payments on financial instruments classified as equity, should be recognised when a liability to pay dividend is recognised.

The income tax consequences should be recognised in the Statement of Profit and Loss, Other Comprehensive Income or equity according to where the past transactions or events that generated distributable profits were originally recognised.

Appendix C has been added to Ind AS 12 which seeks to bring clarity to the accounting for uncertainties on income tax treatments that are yet to be accepted by tax authorities and to reflect it in the measurement of current and deferred taxes.

3.35.3 **Amendments to Ind AS 109 Financial Instruments**

A financial asset would be classified and measured at amortised cost or at Fair Value through Other Comprehensive Income (FVOCI) if its contractual cash flows are solely in the nature of principal and interest on the principal amount outstanding (SPPI criterion).

An exception has been prescribed to the classification and measurement requirements with respect to the SPPI criterion for financial assets that:

- Have a prepayment feature which results in a negative compensation.
- Apart from the prepayment feature, other features of the financial asset would have contractual cash flows which would meet the SPPI criterion, and

Notes forming part of the Consolidated Financial Statements (Continued)

- The fair value of the prepayment feature is insignificant when the entity initially recognises the financial asset. If this is impracticable to assess based on facts and circumstances that existed on initial recognition of the asset, then the exception would not be available.

Such financial assets could be measured at amortised cost or at FVOCI based on the business model within which they are held.

3.35.4 **Amendments to Ind AS 19 Employee Benefits**

When a defined benefit plan is amended, curtailed or settled, entities would be required to use updated actuarial assumptions to determine its current service cost and net interest for the remainder of the annual reporting period (post the plan amendment, curtailment or settlement).

The effect of the asset ceiling would not be considered while calculating the gain or loss on any settlement of the plan. Subsequently, it would be recognised in Other Comprehensive Income.

3.35.5 **Amendments to Ind AS 23 Borrowing Costs**

While computing the capitalisation rate for funds borrowed generally, an entity should exclude borrowing costs applicable to borrowings made specifically for obtaining a qualifying asset, only until the asset is ready for its intended use or sale. Borrowing costs (related to specific borrowings) that remain outstanding after the related qualifying asset is ready for intended use or for sale would subsequently be considered as part of the general borrowing costs of the entity.

3.35.6 **Ind AS 28 Investments in Associate and Joint Ventures**

An entity's net investment in its associate or joint ventures includes investment in ordinary shares, other interests that are accounted using the equity method, and other long-term interests, which are governed by the principles of Ind AS 109.

As per the equity method, the carrying amount of an entity's investment in its associate and joint ventures increases or decreases to recognize the entity's share of profit or loss of its investee associates and joint ventures.

Where the losses exceed the entity's investment in ordinary shares, they are applied to other components of the entity's interest in the associate or joint venture in the reverse order of their superiority. In this context, MCA clarified that the accounting for losses allocated to long-term interests (governed by principles of IndAS 109, Financial Instruments) would involve the dual application of IndAS 28 and Ind AS 109. The annual sequence in which both standards are to be applied can be explained in a three step process:

- Apply Ind AS 109 (Expected Credit Loss (ECL), fair value adjustments, etc.) independently
- True-up past allocations on carrying amount of long-term investment
- Book current year profits/losses.

3.35.7 **Ind AS 103 Business Combinations**

When an entity obtains control of a business that is a joint operation, then the acquirer considers such an acquisition as a business combination achieved in stages and accounts for it accordingly.

3.35.8 **Ind AS 111 Joint Arrangements**

If a party that participates in a joint operation (but does not have joint control) obtains joint control over the joint operation (which constitutes a business as defined in Ind AS 103), it would not be required to re-measure its previously held interests in the joint operation.

Notes forming part of the Consolidated Financial Statements (Continued)

3.36 **First Time Adoption of Ind AS (Ind AS 101)**

I. **Reconciliation of Equity as at April 1, 2017 and March 31, 2018**

₹ in Crore

Particulars	Balance Sheet as at March 31, 2018			Balance Sheet as at April 1, 2017		
	Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS
ASSETS						
Financial assets						
Cash and cash equivalents	2,814.70	-	2,814.70	5,352.25	-	5,352.25
Bank Balances other than cash and cash equivalents	313.84	-	313.84	2,416.96	-	2,416.96
Derivative financial instruments	238.09	218.16	456.25	276.35	56.36	332.71
Trade and other receivables	258.07	-	258.07	238.01	-	238.01
Loans	3,75,558.76	616.22	3,76,174.98	3,11,594.90	443.23	3,12,038.13
Investments in associates	26,834.35	1,637.69	28,472.04	23,337.40	527.43	23,864.83
Other Investments	24,215.67	816.09	25,031.76	12,892.36	688.86	13,581.22
Assets of Insurance Business	1,12,990.18	5,723.57	1,18,713.75	97,512.13	6,093.52	1,03,605.65
Other financial assets	6,558.13	(1,092.77)	5,465.36	9,608.89	415.87	10,024.76
Total Financial Assets	**5,49,781.79**		**5,57,700.75**	**4,63,229.25**		**4,71,454.52**
Non-Financial assets						
Current Tax Assets (Net)	3,822.02	-	3,822.02	3,521.24	-	3,521.24
Deferred tax assets	329.40	1,007.81	1,337.21	15.67	321.41	337.08
Investment properties	460.87	-	460.87	461.03	-	461.03
Property, plant and equipment	1,191.16	(22.94)	1,168.22	1,102.30	(2.16)	1,100.14
Other intangible assets	117.72	0.63	118.35	136.34	(21.30)	115.04
Goodwill on Consolidation	221.85	403.61	625.46	620.04	6.80	626.84
Other non-financial assets	1,402.65	(26.32)	1,376.33	1,634.75	(288.82)	1,345.93
Total Non-Financial Assets	**7,545.67**		**8,908.46**	**7,491.37**		**7,507.30**
Total Assets	**5,57,327.46**		**5,66,609.21**	**4,70,720.62**		**4,78,961.82**
EQUITY AND LIABILITIES						
LIABILITIES						
Financial Liabilities						
Derivative financial instruments	378.32	131.72	510.04	1,024.56	(103.76)	920.80
Payables						
(A) Trade Payables	2,524.04	(211.51)	2,312.53	2,112.39	(324.00)	1,788.39
(B) Other Payables						
Debt Securities	1,81,942.90	81.45	1,82,024.35	1,54,191.81	(181.66)	1,54,010.15
Borrowings (Other than Debt Securities)	56,018.66	35.31	56,053.97	46,726.55	34.91	46,761.46
Deposits	92,725.91	(20.06)	92,705.85	87,025.64	(36.21)	86,989.43
Subordinated Liabilities	5,723.00	(90.72)	5,632.28	5,623.00	(73.49)	5,549.51
Other financial liabilities	12,156.75	684.13	12,840.88	11,471.62	(154.94)	11,316.68
Liabilites of Insurance Business	1,10,942.43	5,403.47	1,16,345.90	95,417.39	6,082.69	1,01,500.08
Total Financial Liabilities	**4,62,412.01**		**4,68,425.80**	**4,03,592.96**		**4,08,836.50**

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars	Balance Sheet as at March 31, 2018			Balance Sheet as at April 1, 2017		
	Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS
Non-Financial Liabilities						
Current tax liabilities (Net)	113.55	-	113.55	74.87	-	74.87
Deferred tax liabilities (Net)	2,493.59	(2,444.04)	49.55	2,514.22	(2,268.57)	245.65
Provisions	311.35	4.18	315.53	308.00	6.00	314.00
Other non-financial liabilities	757.91	79.31	837.22	698.69	72.68	771.37
Total Non-Financial Liabilities	**3,676.40**		**1,315.85**	**3,595.78**		**1,405.89**
Total liabilities	**4,66,088.41**		**4,69,741.65**	**4,07,188.74**		**4,10,242.39**
EQUITY						
Equity	335.18	-	335.18	317.73	-	317.73
Other equity	86,206.22	5,331.86	91,538.08	59,741.58	5,095.38	64,836.96
Non Controlling Interest	4,697.65	296.65	4,994.30	3,472.57	92.17	3,564.74
Total equity	**91,239.05**		**96,867.56**	**63,531.88**		**68,719.43**
Total equity and liabilities	**5,57,327.46**		**5,66,609.21**	**4,70,720.62**		**4,78,961.82**

The previous GAAP figures have been reclassified to confirm Ind AS presentation requirements for the purposes of this note.

II. Reconciliation of Total Comprehensive income for the year ended March 31, 2018

₹ in Crore

Particulars	Year ended March 31, 2018		
	Previous GAAP	Effect of transition to Ind AS	Ind AS
Revenue from Operations			
Interest Income	38,911.53	208.59	39,120.12
Dividend Income	465.03	-	465.03
Rental Income	103.74	-	103.74
Fees and commission Income	2,220.13	(5.27)	2,214.86
Net gain on fair value changes	-	465.51	465.51
Profit on Sale of Investments	5,671.26	(5,278.38)	392.88
Net gain on derecognition of assigned loans	-	533.71	533.71
Income from Insurance Business	26,453.57	9,724.44	36,178.01
Total Revenue from Operations	**73,825.26**	**5,648.61**	**79,473.87**
Other Income	345.74	-	345.74
Total Income	**74,171.00**	**5,648.61**	**79,819.60**
Expenses			
Finance costs	23,452.42	1,266.04	24,718.46
Impairment on financial instruments (Expected Credit Loss)	2,064.61	78.81	2,143.42
Employee benefit expense	2,428.84	965.56	3,394.40
Depreciation and amortisation expense	74.11	42.37	116.48
Establishment Expenses	326.40	-	326.40
Other Expenses	2,646.61	-	2,646.61
Expenses pertaining to insurance business	25,575.50	10,627.44	36,202.94
Total expenses	**56,568.49**	**12,980.23**	**69,548.71**
Profit before Tax	**17,602.51**	**(7,331.62)**	**10,270.89**

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars	Year ended March 31, 2018		
	Previous GAAP	Effect of transition to Ind AS	Ind AS
Tax expense			
- Current tax (MAT)	4,339.38	(259.77)	4,079.61
- Deferred tax	-338.18	(645.39)	(983.57)
Total tax expense	**4,001.20**	**(905.16)**	**3,096.04**
Share of Profit of Associates	**3,730.23**	**2,206.13**	**5,936.36**
Net Profit After Tax	**17,331.54**	**(4,220.33)**	**13,111.21**
Other Comprehensive Income (OCI)	**-**	**(606.27)**	**(606.27)**
Total comprehensive income	**17,331.54**	**(4,826.60)**	**12,504.94**
Total Comprehensive Income attributable to:			
Owners of the Corporation	**16,254.96**	**(4,855.93)**	**11,399.04**
Non-Controlling Interest	**1,076.58**	**29.32**	**1,105.90**

The previous GAAP figures have been reclassified to confirm Ind AS presentation requirements for the purposes of this note.

The Corporation has prepared financial statements for the year ended March 31, 2019, in accordance with Ind AS for the first time. For the periods upto and including the year ended March 31, 2018, the Corporation prepared its financial statements in accordance with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP), NHB, RBI, IRDAI guidelines. Accordingly, the Corporation has prepared its financial statements to comply with Ind AS for the year ending March 31, 2019, together with comparative information as at and for the year ended March 31, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Corporation's opening Balance Sheet was prepared as at April 1, 2017 i.e. the transition date to Ind AS for the Corporation.

This note explains the principal adjustments made by the Corporation in restating its Previous GAAP financial statements, including the Balance Sheet as at April 1, 2017, and the financial statements as at and for the year ended March 31, 2018

III. Exemptions availed:

Deemed Cost for Property, Plant and Equipment, Intangible Assets and Investment properties:

The Corporation has elected to continue with the carrying value of all of its property, plant and equipment Intangible Assets and Investment properties, measured as per the Previous GAAP and use that carrying value as its deemed cost as of the transition date under Ind AS.

Share-Based Payments:

The Corporation has not applied Ind AS 102 to equity instruments that vested before the date of transition to Ind AS.

Business Combinations:

Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, or of interests in associates and joint ventures and transactions which are considered businesses for Ind AS, that occurred before 1st April, 2017. The carrying amounts of assets and liabilities in accordance with Previous GAAP are considered as their deemed cost at the date of acquisition. After the date of the acquisition, measurement is in accordance with Ind AS.

Classification and Measurement of Financial Assets:

The Corporation has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Notes forming part of the Consolidated Financial Statements (Continued)

Fair Value of Financial Assets and Liabilities:

As per Ind AS exemption, the Corporation has not fair valued the financial assets and liabilities retrospectively and has measured the same prospectively.

Derecognition of Financial Assets

As per Ind AS exemption, the Corporation has not reassessed the securitisation / assignment transactions entered before the transition date and the same is continued to be derecognised.

Long Term Foreign Currency Monetary Items

As per Ind AS exemption, the Corporation has continued the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the effective date as per the previous GAAP.

IV. Notes

A. Impairment on Financial Instruments (Reversal of provision of standard / non-performing assets (NPA) and Provision for Expected Credit Losses (ECL)

Under the Previous GAAP, provision for standard asset, were presented under provisions. However, under Ind AS financial assets measured at amortised cost / Fair value through Other comprehensive Income are presented net of provision for expected credit losses. Consequently, the Corporation has reversed provisions for standard assets / NPA's and provision for ECL has been recognised.

B. Fair Valuation of Investments [other than Investments in Subsidiaries and Associates]:

Under Previous GAAP, long- term investments were measured at cost less diminution in value other than temporary. Under Ind AS, these financial assets have been classified as Fair Value Through Profit or Loss (FVTPL) or FVTOCI and Current investments were measured at lower of cost or fair value. Under Ind AS, these financial assets have been classified as FVTPL on the date of transition.

C. Deferred Tax:

The Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base.

The application of 'Ind AS 12 Income Taxes' approach has resulted in the various transitional adjustments being temporary differences. Accordingly, the Corporation has accounted for such differences. These adjustments are recognised in co-relation to the underlying transaction either in retained earnings, OCI or the statement of profit and loss respectively.

As required by the NHB, the Corporation had recognised deferred tax liability (DTL) in respect of the balance in the Special Reserve (created under section 36(1)(viii) of the Income-tax Act, 1961) amounting to ₹ 3,564.56 crore as at March 31, 2017. The Special Reserve will never be utilised for payment of dividend or any other purpose and accordingly it does not result in a difference in tax base. Hence, DTL on Special Reserve has been reversed to comply with Ind AS 12 on Income Taxes.

D. Investment Property:

Under the Previous GAAP, there was no requirement to present investment property separately and the same was included under non-current investments and measured at cost less provision for diminution other than temporary. Under Ind AS, investment property is required to be presented separately in the balance sheet and depreciation is charged on it. Accordingly, the carrying value of the investment property net of depreciation and impairment as at April 1, 2017 of ₹ 460.87 crore and as at March 31, 2018 of ₹ 461.03 crore under the Previous GAAP has been reclassified to a separate line item on the face of the balance sheet and the depreciation provided based on estimated useful life.

Notes forming part of the Consolidated Financial Statements (Continued)

E. Effective Interest Rate (EIR):

a. Under Previous GAAP, transaction costs charged to customers and incurred by the Corporation was recognised upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset/financial liability and recognised as interest income/interest expense using the effective interest method.

b. Under Previous GAAP, transaction costs incurred on borrowings was charged to statement of profit and loss upfront while under Ind AS, such costs are included in the initial recognition amount of financial liabilities and recognised as interest expense using the effective interest method.

F. Derecognition of Assigned Loans:

Under the Previous GAAP, retained interest receivable on loan assignment transactions were recognised over the period of such assigned loans. However, under Ind AS, on transfer of substantially all risks and rewards without retention of any residual interest, gain arising on said transactions are recorded in the Statement of Profit and Loss by discounting the future cash flows accruing in the form of differential interest on such assigned loan to their present values. These loans are derecognised from the Balance Sheet immediately on assignment of the loan. The Corporation has recorded gain of ₹ 3.08 crore for the year ended March 31, 2018 on account of assignment of loans.

G. Profit on sale of partial investments in subsidiaries:

Under the previous GAAP, the profit on account of sale of investments in subsidiaries, whether or not the stake is diluted or control was lost, was effected through the Statement of Profit and loss. However under Ind AS, any profit or loss on account of sale of investment in Subsidiaries can be routed through Statement of profit and loss only in cases where the control is lost. In other cases, where, post the sale of investments in subsidiaries, wherein the control is retained, shall be effected directly in the equity.

In the previous year, the Corporation had diluted its holding in HDFC Life Insurance Co. Ltd and GRUH finance Ltd and had accounted the gains on the same through the Statement of Profit and loss. However, under Ind AS, the same have been directly recognised in the equity.

H. Share-Based Payments:

Under Previous GAAP, the cost of equity-settled employee share-based payments was recognised using the intrinsic value method. Under Ind AS, the cost of equity-settled employee share-based payments is recognised based on the fair value of the options as on the grant date. The change does not affect total equity, but there is a decrease in profit before tax as well as profit after tax for the year ended March 31, 2018 by ₹ 965.56 crore.

I. Defined Benefit Obligation

Both under Previous GAAP and Ind AS, the Corporation recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gain and losses, were charged to the statement of profit and loss. Under Ind AS, remeasurements (comprising of actuarial gains and losses, the effect of assets ceiling, excluding amounts included in net interest on the net defined benefit liability and return on plan assets excluding amount included in net interest on the net defined benefit liability) are recognised in Other Comprehensive Income (OCI).

J. Share of profit of associates:

The Corporation, under the previous GAAP, accounted the dilution gains / losses in the General Reserves. However, under the Ind AS, the same is routed through the statement of Profit and Loss

K. Other Comprehensive Income (OCI):

Under Previous GAAP, there was no concept of OCI. Under Ind AS, for equity instruments other than held for trading, the Corporation has exercised irrevocable option to recognise in other comprehensive income subsequent changes in the fair value..

Notes forming part of the Consolidated Financial Statements (Continued)

Fair valuation of Bonds and re-measurement of defined benefit plan liability are recognised in OCI.

L. The Corporation designates certain Currency swaps and Interest rate swaps as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income and accumulated in the cash flow hedging reserve, and is transferred to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction.

Accordingly, ₹ 48.56 crore is regrouped from the statement of profit and loss to OCI (net of tax) for the year ended March 31, 2018

M. Goodwill on consolidation:

The Corporation has recognised Goodwill on account of acquisition of a subsidiary and further merger of the same with another subsdiary

N. Ind-AS adjustments specific to Insurance business

i Policyholders' Funds and Investment Contract Liabilities relating to life insurance business

Under IGAAP, all contracts were classified as insurance contracts and consequently, entire premium was shown under 'revenue from operations' and liabilities were recorded as 'insurance contract liabilities'. On application of Ind AS 104 - 'Insurance contracts', contracts having death benefit of less than 105% have been classified as investment contracts due to the absence of significant insurance risk component. Therefore, policyholders' liabilities have been reclassified to investment contract liabilities.

Under current accounting method, the fair value changes pertaining to equity and mutual fund (policyholders' investments) were accounted as 'fair value changes account' under 'policyholders' liabilities'. On application of Ind AS 109 - Financial Instruments, wherein equity securities and mutual funds have been designated either at FVTPL or FVOCI, thus, all the unrealized changes in fair value has been reclassified from policyholders' liabilities on the basis of valuation decided for investments in each segment in other comprehensive income and in the Statement of Profit and Loss.

ii Reinsurance assets/incomes

Under Ind AS, the Group is required to recognize the insurance liabilities relating to insurance business, gross of reinsurance and hence, resulting in separate recognition of reinsurance assets/incomes. Also, impairment testing on reinsurance assets on a periodic basis is required. Therefore, on the date of transition to Ind AS, reinsurance asset has been recognized which has led to a consequent increase in the amount of policyholders' funds.

4. Cash and Cash Equivalents

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i) Cash on hand	**1.35**	0.65	0.60
(ii) Balances with banks:			
- In Current Accounts	**1,885.82**	1,445.97	1,008.45
- In Deposit accounts with original maturity of 3 months or less	**901.58**	1,000.68	4,003.52
(iii) Cheques, drafts on hand	**394.56**	367.40	339.68
Total	**3,183.31**	**2,814.70**	**5,352.25**

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

Notes forming part of the Consolidated Financial Statements (Continued)

5. Bank Balances Other than Cash and Cash Equivalents

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i) In other Deposit accounts			
- original Maturity more than 3 months	**1,179.39**	135.28	2,232.82
(ii) Earmarked balances with banks			
- Unclaimed Dividend Account	**28.99**	44.91	26.29
- Other - Against Foreign Currency Loans [Refer Note 20.2]	**113.76**	133.54	157.74
- Towards Guarantees Issued by Banks	**31.09**	0.11	0.11
Total	**1,353.23**	**313.84**	**2,416.96**

Fixed deposit with banks earns interest at fixed rate or floating rates based on daily bank deposit rates.

6. Receivables

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Trade receivables considered good - Unsecured	**612.00**	245.11	231.35
Less: Provision for Expected Credit Loss	**0.01**	-	0.01
Net Trade receivables	**611.99**	245.11	231.34
Other receivables - considered good - Unsecured	**28.60**	12.96	6.67
Total	**640.59**	**258.07**	**238.01**

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

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

Reconciliation of impairment allowance on trade and other receivables:

₹ in Crore

Particulars	Amount
Impairment allowance as on April 1, 2017	-
Add/ (less): asset originated or acquired	0.00
Impairment allowance as on March 31, 2018	0.00
Add/ (less): asset originated or acquired	0.01
Impairment allowance as on March 31, 2019	0.01

7. Derivative Financial Instruments

The Corporation enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges. The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

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

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
Part I									
(i) Currency derivatives:									
-Forwards	3,176.82	7.42	100.71	7,721.12	39.61	22.06	8,236.00	-	460.87
-Currency swaps - Principal Only Swaps	12,826.93	311.74	63.93	7,980.03	78.79	209.86	9,287.00	80.85	284.99
-Options purchased (net)	6,757.73	122.20	0.11	-	-	-	-	-	-
Subtotal (i)	**22,761.48**	**441.36**	**164.75**	**15,701.15**	**118.40**	**231.92**	**17,523.00**	**80.85**	**745.86**
(ii) Interest rate derivatives									
-Forward Rate Agreements and Interest Rate Swaps	55,650.00	962.00	948.71	48,270.00	337.85	278.12	30,809.00	251.86	174.94
-Options purchased (net)	-	-	-	-	-	-	-	-	-
-Others	-	-	-	-	-	-	-	-	-
Subtotal (ii)	**55,650.00**	**962.00**	**948.71**	**48,270.00**	**337.85**	**278.12**	**30,809.00**	**251.86**	**174.94**
Total Derivative Financial Instruments (i)+(ii)	**78,411.48**	**1,403.36**	**1,113.46**	**63,971.15**	**456.25**	**510.04**	**48,332.00**	**332.71**	**920.80**
Part II									
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:									
(i) Fair value hedging:									
- Currency derivatives	-	-	-	-	-	-	-	-	-
- Interest rate derivatives	55,650.00	962.00	948.71	48,270.00	337.85	278.12	30,809.00	251.86	174.94
Subtotal (i)	**55,650.00**	**962.00**	**948.71**	**48,270.00**	**337.85**	**278.13**	**30,809.00**	**251.86**	**174.94**
(ii) Cash flow hedging:									
- Currency derivatives	22,761.48	441.36	164.75	8,106.60	80.51	208.50	8,333.00	80.85	155.86
- Interest rate derivatives	-	-	-	-	-	-	-	-	-
Subtotal (ii)	**22,761.48**	**441.36**	**164.75**	**8,106.60**	**80.51**	**208.50**	**8,333.00**	**80.85**	**155.86**
(iii) Undesignated Derivatives									
- Currency Swaps	-	-	-	100.00	-	2.19	954.00	-	129.14
- Forwards *	-	-	-	7,494.55	37.89	21.23	8,236.00	-	460.87
Subtotal (iii)	**-**	**-**	**-**	**7,594.55**	**37.89**	**23.42**	**9,190.00**	**-**	**590.01**
Total Derivative Financial Instruments (i)+(ii)	**78,411.48**	**1,403.36**	**1,113.46**	**63,971.15**	**456.25**	**510.04**	**48,332.00**	**332.71**	**920.80**

* Forward contracts were taken on underlying FCNR loans, for which AS - 11, para 46A (previous GAAP) was applied.

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

7.2 Refer note 49.1.6 For Foreign currency risk.

Notes forming part of the Consolidated Financial Statements (Continued)

8. Loans - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Loans:			
Individual Loans	309,406.30	271,788.42	221,926.82
Corporate Bodies	111,139.28	103,533.71	88,126.96
Others	7,760.37	6,394.17	5,322.68
Staff Loans	29.91	28.04	23.56
Total – Gross (A)	**428,335.86**	**381,744.34**	**315,400.02**
Less: Impairment Loss allowance (Expected Credit Loss)	5,972.03	5,569.36	3,361.89
Total – Net (A)	**422,363.83**	**376,174.98**	**312,038.13**
(a) Secured by tangible assets	408,881.03	365,400.27	301,356.80
(b) Secured by intangible assets	9,159.21	7,406.17	6,170.41
(c) covered by bank and government guarantee	1,169.59	1,226.06	717.68
(d) Unsecured	9,126.03	7,711.84	7,155.13
Total – Gross (B)	**428,335.86**	**381,744.34**	**315,400.02**
Less: Impairment Loss allowance (Expected Credit Loss)	5,972.03	5,569.36	3,361.89
Total – Net (B)	**422,363.83**	**376,174.98**	**312,038.13**
(I) Loans in India			
(i) Public Sector	1,385.99	1,228.74	717.24
(ii) Others	426,949.87	380,515.60	314,682.78
Total (C)- Gross	**428,335.86**	**381,744.34**	**315,400.02**
Less: Impairment Loss allowance (Expected Credit Loss)	5,972.03	5,569.36	3,361.89
Total(C) (I)-Net	422,363.83	376,174.98	312,038.13
(II) Loans outside India			
Less: Impairment Loss allowance (Expected Credit Loss)	-	-	-
Total (C) (II)- Net	-	-	-
Total (C) (I) and (II)	**422,363.83**	**376,174.98**	**312,038.13**

8.1 Loans granted by the Corporation are secured or partly secured by one or a combination of the following securities:

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

There were no loans given against the collateral of gold jewellery.

8.2 Loans include ₹ **491.50 crore** (Previous Year ₹ 265.02 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

8.3 **Expected Credit Loss**

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

The key components of Credit Risk assessment are:

a. Probability of Default (PD): represents the likelihood of default over a defined time horizon.

b. Exposure at Default (EAD): represents the gross exposure at the time of default.

c. Loss Given Default (LGD): represents the proportion of EAD that is likely loss post-default.

The definition of default is taken as more than 90 days past due for all individual loans, corporate loans and others.

Notes forming part of the Consolidated Financial Statements (Continued)

Delinquency buckets have been considered as the basis for the staging of all loans with:

a. 0-30 days past due loans classified as stage 1

b. 30-90 days past due loans classified as stage 2 and

c. > 90 days past due loans classified as stage 3

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

Macro Economic Factors

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

One of the subsidiary company operates using internal rating models. The company runs separate models for its portfolio in which the customers are rated from 'Standard' to 'NPA' using internal grades.

a. Credit quality of individual loan assets:

The Corporation has classified all individual loans at amortized cost and has assessed it at the collective pool level. The individual loan book has been divided into the housing and non-housing sub portfolios.

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

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

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

b. Credit quality of Corporate Loan assets:

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

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

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

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

- Builders' Cash flows are insufficient to service the loan due to slow sales or the project is stalled.
- Borrowers' operational cashflows are insufficient indicating possibility of further delayed payments
- Security cover is insufficient for repayment of loans
- Where the borrowing company has been proceeded upon under Insolvency and Bankruptcy Code (IBC) by creditors and such reference has been admitted by the National Company Law Tribunal (NCLT).

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

Notes forming part of the Consolidated Financial Statements (Continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lending is, as follows:

₹ in Crore

Particulars	March 31, 2019				March 31, 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**3,59,897.00**	**17,080.30**	**4,767.04**	**3,81,744.34**	3,01,404.81	11,291.59	2,703.62	3,15,400.02
Increase in EAD - new assets originated or purchased / further increase in existing assets	**1,43,780.59**	**694.11**	**445.35**	**1,44,920.05**	1,35,215.41	379.23	291.36	1,35,886.00
Assets repaid in part or full (excluding write offs)	**(68,012.93)**	**(2,945.74)**	**(1,561.60)**	**(72,520.27)**	(61,013.75)	(1,131.09)	(886.68)	(63,031.52)
Assets Derecognised (Loans Assigned)	**(25,150.00)**	**-**	**-**	**(25,150.00)**	(6,453.00)	-	-	(6,453.00)
Assets written off	**-**	**-**	**(658.25)**	**(658.25)**	-	-	(57.16)	(57.16)
Transfers to Stage 1	**4,446.10**	**(3,717.65)**	**(808.50)**	**(80.05)**	2,825.01	(2,389.73)	(188.52)	246.76
Transfers to Stage 2	**(9,070.51)**	**9,683.56**	**(484.16)**	**128.89**	(10,963.90)	10,821.11	(71.27)	(214.06)
Transfers to Stage 3	**(1,105.69)**	**(2,487.62)**	**3,544.46**	**(48.85)**	(1,117.58)	(1,890.81)	2,975.69	(32.70)
Gross carrying amount closing balance	**4,04,784.56**	**18,306.96**	**5,244.34**	**4,28,335.86**	3,59,897.00	17,080.30	4,767.04	3,81,744.34

Note: Gross carrying amount includes undrawn balance on which ECL is computed.

Reconciliation of ECL balance is given below:

₹ in Crore

Particulars	March 31, 2019				March 31, 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**198.32**	**3,310.16**	**2,060.88**	**5,569.36**	199.24	2,090.08	1,072.57	3,361.89
ECL Remeasurements due to changes in EAD / assumptions [Net]	**12.27**	**2.12**	**0.03**	**14.42**	25.18	0.84	0.06	26.08
Assets derecognised or repaid (excluding write offs)	**(155.91)**	**866.49**	**354.31**	**1,064.89**	(80.52)	1,989.00	298.71	2,207.19
Transfers to Stage 1	**833.04**	**(810.22)**	**(23.66)**	**(0.84)**	506.28	(476.83)	(24.11)	5.34
Transfers to Stage 2	**(621.72)**	**705.73**	**(80.17)**	**3.84**	(446.51)	456.71	(7.79)	2.41
Transfers to Stage 3	**(3.53)**	**(923.13)**	**926.28**	**(0.38)**	(5.23)	(750.91)	755.55	(0.59)
Amounts written off / other adjustments	**1.15**	**1.17**	**(681.58)**	**(679.26)**	(0.12)	1.27	(34.11)	(32.96)
ECL allowance - closing balance	**263.62**	**3,152.32**	**2,556.09**	**5,972.03**	198.32	3,310.16	2,060.88	5,569.36

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

₹ in crore

Particulars	As on March 31, 2019	As on March 31, 2018	As on March 31, 2017
EMI / Interest Amounts Received in Advance	**(180.58)**	(154.35)	(167.23)
Undisbursed Loan Component (after applying Credit Conversion Factor)	**19,695.60**	17,312.14	15,144.34
Financial Guarantees	**534.98**	511.88	628.09

Summary of Impairment loss allowance (Expected Credit Loss)

₹ in crore

Particulars	Stage 1	Stage 2	Stage 3	Total
March 31, 2019	**263.62**	**3,152.32**	**2,556.09**	**5,972.03**
March 31, 2018	198.32	3,310.16	2,060.88	5,569.36
April 1, 2017	199.24	2,090.08	1,072.57	3,361.89

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

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

Notes forming part of the Consolidated Financial Statements (Continued)

8.4 **Concentration of Exposure**

₹ in Crore

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Total Loans and Advances to twenty largest borrowers *	**43,051.80**	37,208.23	34,038.38
Percentage of Loans & Advances to twenty largest borrowers to Total advances of the Corporation	**9.71%**	9.40%	10.22%

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

9. Investment in Associates

The Groups interests in material associates are:

Name of the Associate	Principal place of business	Nature of Business	Method of accounting	Proportion of stake		
				As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
HDFC Bank Limited	India	Banking	Equity Method	**21.38%**	20.93%	21.20%
Truenorth Ventures Private Limited	India	Venture Capital	Equity Method	**21.51%**	21.51%	21.51%
Good Host Spaces Private Limited (w.e.f August 24, 2018)	India	Hospitality	Equity Method	**25.01%**	-	-
Magnum Foundations Private Limited	India	Real estate	Equity Method	**50.00%**	50.00%	50.00%

Summarised financial information in respect of Group's material associates along with reconciliation of the same to the carrying amount of the interest in associates is set out below:

₹ in Crore

Particulars (as at March 31, 2019)	HDFC Bank Limited	Truenorth Ventures Private Limited	Good Host Spaces Private Limited	Total
Summarised Statement of net assets				
Cash and cash equivalents	81,792.50	0.08	18.49	81,811.07
Other Financial Assets	12,48,319.80	6.58	486.69	12,48,813.07
Non-financial Assets	10,328.10	0.74	274.36	10,603.20
Total Assets (A)	**13,40,440.40**	**7.40**	**779.54**	**13,41,227.34**
Financial Liabilities	11,75,393.00	-	509.08	11,75,902.08
Non-Financial Liabilities	1,602.60	0.38	50.21	1,653.19
Total Liabilities (B)	**11,76,995.60**	**0.38**	**559.29**	**11,77,555.27**
Net Assets (A-B)	1,63,444.80	7.02	220.25	1,63,672.07
Group share in %	21.38%	21.51%	25.01%	
Group share in Amount	34,948.70	1.51	55.08	35,005.29
Goodwill and other adjustments	8,856.53	0.05	12.82	8,869.40
Carrying amount	**43,805.23**	**1.56**	**67.90**	**43,874.69**
Summarised Statement of Profit and Loss				
Interest Income	1,05,438.10			1,05,438.10
Other Income		0.58	103.44	104.02
Interest Expenses	53,086.70		47.07	53,133.77
Depreciation and Amortisation	1,220.60			1,220.60
Other Expenses		0.28	5.74	6.02
Income Tax	12,340.30	0.07	1.63	12,342.00

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars (as at March 31, 2019)	HDFC Bank Limited	Truenorth Ventures Private Limited	Good Host Spaces Private Limited	Total
Profit before Tax from continuing operations	34,916.80	0.30	9.47	34,926.57
Profit after Tax from continuing operations	22,576.50	0.23	7.84	22,584.57
Other Comprehensive Income	698.10	-	0.01	698.11
Total Comprehensive Income	23,274.60	0.23	7.85	23,282.68
Group share in %	21.38%	21.51%	25.01%	
Group share in Amount in Profit and loss (A) (including dilution gains and other adjustments)	7,391.71	(0.02)	(1.87)	7,389.82
Group share in Amount in Other Comprehensive Income (B)	149.27	-	-	149.27
Total Group share in Amount (A+B)	**7,540.98**	**(0.02)**	**(1.87)**	**7,539.09**
Share in Commitments and Contingent Liabilities	**18,137.83**	**-**	**105.43**	**18,243.26**

₹ in Crore

Particulars (as at March 31, 2018)	HDFC Bank Limited	Truenorth Ventures Private Limited	Total
Summarised Statement of net assets			
Cash and cash equivalents	1,23,045.60	0.06	123,045.66
Other Financial Assets	10,15,356.20	6.60	1,015,362.80
Non-financial Assets	9,411.70	0.25	9,411.95
Total Assets (A)	11,47,813.50	6.91	1,147,820.41
Financial Liabilities	10,28,129.20	-	1,028,129.20
Non-Financial Liabilities	1,343.30	0.11	1,343.41
Total Liabilities (B)	10,29,472.50	0.11	1,029,472.61
Net Assets (A-B)	1,18,341.00	6.80	118,347.80
Group share in %	20.93%	21.51%	
Group share in Amount	24,771.68	1.47	24,773.15
Goodwill and other adjustments	3,698.84	0.05	3,698.89
Carrying amount	28,470.52	1.52	28,472.04
Summarised Statement of Profit and Loss			
Total Revenue			
Interest Income	85,588.90	-	85,588.90
Other Income	-	0.41	0.41
Interest Expenses	41,765.00		41,765.00
Depreciation and Amortisation	966.80		966.80
Other expenses	-	0.23	0.23
Income Tax	10,504.10	0.04	10,504.14
Profit before Tax from continuing operations	29,617.80	0.18	29,617.98
Profit after Tax from continuing operations	19,113.70	0.14	19,113.84
Other Comprehensive Income	(1,755.00)	-	(1,755.00)

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars (as at March 31, 2018)	HDFC Bank Limited	Truenorth Ventures Private Limited	Total
Total Comprehensive Income	17,358.70	0.14	17,358.84
Group share in %	20.93%	21.51%	
Group share in Amount in Profit and loss (A) (including dilution gains and other adjustments)	5,936.33	0.03	5,936.36
Group share in Amount in Other Comprehensive Income (B)	(367.36)	-	(367.36)
Total Group share in Amount (A+B)	5,568.96	0.03	5,568.99
Share in Commitments and Contingent Liabilities	14,470.69	0.17	14,470.86

₹ in Crore

Particulars (as at April 1, 2017)	HDFC Bank Limited	Truenorth Ventures Private Limited	Total
Summarised Statement of net assets			
Cash and cash equivalents	49,305.90	0.01	49,305.91
Other Financial Assets	8,61,362.20	6.77	8,61,368.97
Non-financial Assets	7,706.00	0.00	7,706.00
Total Assets (A)	9,18,374.10	6.78	9,18,380.88
Financial Liabilities	8,23,807.50	-	8,23,807.50
Non-Financial Liabilities	1,161.70	0.12	1,161.82
Total Liabilities (B)	8,24,969.20	0.12	8,24,969.32
Net Assets (A-B)	93,404.90	6.66	93,411.56
Group share in %	21.20%	21.51%	
Group share in Amount	19,800.25	1.43	19,801.68
Goodwill and other adjustments	4,063.09	0.05	4,063.14
Carrying amount	23,863.34	1.49	23,864.83
Share in Commitments and Contingent Liabilities	11,986.51	0.17	11,986.68

HDFC Bank Ltd. for the purposes of its statutory compliance prepares and presents its financial statements/ results under the historical cost convention and accrual basis of accounting in accordance with Generally Accepted Accounting Principles in India (‘GAAP’), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India (‘RBI’) from time to time, Accounting Standards (‘AS’) specified under Section 133 of the Companies Act, 2013, read together with relevant rules, in so far as they apply to banks. These financial statements/ results are largely referred to as the Indian GAAP (‘IGAAP’) financial statements/ results of the Bank. The Ministry of Corporate Affairs, India, in its press release dated January 18, 2016, had issued a roadmap for implementation of IFRS converged Indian Accounting Standards (‘Ind-AS’). The timelines for the said implementation have since been deferred.

HDFC Bank Ltd, being an associate of Housing Development Finance Corporation Limited (the ‘Corporation’), has prepared this consolidated financial information (‘fit- for consolidation information’), in accordance with the recognition and measurement principles of IND-AS as specified under Section 133 of the Companies Act, 2013, for the purposes of preparing the consolidated financial statements/ results of the Corporation.

Notes forming part of the Consolidated Financial Statements (Continued)

10. Investments - Other than Insurance Companies

₹ in Crore

Investments	As at March 31, 2019				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual funds	-	-	17,849.78	17,849.78	**17,849.78**
Government securities $	10,618.90	-	-	-	**10,618.90**
Equity shares	-	383.69	1,201.49	1,585.18	**1,585.18**
Preference Shares	70.00	12.54	12.30	24.84	**94.84**
Debentures	946.64	356.98	325.30	682.28	**1,628.92**
Pass-through Certificates	27.32	-	-	-	**27.32**
Security Receipts	-	-	221.69	221.69	**221.69**
Investment in Units of Venture Funds and Alternate Investment Funds	-	-	779.31	779.31	**779.31**
Total – Gross (A)	**11,662.86**	**753.21**	**20,389.87**	**21,143.08**	**32,805.94**
(i) Investments outside India	-	55.13	-	55.13	**55.13**
(ii) Investments in India	11,662.86	698.08	20,389.87	21,087.95	**32,750.81**
Total (B)	**11,662.86**	**753.21**	**20,389.87**	**21,143.08**	**32,805.94**
Less: Allowance for Impairment loss (C)	46.64	-	-	-	**46.64**
Total – Net (D)= (A)-(C)	**11,616.22**	**753.21**	**20,389.87**	**21,143.08**	**32,759.30**

₹ in Crore

Investments	As at March 31, 2018				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Through profit or loss	Sub- Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual funds	-	-	11,758.38	11,758.38	11,758.38
Government securities $	9,605.86	-	-	-	9,605.86
Equity shares	-	547.11	895.54	1,442.65	1,442.65
Preference Shares	70.00	9.76	54.27	64.03	134.03
Debentures	716.90	356.98	301.44	658.42	1,375.32
Pass-through Certificates	33.02	-	-	-	33.02
Security Receipts	-	-	224.35	224.35	224.35
Investment in Units of Venture Funds and Alternate Investment Funds	-	-	461.96	461.96	461.96
Total – Gross (A)	10,425.78	913.85	13,695.94	14,609.79	25,035.56
(i) Investments outside India	-	56.82	-	56.82	56.82
(ii) Investments in India	10,425.78	857.03	13,695.94	14,552.97	24,978.74
Total (B)	10,425.78	913.85	13,695.94	14,609.79	25,035.56
Less: Allowance for Impairment loss (C)	3.80	-	-	-	3.80
Total – Net (D)= (A)-(C)	10,421.97	913.85	13,695.94	14,609.79	25,031.76

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Investments	As at April 1, 2017				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Through profit or loss	Sub- Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual funds	-	-	4,314.28	4,314.28	4,314.28
Government securities $	6,661.09	-	-	-	6,661.09
Equity Shares		572.46	885.96	1,458.42	1,458.42
Preference Shares	70.00	7.11	11.44	18.55	88.55
Debentures	172.33	-	277.46	277.46	449.79
Pass-through Certificates	39.48	-	-	-	39.48
Security Receipts	-	-	229.20	229.20	229.20
Investment in Units of Venture Funds and Alternate Investment Funds	-	-	342.07	342.07	342.07
Total – Gross (A)	6,942.90	579.57	6,060.41	6,639.98	13,582.88
(i) Investments outside India	-	83.95	-	83.95	83.95
(ii) Investments in India	6,942.90	495.62	6,060.41	6,556.03	13,498.93
Total (B)	6,942.90	579.57	6,060.41	6,639.98	13,582.88
Less: Allowance for Impairment loss (C)	1.67	-	-	-	1.67
Total – Net (D)= (A)-(C)	6,941.23	579.57	6,060.41	6,639.98	13,581.22

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

10.1 The Board of Directors of Gruh Finance Limited ('GRUH') a listed Subsidiary of the Corporation, at its meeting held on 7 January 2019, approved a Scheme of Amalgamation between GRUH and Bandhan Bank Limited (Bandhan) with effect from proposed Appointed Date of 1 January 2019 under section 230 and 232 of the Companies Act, 2013. In this regards, Competition Commission of India, BSE and NSE have approved proposed scheme of merger. The Scheme remains, subject to receipt of approval of National Company Law Tribunal and the respective Shareholders and Creditors of GRUH and Bandhan.

Notes forming part of the Consolidated Financial Statements (Continued)

11. Assets of Insurance Business

₹ in Crore

Paticulars	Life Insurance			Non Life Insurance		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Investments	**1,24,882.26**	1,04,528.30	90,710.59	**9,187.56**	8,173.39	7,112.28
Other Assets						
Amounts receivable on sale of investments	**627.40**	294.67	331.68	**-**	-	-
Reinsurance assets	**2,426.79**	1,966.65	1,576.43	**-**	-	-
Outstanding premium	**-**	-	-	**1,216.26**	1,048.19	1,154.23
Due from other insurance companies	**-**	-	-	**188.48**	179.17	82.37
RI Recovery on Claims Outstanding	**-**	-	-	**2,562.06**	2,523.38	2,638.07
Total Other Assets	**3,054.19**	2,261.32	1,908.11	**3,966.80**	3,750.74	3,874.67
Total Assets of Insurance Business	**1,27,936.45**	1,06,789.62	92,618.70	**13,154.36**	11,924.13	10,986.95

Investments - Life Insurance Business

₹ in Crore

Investments	As at March 31, 2019				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual funds	-	-	425.23	425.23	**425.23**
Government securities and other approved securties		32,168.77	7,967.60	40,136.37	**40,136.37**
Equity shares	-	-	47,864.96	47,864.96	**47,864.96**
Debentures	-	19,218.83	11,313.14	30,531.97	**30,531.97**
Fixed deposits		440.99	-	440.99	**440.99**
Certificate of deposits	-	332.24	-	332.24	**332.24**
Commercial papers	-	475.80	148.02	623.82	**623.82**
Reverse Repo Instruments	-	1,377.29	2,874.16	4,251.45	**4,251.45**
Investment in Units of Venture Capital Fund / Reits	-	-	275.12	275.12	**275.12**
Total – Gross (A)	**-**	**54,013.92**	**70,868.34**	**1,24,882.26**	**1,24,882.26**
(i) Investments outside India	-	197.54	-	197.54	**197.54**
(ii) Investments in India	-	53,816.38	70,868.34	1,24,684.72	**1,24,684.72**
Total (B)	**-**	**54,013.92**	**70,868.34**	**1,24,882.26**	**1,24,882.26**
Less: Allowance for Impairment loss (C)	-	-	-	-	**-**
Total – Net (D)= (A)-(C)	**-**	**54,013.92**	**70,868.34**	**1,24,882.26**	**1,24,882.26**

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Investments	As at March 31, 2018				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual funds	-	-	945.88	945.88	945.88
Government securities and other approved securties	-	24,098.45	7,957.28	32,055.73	32,055.73
Equity shares	-	-	41,648.13	41,648.13	41,648.13
Preference Shares	-	-	152.97	152.97	152.97
Debentures	-	14,675.06	9,228.93	23,903.99	23,903.99
Fixed deposits	-	271.00	-	271.00	271.00
Certificate of deposits	-	158.00	-	158.00	158.00
Commercial papers	-	765.75	176.31	942.06	942.06
Reverse Repo Instruments	-	1,800.01	2,462.98	4,262.99	4,262.99
Security Receipts	-	-	8.06	8.06	8.06
Investment in Units of Venture Capital Fund / Reits	-	-	179.49	179.49	179.49
Total – Gross (A)	-	41,768.27	62,760.03	1,04,528.30	1,04,528.30
(i) Investments outside India	-	82.20	-	82.20	82.20
(ii) Investments in India	-	41,686.07	62,760.03	1,04,446.10	1,04,446.10
Total (B)	-	41,768.27	62,760.03	1,04,528.30	1,04,528.30
Less: Allowance for Impairment loss (C)	-	-	-	-	-
Total – Net (D)= (A)-(C)	-	41,768.27	62,760.03	1,04,528.30	1,04,528.30

₹ in Crore

Investments	As at April 1, 2017				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual funds	-	-	-	-	-
Government securities and other approved securties	-	20,732.17	8,772.56	29,504.73	29,504.73
Equity shares	-	-	37,557.72	37,557.72	37,557.72
Preference Shares	-	-	143.30	143.30	143.30
Debentures	-	10,659.64	8,950.61	19,610.25	19,610.25
Fixed deposits		84.00	-	84.00	84.00
Certificate of deposits	-	152.98	-	152.98	152.98
Commercial papers	-	24.67	95.97	120.64	120.64
Reverse Repo Instruments	-	1,600.37	1,867.23	3,467.60	3,467.60
Security Receipts	-	-	8.45	8.45	8.45
Investment in Units of Venture Capital Fund / Reits	-	-	60.92	60.92	60.92
Total – Gross (A)	-	33,253.83	57,456.76	90,710.59	90,710.59
(i) Investments outside India	-	80.51	-	80.51	80.51
(ii) Investments in India	-	33,173.32	57,456.76	90,630.08	90,630.08
Total (B)	-	33,253.83	57,456.76	90,710.59	90,710.59
Less: Allowance for Impairment loss (C)	-	-	-	-	-
Total – Net (D)= (A)-(C)	-	33,253.83	57,456.76	90,710.59	90,710.59

Notes forming part of the Consolidated Financial Statements (Continued)

Investments - Non Life Insurance Business

₹ in Crore

Investments	As at March 31, 2019				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual funds	-	-	212.12	212.12	212.12
Government and other approved securities	-	3,573.06	-	3,573.06	3,573.06
Equity Shares	-	-	299.46	299.46	299.46
Preference Shares	-	-	24.98	24.98	24.98
Debentures	-	5,007.53	-	5,007.53	5,007.53
Fixed deposits	70.41	-	-	-	70.41
Total – Gross (A)	**70.41**	**8,580.59**	**536.56**	**9,117.15**	**9,187.56**
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	70.41	8,580.59	536.56	9,117.15	9,187.56
Total (B)	**70.41**	**8,580.59**	**536.56**	**9,117.15**	**9,187.56**
Less: Allowance for Impairment loss (C)	-	-	-	-	-
Total – Net (D)= (A)-(C)	**70.41**	**8,580.59**	**536.56**	**9,117.15**	**9,187.56**

₹ in Crore

Investments	As at March 31, 2018				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Through profit or loss	Sub- Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual funds	-	-	190.88	190.88	190.88
Government and other approved securities	-	3,458.84	-	3,458.84	3,458.84
Equity Shares	-	-	359.98	359.98	359.98
Preference Shares	-	-	37.22	37.22	37.22
Debentures	-	4,061.42	-	4,061.42	4,061.42
Fixed deposits	65.05	-	-	-	65.05
Total – Gross (A)	65.05	7,520.26	588.08	8,108.34	8,173.39
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	65.05	7,520.26	588.08	8,108.34	8,173.39
Total (B)	65.05	7,520.26	588.08	8,108.34	8,173.39
Less: Allowance for Impairment loss (C)	-	-	-	-	-
Total – Net (D)= (A)-(C)	65.05	7,520.26	588.08	8,108.34	8,173.39

MILLIONS MORE TO SERVE

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Investments	As at April 1, 2017				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Through profit or loss	Sub- Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual funds	-	-	215.27	215.27	215.27
Government and other approved securities	-	2,888.25	-	2,888.25	2,888.25
Equity Shares	-	-	291.22	291.22	291.22
Preference Shares	-	-	102.11	102.11	102.11
Debentures	-	3,517.51	-	3,517.51	3,517.51
Fixed deposits	97.92	-	-	-	97.92
Total – Gross (A)	97.92	6,405.76	608.60	7,014.36	7,112.28
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	97.92	6,405.76	608.60	7,014.36	7,112.28
Total (B)	97.92	6,405.76	608.60	7,014.36	7,112.28
Less: Allowance for Impairment loss (C)	-	-	-	-	-
Total – Net (D)= (A)-(C)	97.92	6,405.76	608.60	7,014.36	7,112.28

12. Other Financial Assets

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Security Deposits	**94.38**	97.74	85.51
Receivables on Securitised Loans*	**1,105.84**	887.08	908.42
Interest accrued but not due on Bank Deposits	**13.77**	9.49	19.74
Amounts Receivable on swaps and other derivatives	**1,428.89**	1,255.26	979.59
Inter Corporate Deposits [Refer Note 12.1]	**1,078.58**	672.13	5,786.83
Interest accrued but not due on Loans and Investments	**2,273.57**	1,966.37	1,655.50
Receivables on sale of investments	**469.01**	344.86	457.91
Others	**277.33**	250.12	150.85
Total Gross	**6,741.37**	5,483.05	10,044.35
Less: Impairment loss allowance (Expected Credit Loss)	**31.48**	17.69	19.59
Total Net of ECL	**6,709.89**	5,465.36	10,024.76

* Retained interest and servicing assets

12.1 Inter Corporate Deposits

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(a) Secured by tangible assets	**-**	12.00	4,585.23
(b) Secured by intangible assets	**891.22**	400.00	500.27
(c) Covered by bank and government guarantee	**-**	-	-
(d) Unsecured	**187.36**	260.13	701.33
Total Gross	**1,078.58**	672.13	5,786.83
Less: Impairment loss allowance (Expected Credit Loss)	**27.82**	15.15	17.14
Total Net of ECL	**1,050.76**	656.98	5,769.69

Notes forming part of the Consolidated Financial Statements (Continued)

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

Registered / equitable mortgage of property;

Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies;

Hypothecation of assets;

Bank guarantees, company guarantees or personal guarantees;

Negative lien;

Assignment of receivables;

Liquidity Support. Collateral [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit]

13 (a) **Current Tax Assets (Net)**

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Advance Tax (Net of Provision)	**3,279.98**	3,822.02	3,521.24
Total	**3,279.98**	3,822.02	3,521.24

13 (b) **Deferred Tax Assets/(Liabilities)**

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Deferred tax assets	**919.07**	1,026.21	337.08
MAT credit entitlement	**-**	311.00	-
Deferred tax Liabilities	**(65.43)**	(49.55)	(245.65)
Total	**853.64**	1,287.67	91.43

In compliance with the Indian Accounting Standard (Ind AS) 12 relating to 'Accounting for Taxes on Income', the Corporation has recognised a debit of ₹ **148.43 crore** (Previous Year credit ₹ 983.57 crore) in the Statement of Profit and Loss for the year ended March 31, 2019 towards deferred tax asset (net) for the year, arising on account of timing differences.

MILLIONS MORE TO SERVE

Notes forming part of the Consolidated Financial Statements (Continued)

Movements in deferred tax assets / (liabilities) (current year) ₹ in Crore

Particulars	As at March 31, 2018	Charge for the Current Year			Utilisations/ adjustments	As at March 31, 2019
		Profit or loss (a)	Other Comprehensive Income (b)	Total		
Property, plant and equipment	(55.06)	2.84	-	2.84		**(52.22)**
Expected credit losses	1,683.94	146.32	-	146.32		**1,830.26**
Provisions other than those pertaining to Expected credit loss	69.68	64.73	0.48	65.21		**134.89**
Financial assets at fair value through profit or loss	(69.27)	(37.46)	-	(37.46)		**(106.73)**
Financial assets at FVOCI	0.56	-	13.85	13.85		**14.42**
Remeasurements of employee benefits through OCI	0.38	-	0.67	0.67		**1.05**
Adjustments pertaining to Income and expense recognition based on Expected Interest rate	(271.08)	(288.92)	(0.23)	(289.15)		**(560.23)**
Effect of foreign exchange transactions and translations	(115.22)	-	-	-		**(115.22)**
Income recognition on NPA cases	(265.44)	-	-	-		**(265.44)**
MAT Credit entitlement	311.00				(311.00)	**-**
Others	(1.82)	(35.94)	2.43	(33.51)	8.20	**(27.13)**
Total	**1,287.67**	**(148.43)**	**17.20**	**(131.23)**	**(302.80)**	**853.64**

Movements in deferred tax assets / (liabilities)(previous year) ₹ in Crore

Particulars	As at April 1, 2017	Charge for the Previous Year			Utilisations/ adjustments	As at March 31, 2018
		Profit or loss (a)	Other Comprehensive Income (b)	Total (a+b)		
Property, plant and equipment	(45.42)	(9.64)	-	(9.64)		(55.06)
Expected credit losses	1,124.56	559.38	-	559.38		1,683.94
Provisions other than those pertaining to Expected credit loss	58.34	10.72	0.62	11.34		69.68
Financial assets at fair value through profit or loss	(65.54)	(3.73)	-	(3.73)		(69.27)
Financial assets at FVOCI	(88.66)	-	89.23	89.23		0.56
Remeasurements of employee benefits through OCI	-	-	0.38	0.38		0.38
Adjustments pertaining to Income and expense recognition based on Expected Interest rate	(514.51)	243.43	-	243.43		(271.08)
Effect of foreign exchange transactions and translations	(86.00)	(29.23)	-	(29.23)		(115.22)
Income recognition on NPA cases	(177.69)	(87.75)	-	(87.75)		(265.44)
MAT Credit entitlement	-	311.00	-	311.00		311.00
Others	(113.64)	(10.61)	29.13	18.52	93.30	(1.82)
Total	91.43	983.57	119.36	1,102.93	93.30	1,287.67

Deferred tax on unused tax losses amounting to ₹ **Nil** (Previous year ₹ 72.57 crore and ₹ 428.45 crore as at April 1, 2017) has not been created by one of the subsidiary company. Such credits have been fully utilised by the Company in FY 2018-2019.

Notes forming part of the Consolidated Financial Statements (Continued)

14. Investment Property

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Gross carrying amount			
Opening gross carrying amount / Deemed cost	470.06	461.03	461.03
Additions	17.28	203.63	
Deduction / Disposal	(57.61)	(24.51)	
Asset held for sale	-	(170.09)	
Transfer to Fixed Assets	(5.50)	-	
Closing gross carrying amount	**424.23**	**470.06**	**461.03**
Accumulated depreciation			
Opening accumulated depreciation	9.19	-	
Depreciation charge	8.56	9.19	
Depreciation on Sale	(2.07)	-	
Transfer to Fixed Assets	(0.09)		
Closing accumulated depreciation	**15.59**	**9.19**	
Accumulated Impairment			
Opening accumulated Impairment		-	
Impairment charge	13.00	-	
Closing accumulated Impairment	**13.00**	**-**	
Net carrying amount	**395.64**	**460.87**	**461.03**

14.1. Fair Value (Level 3)

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Investment properties	775.76	893.75	879.61

The fair value of the Corporation's investment properties as at March 31, 2019, March 31, 2018 and April 1, 2017 has been arrived at on the basis of a Internal Valuation.

MILLIONS MORE TO SERVE

Notes forming part of the Consolidated Financial Statements (Continued)

15. Tangible Assets

₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2018	Additions	Adjustments	Deductions	**As at March 31, 2019**	As at March 31, 2018	For the Year	Adjustments	Deductions	**As at March 31, 2019**	**As at March 31, 2019**	As at March 31, 2018
Land :												
Freehold	16.64	-	-	-	**16.64**	-	-	-	-	-	**16.64**	16.64
Leasehold	349.56	2.08	-	0.86	**350.78**	8.88	8.88	-	-	**17.76**	**333.02**	340.68
Buildings :	575.65	0.76	5.50	0.02	**581.89**	11.20	9.43	0.09	(2.11)	**22.83**	**559.06**	564.45
Leasehold Improvements	41.63	31.35	-	3.08	**69.90**	7.77	13.74	-	2.82	**18.69**	**51.21**	33.86
Computer Hardware	95.06	38.36	0.01	8.84	**124.59**	27.18	25.36	-	(1.22)	**53.76**	**70.83**	67.88
Furniture & Fittings	67.57	14.44	-	5.51	**76.50**	8.45	9.29	-	2.19	**15.55**	**60.95**	59.12
Office Equipment etc.	67.61	25.47	-	8.60	**84.48**	10.96	14.95	-	5.55	**20.36**	**64.12**	56.65
Vehicles	35.90	16.02	-	10.98	**40.94**	6.96	7.76	-	5.97	**8.75**	**32.19**	28.94
Total	1,249.62	128.48	5.51	37.89	**1,345.72**	81.40	(1) (2) 89.41	0.09	13.20	**157.70**	**1,188.02**	1,168.22

Notes

(1) Net of depreciation for the year amounting to ₹ **21.90 crore** (Previous Year ₹ 19.45 crore) included in other expenses pertaining to Insurance Business.

(2) Depreciation for the financial year excludes ₹ **8.56 crore** (Previous Year ₹ 9.19 crore) being depreciation charge and ₹ **13.00 crore** (Previous Year ₹ Nil) being impairment charge on investment in properties.

₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	Deemed Cost As at April 1, 2017	Additions	Adjustments	Deductions	As at March 31, 2018	Deemed April 1, 2017	For the Year	Adjustments	Deductions	As at March 31, 2018	As at March 31, 2018	As at April 1, 2017
Land :												
Freehold	16.67	-	-	0.03	16.64	-	-	-	-	-	16.64	16.67
Leasehold	349.56	-	-	-	349.56	-	8.88	-	-	8.88	340.68	349.56
Buildings :												
Own Use	469.28	52.13	95.34	41.10	575.65		9.38	32.59	30.77	11.20	564.45	469.28
Under Operating Lease	54.29	-	222.05	276.34	-		-	222.05	222.05	-	-	54.29
Leasehold Improvements	29.32	15.37	(0.02)	3.04	41.63		10.45	(0.01)	2.67	7.77	33.86	29.32
Computer Hardware	59.90	46.04	(0.90)	9.98	95.06		24.47	(0.38)	(3.09)	27.18	67.88	59.90
Furniture & Fittings												
Own Use	49.26	20.33	0.56	2.58	67.57		8.57	0.12	0.24	8.45	59.12	49.26
Under Operating Lease	-	-	0.13	0.13	-		-	0.13	0.13	-	-	-
Office Equipment etc.												
Own Use	49.96	23.96	0.62	6.93	67.61		12.88	1.18	3.10	10.96	56.65	49.96
Under Operating Lease	0.03	-	1.21	1.24	-		-	1.21	1.21	-	-	0.03
Vehicles - Owned	21.87	17.60	-	3.57	35.90	-	6.28	-	(0.68)	6.96	28.94	21.87
Total	1,100.14	175.43	318.99	344.94	1,249.62	-	(1) (2) 80.91	256.89	256.40	81.40	1,168.22	1,100.14

Notes

(1) Net of depreciation for the year amounting to ₹ 19.45 Crore included in other expenses pertaining to insurance business.

(2) Depreciation for the financial year excludes ₹ 9.19 Crore being depreciation charge on investment in properties.

Notes forming part of the Consolidated Financial Statements (Continued)

16 Intangible Assets

A) Intangible assets other than Goodwill on Consolidation

₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2018	Additions	Adjustments	Deductions	**As at March 31, 2019**	As at March 31, 2018	For the Year	Adjustments	Deductions	**As at March 31, 2019**	**As at March 31, 2019**	As at March 31, 2018
Computer Software												
Owned	126.17	48.77	-	0.34	**174.60**	37.28	30.50	-	(11.66)	**79.44**	**95.16**	88.89
Goodwill	6.04	-	-	-	**6.04**		-	-	-	**-**	**6.04**	6.04
Total	132.21	48.77	-	0.34	**180.64**	37.28	(1)30.50	-	(11.66)	**79.44**	**101.20**	94.93

Notes

(1) Net of depreciation for the year amounting to ₹ **11.83 crore** (Previous Year ₹ 11.22 crore) included in other expenses pertaining to Insurance Business.

₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	Deemed Cost as at April 1, 2017	Additions	Adjustments	Deductions	As at March 31, 2018	Deemed Cost as at April 1, 2017	For the Year	Adjustments	Deductions	As at March 31, 2018	As at March 31, 2018	As at April 1, 2017
Computer Software												
Owned	76.43	50.37	0.55	1.18	126.17		26.30	0.55	(10.43)	37.28	88.89	76.43
Goodwill	6.04	-	-	-	6.04		-	-	-	-	6.04	6.04
Website Development	0.20	0.03	2.87	3.10	0.00		0.09	2.88	2.97	-	-	0.20
Total	82.67	50.40	3.42	4.28	132.21	-	(1)26.39	3.43	(7.46)	37.28	94.93	82.67

Notes

(1) Net of depreciation for the year amounting ₹ 11.22 crore included in other expenses pertaining to Insurance Business.

B) Goodwill on Consolidation

₹ in Crore

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Opening carrying amount	**625.46**	626.84	626.84
Additions on account of acquisitions of a subsdiary	**-**	-	-
Deduction on account of Disposal of subsidiary	**-**	-	-
Other adjustments	**-**	(1.38)	-
Closing carrying amount	**625.46**	625.46	626.84

The recoverable amount of subsidiaries is based on its value in use. The value in use is estimated using discounted cash flows over a period of 5 years. Cash flows beyond 5 years is estimated by capitalising the future maintainable cash flows by an appropriate capitalisation rate and then discounted using pre-tax discount rate.

Operating margins and growth rates for the five year cash flow projections have been estimated based on past experience and after considering the financial budgets/forecasts provided by the management. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industry and have been based on historical data from both external and internal sources.

The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

17. Other Non-Financial Assets

₹ in Crore

Particulars	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Capital Advances - Unsecured; considered good	**67.74**	59.94	21.94
Other Advances - Unsecured; Considered good	**747.64**	868.85	962.33
Prepaid Expenses - Unsecured; considered good	**140.24**	267.49	233.56
Investment Property - Held for sale	**6.90**	180.05	14.92
Advance against Investment in Properties	**-**	-	113.18
Total	**962.52**	1,376.33	1,345.93

Notes forming part of the Consolidated Financial Statements (Continued)

18. Payables

18.(a) Trade Payables

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Total outstanding dues of micro enterprises and small enterprises	**1.55**	0.30	0.18
Total outstanding dues of creditors other than micro enterprises and small enterprises	**1,995.80**	1,715.62	1,300.57

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

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
a) Amount outstanding but not due as at year end		-	-
b) Amount due but unpaid as at the year end	**1.55**	0.30	0.18
c) Amounts paid after appointed date during the year		-	-
d) Amount of interest accrued and unpaid as at year end		-	-
e) The amount of further interest due and payable even in the succeeding year		-	-
	1.55	0.30	0.18

18.(b) Other Payables

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Total outstanding dues of micro enterprises and small enterprises	**-**	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**463.04**	596.61	487.64

19. Debt Securities - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Bonds	**27.35**	34.20	40.49
Non Convertible Debentures	**134,378.22**	128,164.53	107,982.29
Synthetic Rupee Denominated Bonds	**11,100.00**	9,600.00	8,300.00
Commercial Papers	**37,947.78**	44,148.56	37,715.29
Perpetual Debt Instrument	**274.27**	199.43	149.61
Less: Unamortised borrowing cost	**(155.60)**	(122.37)	(177.52)
Total	**183,572.02**	182,024.35	154,010.15
Debt securities in India	**172,472.02**	172,424.35	145,710.15
Debt securities outside India	**11,100.00**	9,600.00	8,300.00
Total	**183,572.02**	182,024.35	154,010.15

Notes forming part of the Consolidated Financial Statements (Continued)

The Corporation has raised ₹ **11,100 crore** through Rupee Denominated Bonds to overseas investors till date. The Corporation was the first Indian corporate issuer of such bonds.

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

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

The Corporation has raised ₹ **6,100 crore** till date under the MTN Programme in accordance with the RBI guidelines.

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

Terms of redemption of bonds and debentures and repayment terms as at March 31, 2019 ₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
9.00% - 11.00%	-	14.95	12.40	-	27.35
Non Convertible Debentures					
6.96% - 8.00%	17,278.00	8,825.84	1,173.00	3,327.80	30,604.64
8.01% - 10.00%	13,839.95	33,308.54	5,095.60	32,592.74	84,836.83
10.01% - 11.95%	3,083.28	11,559.05	-	-	14,642.32
Zero Coupon Bonds	3,794.42	500.00	-	-	4,294.42
Total	**37,995.65**	**54,193.43**	**6,268.60**	**35,920.54**	**1,34,378.22**
Synthetic Rupee Denominated Bonds					
6.73% to 8.75%	5,000.00	4,300.00	1,800.00	-	11,100.00
Commercial Papers					
7.01% - 8.00%	7,628.67				7,628.67
8.01% - 9.00%	30,194.07				30,194.07
Above 9.00%	125.04				125.04
Total	**37,947.78**	**-**	**-**	**-**	**37,947.78**
Perpetual Debt Instrument					
8.00% - 10.00%	-	-	-	124.60	124.60
10.01% - 12.00%	-	-	-	149.67	149.67
Total	**-**	**-**	**-**	**274.27**	**274.27**

Terms of redemption of bonds and debentures and repayment terms as at March 31, 2018 ₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
9.00% - 11.00%	6.85	14.95	12.40	-	34.20

Notes forming part of the Consolidated Financial Statements (Continued)

Non Convertible Debentures					
6.96% - 8.00%	22,765.58	39,473.00	883.00	3,234.29	66,355.87
8.01% - 10.00%	15,816.02	20,303.82	4,887.71	9,900.00	50,907.55
10.01% - 11.95%	4,384.89	164.87	299.31	-	4,849.07
Zero Coupon Bonds	2,252.04	3,800.00	-	-	6,052.04
Total	**45,218.53**	**63,741.69**	**6,070.02**	**13,134.29**	**1,28,164.53**
Synthetic Rupee Denominated Bonds					
6.87% - 7.88%	-	8,300.00	1,300.00	-	9,600.00
Commercial Papers					
6.50% - 7.00%	7,307.08	-	-	-	7,307.08
7.01% - 8.00%	36,841.48	-	-	-	36,841.48
Total	**44,148.56**	**-**	**-**	**-**	**44,148.56**
Perpetual Debt Instrument					
8.00% - 10.00%	-	-	-	49.80	49.80
10.01% - 12.00%	-	-	-	149.63	149.63
Total	**-**	**-**	**-**	**199.43**	**199.43**

Terms of redemption of bonds and debentures and repayment terms as at April 1, 2017 ₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
9.00% - 11.00%	6.30	14.10	15.89	4.20	40.49
Non Convertible Debentures					
6.96% - 8.00%	4,840.00	20,511.00	199.67	3,349.24	28,899.91
8.01% - 10.00%	17,218.93	29,760.22	12,971.47	7,118.00	67,068.62
10.01% - 11.95%	1,110.00	4,185.00	-	-	5,295.00
Zero Coupon Bonds	1,468.75	5,250.00	-	-	6,718.75
Total	**24,637.68**	**59,706.22**	**13,171.14**	**10,467.24**	**1,07,982.28**
Synthetic Rupee Denominated Bonds					
6.87% - 7.88%	-	5,000.00	3,300.00	-	8,300.00
Commercial Papers					
6.50% - 7.00%	12,622.91	-	-	-	12,622.91
7.01% - 8.00%	20,369.43	-	-	-	20,369.43
8.01% - 9.00%	4,722.95	-	-	-	4,722.95
Total	**37,715.29**	**-**	**-**	**-**	**37,715.29**
Perpetual Debt Instrument					
10.01% - 12.00%	-	-	-	149.61	149.61
Total	**-**	**-**	**-**	**149.61**	**149.61**

Notes forming part of the Consolidated Financial Statements (Continued)

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

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Secured			
Term Loans from Banks			
Scheduled Banks	**52,292.35**	26,522.21	25,665.78
Term Loans from other parties			
Asian Development Bank	**255.79**	296.37	343.98
National Housing Bank	**12,825.58**	10,728.84	8,857.86
	13,081.37	11,025.21	9,201.84
Total Secured	**66,010.72**	37,547.42	34,867.61
Unsecured			
Term Loans from Banks			
Scheduled Banks	**6,543.10**	6,161.70	4,235.95
External Commercial Borrowing	**14,586.56**	7,657.48	7,619.88
	21,129.66	13,819.18	11,855.83
Loans repayable on demand from Banks	**3,235.01**	4,687.37	38.02
Total	**90,375.39**	56,053.97	46,761.46
Borrowings in India	**75,533.05**	48,100.12	38,797.61
Borrowings outside India	**14,842.34**	7,953.85	7,963.85
Total	**90,375.39**	56,053.97	46,761.46

20.1 All secured borrowings are secured by negative lien on the assets of the Corporation and GRUH Finance Ltd and / or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under section 29B of the National Housing Bank Act, 1987. Certain borrowings are secured by the first charge by way of hypothetication of education loan receivables of underlying portfolio of education loans of HDFC Credila Financial Services Pvt. Ltd.

20.2 The Corporation has availed a loan of USD 100 million from the Asian Development Bank (Loan II). In respect of tranches 1 and 2 aggregating to USD 60 million, as per the agreements with a scheduled bank, the Corporation has handed over the dollar funds to the bank overseas and has obtained rupee funds in India amounting to ₹ 200 crore by way of a term loan and ₹ 100 crore through the issue of bonds which have been subscribed by the bank.

In respect of tranche 3 of USD 40 million, as per the agreement with a financial institution, the Corporation has handed over the dollars to the Bank of India, Cayman Island and under a back-to-back arrangement obtained rupee funds in India. All payments in foreign currency are the responsibility of the financial institution. In terms of the agreements, the Corporation’s foreign exchange liability is protected.

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

20.3. The Corporation had availed External Commercial Borrowing (ECBs) of USD 1,625 million and JPY 53,200 million for financing prospective owners of low cost affordable housing units as per the ECB guidelines issued by Reserve Bank of India (“RBI”) from time to time. The borrowing has a maturity of five years. In terms of the RBI guidelines, part of the borrowings have been swapped into rupees for the entire maturity by way of principal only swaps and balance borrowing has been hedged through forward contracts for shorter tenor. The currency exposure on the interest has been hedged by way of forward contracts.

Notes forming part of the Consolidated Financial Statements (Continued)

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

20.4 As on March 31, 2019, the Corporation has foreign currency borrowings of USD 2,797.36 million and JPY 53,200 million (Previous Year USD 3,029.15 million and JPY Nil). The Corporation has undertaken currency swaps, forward contracts and option contracts of a notional amount of USD 2,670.00 million and JPY 53,200 million (Previous Year USD 2,325 million and JPY Nil) and dollar denominated assets and foreign currency arrangements of USD 111.12 million (PY USD 367.39 million) to hedge the foreign currency risk. As on March 31, 2019, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is USD 16.24 million (Previous Year USD 336.76 million).

As a part of asset liability management on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into INR interest rate swaps of a notional amount of ₹ 55,650 crore (Previous Year ₹ 48,270 crore) and Cross Currency Interest rate swaps of a notional amount of ₹ Nil (Previous Year ₹ 100 crore) as on March 31, 2019 for varying maturities into floating rate liabilities linked to various benchmarks.

Terms of borrowings and repayment as at 31 March 2019 ₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks - Secured					
7.01% - 8.00%	62.50	62.50	300.00	-	425.00
8.01% - 9.00%	28,088.09	2,460.36	1,521.08	177.12	32,246.64
9.01% - 9.50%	10,079.61	2,439.19	197.11	35.00	12,750.92
Above 9.5%	27.15	87.11	64.56	85.26	264.08
Fixed 2.68%-5.01%	7,242.71				7,242.71
Total Secured	**45,500.06**	**5,049.16**	**2,082.75**	**297.38**	**52,929.35**
Term Loans from Other Parties					
Asian Development Bank					
USD LIBOR + 40 bps	30.05	225.74	-	-	255.79
National Housing Bank					
4.00%-6.00%	285.55	761.46	761.46	763.38	2,571.84
6.01%-8.00%	203.88	418.11	390.71	400.57	1,413.26
8.01%-10.00%	882.26	2,179.63	1,674.54	4,104.05	8,840.48
Total Secured	**1,371.68**	**3,359.20**	**2,826.70**	**5,268.00**	**12,825.58**
Term Loans from Banks - Unsecured					
8.01% - 9.00%	3,100.00	1,000.00	250.00	-	4,350.00
9.01% - 9.50%	1,500.00	-	-	-	1,500.00
Variable USD LIBOR + 72BPS - 225 BPS	693.10	-	-	-	693.10
Total Unsecured	**5,293.10**	**1,000.00**	**250.00**	**-**	**6,543.10**
External Commercial Borrowing					
1 Month LIBOR + 50 bps to 126 bps	-	6,064.63	8,521.93	-	14,586.56

Notes forming part of the Consolidated Financial Statements (Continued)

Terms of borrowings and repayment as at March 31, 2018

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks - Secured					
6.65% - 7.00%	100.00	200.00	200.00	300.00	800.00
7.01% - 8.00%	10,630.86	188.64	-	265.00	11,084.50
8.01% - 9.00%	2,299.02	638.76	363.50	127.19	3,428.47
USD LIBOR + 72BPS - 225 BPS	11,209.24	-	-	-	11,209.24
Total	24,239.12	1,027.40	563.50	692.19	26,522.21
Term Loans from Other Parties					
Asian Development Bank					
USD LIBOR + 40 bps	26.57	58.29	211.51	-	296.37
National Housing Bank					
4.00%-6.00%	136.73	364.63	364.63	645.18	1,511.17
6.01%-8.00%	853.32	2,035.03	1,641.54	2,339.12	6,869.01
8.01%-10.00%	543.91	599.63	382.06	823.06	2,348.66
Total Secured	1,533.97	2,999.29	2,388.23	3,807.36	10,728.84
Term Loans from Banks - Unsecured					
6.65% - 7.00%	-	-	1,000.00	250.00	1,250.00
7.01% - 8.00%	3,260.00	-	-	-	3,260.00
8.01% - 9.00%	1,000.00	-	-	-	1,000.00
USD LIBOR + 72 bps - 225 bps	651.70	-	-	-	651.70
Total Unsecured	4,911.70	-	1,000.00	250.00	6,161.70
External Commercial Borrowing					
USD LIBOR + 120 bps - 126 bps	1,955.10	3,258.50	2,443.88	-	7,657.48

Terms of borrowings and repayment as at April 1, 2017

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks - Secured					
7.01% - 8.00%	225.00	-	-	-	225.00
8.01% - 9.00%	8,739.06	621.21	1,392.39	4,500.98	15,253.64
9.01%-9.50%	400.00	47.72	47.72	65.61	561.05
Fixed 2.68%-5.01%	383.78	62.50	29.98	-	476.26
Variable USD LIBOR + 72BPS - 225 BPS	9,149.83	-	-	-	9,149.83
Total	18,897.66	731.43	1,470.09	4,566.59	25,665.78
Term Loans from Other Parties					
Asian Development Bank					
USD LIBOR + 40 bps	24.86	54.55	78.33	186.24	343.98

MILLIONS MORE TO SERVE

Notes forming part of the Consolidated Financial Statements (Continued)

National Housing Bank					
4.00%-6.00%	0.11	-	-	-	0.11
6.01%-8.00%	863.07	1,982.54	1,497.70	716.76	5,060.07
8.01%-10.00%	929.15	1,179.12	507.32	1,182.09	3,797.68
Total Secured	1,792.33	3,161.66	2,005.02	1,898.85	8,857.86
Term Loans from Banks - Unsecured					
7.01% - 8.00%	1,200.00	-	1,000.00	-	2,200.00
8.01% - 9.0%	285.00	-	-	-	285.00
Variable USD LIBOR + 72BPS - 225 BPS	1,750.95	-	-	-	1,750.95
Total Unsecured	3,235.95	-	1,000.00	-	4,235.95
External Commercial Borrowing					
USD LIBOR + 107 - 126 bps	-	1,945.50	5,674.38	-	7,619.88

The borrowings have not been guaranteed by Directors or others. Also, there has been no default in repayment of borrowings and interest thereon.

21. Deposits - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Deposits			
(i) Public Deposits	**77,064.56**	63,899.04	60,918.96
(ii) From Banks	**115.00**	323.00	582.00
(iii) From Others	**30,174.13**	28,714.40	25,725.31
Less: Unamortised transaction cost - Deposits	**(281.70)**	(230.59)	(236.84)
Total	**107,071.99**	92,705.85	86,989.43

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

22. Subordinated Liabilities - At amortised cost

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Non Convertible Subordinated Debentures	**5,735.70**	5,632.28	5,549.51
Total	**5,735.70**	5,632.28	5,549.51
Subordinated Liabilities in India	**5,735.70**	5,632.28	5,549.51
Subordinated Liabilities outside India	**-**	-	-
Total	**5,735.70**	5,632.28	5,549.51

Terms of borrowings and repayment as at March 31, 2019 ₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
8.65% - 9.75%	500.00	2,000.00	35.00	3,200.70	5,735.70

Terms of borrowings and repayment as at As at March 31, 2018

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
8.65% - 9.75%	-	1,500.00	1,022.82	3,109.46	5,632.28

Terms of borrowings and repayment as at April 1, 2017

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
8.65% - 9.75%	-	525.00	2,000.00	3,024.51	5,549.51

23. Liabilities pertaining to Insurance Business

₹ in Crore

Paticulars	Life Insurance			Non Life Insurance		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017	**As at March 31, 2019**	As at March 31, 2018	As at April 1, 2017
Insurance Contract Liabilites	**99,527.51**	83,841.30	71,755.35	**-**	-	-
Dues to Policyholders’	**1,766.27**	1,938.35	1,250.15	**22.82**	18.93	21.84
Funds for future appropriation	**1,103.01**	959.20	866.78	**-**	-	-
Reserve for unexpired Risk	**-**	-	-	**2,841.35**	2,278.58	1,821.20
Investment contract liabilities	**19,893.96**	17,613.43	15,979.13	**-**	-	-
Policyholders’ surplus yet to be allocated	**1,505.47**	614.28	1,429.98	**-**	-	-
Unallocated premium (policyholders)	**608.07**	332.05	229.27	**488.38**	662.89	387.29
Reserve for claims	**-**	-	-	**6,121.43**	5,426.11	5,049.77
Premium received in advance	**-**	-	-	**355.78**	55.75	105.36
Due to other insurance companies	**-**	-	-	**1,344.55**	1,651.79	1,602.09
Purchase of Investments pending Settlement	**890.48**	881.09	894.05	**-**	-	-
Deferred origination fees	**49.75**	72.15	107.82	**-**	-	-
Total Liabilities of Insurance Business	**1,25,344.52**	1,06,251.85	92,512.53	**11,174.31**	10,094.05	8,987.55

Notes forming part of the Consolidated Financial Statements (Continued)

24. Other Financial Liabilities

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Interest accrued but not due	**10,770.87**	9,827.98	7,961.48
Premium payable on redemption of Debentures	**1,166.69**	1,218.65	1,070.31
Amounts payable on Securitised Loans	**535.35**	490.55	574.60
Security and other deposits received	**32.90**	30.42	25.33
Financial Assistance received from Kreditanstalt für Wiederaufbau	**7.78**	7.78	7.78
Unclaimed dividend	**29.17**	45.08	26.31
Unclaimed matured deposits	**1,075.58**	752.86	827.78
Interest accrued and due on matured deposits	**105.90**	85.84	107.20
Other deposits and payables	**735.80**	381.72	715.90
Total	**14,460.04**	12,840.88	11,316.68

25. Current Tax Liabilities (Net)

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Provision for Tax (Net of Advance Tax)	**170.53**	113.55	74.87
	170.53	113.55	74.87

26. Provisions

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Provision for Employee Benefits	**369.12**	315.44	307.64
Other provisions	**0.30**	0.09	6.36
Total	**369.42**	315.53	314.00

27. Other Non-Financial Liabilities

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Revenue received in advance	**534.67**	417.15	448.64
Statutory Remittances	**387.39**	397.58	234.91
Others	**61.34**	22.49	87.82
Total	**983.40**	837.22	771.37

Notes forming part of the Consolidated Financial Statements (Continued)

28. Equity Share Capital

₹ in Crore

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
AUTHORISED			
228,80,50,000 Equity Shares of ₹ 2 each	**457.61**	457.61	350.00
(Previous Year 228,80,50,000 Equity Shares of ₹ 2 each)			
	457.61	457.61	350.00
ISSUED, SUBSCRIBED AND FULLY PAID UP			
172,14,37,390 Equity Shares of ₹ 2 each	**344.29**	335.18	317.73
(Previous Year 167,58,79,893 Equity Shares of ₹ 2 each)			
	344.29	335.18	317.73

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

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number	₹ in Crore	Number	₹ in Crore	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**167,58,79,893**	**335.18**	158,86,72,140	317.73	157,98,46,340	315.97
Shares allotted pursuant to exercise of stock options	**95,72,626**	**1.91**	1,19,74,230	2.40	88,25,800	1.76
Shares allotted pursuant to issue of shares under Conversion of Warrants into equity shares (Previous year allotment of shares under QIP, preferential basis and Conversion of Warrants into equity shares	**3,59,84,871**	**7.20**	7,52,33,523	15.05	-	-
Equity shares outstanding as at the end of the year	**172,14,37,390**	**344.29**	167,58,79,893	335.18	158,86,72,140	317.73

28.2 Details of shareholders holding more than 5 percent shares in the Corporation are given below:

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number	₹ in Crore	Number	₹ in Crore	Number	₹ in Crore
Life Insurance Corporation of India (All accounts)	-	-	-	-	8,60,26,344	5.41%

28.3 **Terms and rights attached to equity shares:**

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

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

As at March 31, 2019 **6,48,95,193 shares** (Previous Year 11,04,53,219 shares) were reserved for issuance as follows:

a) **6,48,95,193 shares** of ₹ **2** each (Previous Year 7,44,67,819 shares of ₹ 2 each) towards outstanding Employees Stock Options granted / available for grant, including lapsed options [Refer Note 46].

b) **Nil shares** of ₹ **2** each (Previous Year 3,59,85,400 shares of ₹ 2 each) towards outstanding share warrants [Refer Note 28.5].

Notes forming part of the Consolidated Financial Statements (Continued)

28.4 **Dividend:**

The Board of Directors of the Corporation at its meeting held on March 6, 2019, inter alia, has approved the payment of an interim dividend of ₹ **3.50 per equity share** (Previous year ₹ 3.50 per equity share) of face value of ₹ 2 each of the Corporation, for the financial year 2018-19.

28.5 The Corporation had on October 5, 2015 issued 3,65,00,000 warrants, convertible into 3,65,00,000 equity share of ₹ 2 each at an exercise price of ₹ 1,475.00 each, simultaneously with the issue of 5,000 secured redeemable non-convertible debentures of face value of ₹ 1,00,00,000 each, to eligible qualified institutional buyers by way of a qualified institutions placement in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and Sections 42 and 71 of the Companies Act, 2013 and the rules made thereunder. An amount of ₹ 51.10 crore was received towards subscription of warrants. The said warrants were exercisable at any time on or before October 5, 2018. During the year, 3,59,84,871 warrants were exchanged with 3,59,84,871 equity shares of ₹ 2 each and realised an amount of ₹ 5,307.77 crore. 529 warrants were not submitted for exchange with equity shares of the Corporation and the said warrants has lapsed and ceased to be valid. The amount of ₹ 14 per Warrant paid on 529 warrants stands forfeited.

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

29. Other Equity

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Capital Reserve	**48.30**	48.30	48.30
Securities Premium	**31,408.42**	24,836.68	10,467.69
General Reserve	**18,837.81**	18,790.14	16,270.30
Retained Earnings	**41,381.41**	30,472.93	23,300.51
Special Reserve I	**51.23**	51.23	51.23
Special Reserve II	**13,394.52**	11,485.63	10,069.08
Special Reserve U/s 45-IC of The Reserve Bank of India Act, 1934	**104.93**	86.24	70.34
Statutory Reserve	**5,043.64**	4,943.64	3,865.64
Shelter Assistance Reserve	**3.27**	18.21	193.21
Corporate Social Responsibility Account	**-**	-	1.55
Equity Instruments through Other Comprehensive Income	**(151.82)**	(24.70)	(7.52)
Debt Instruments through Other Comprehensive Income	**270.16**	42.12	215.88
Effective portion of Cash Flow Hedges	**(224.03)**	(235.25)	(183.80)
Cost of Cash Flow Hedges	**(0.86)**	2.89	-
Employee Stock Options Reserve	**1,145.58**	973.90	21.34
Foreign Currency Monetary Item Translation Difference Account	**7.43**	(50.71)	362.12
Translation Reserve	**17.76**	9.35	6.38
Capital Redemption Reserve	**23.88**	26.29	27.67
Debenture redemption reserve	**14.72**	9.81	4.94
Capital Reserve	**1.00**	1.00	1.00
Special Redemption Reserve	**11.50**	-	-
Money received against Share Warrants	**-**	50.38	51.10
Total	**111,388.85**	91,538.08	64,836.96

Notes forming part of the Consolidated Financial Statements (Continued)

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

29.2 **Securities Premium Reserve:** Securities premium reserve is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs, etc.

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

The Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India was effective from April 1, 2016. On and from that date, all derivative contracts are recognised on the balance sheet and measured at fair value. The fair value changes are recognised in the Statement of Profit and Loss unless hedge accounting is used. Where hedge accounting is used, fair value changes of the derivative contracts are recognised through the Statement of Profit and Loss in the same period as the offsetting losses and gains on the hedged item. The long term monetary items other than derivatives continue to be amortised, through the Statement of Profit and Loss over the balance period of such long term asset or liability as explained in Note 29.8 below.

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

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

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

As per Section 29C of The National Housing Bank Act, 1987 (the “NHB Act”), the Corporation is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Corporation under Section 36(1)(viii) of the Income- tax Act, 1961 is considered to be an eligible transfer. The Corporation has transferred an amount of ₹ **1,908.89 crore** (Previous Year ₹ 1,416.55 crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of ₹ **100.00 crore** (Previous Year ₹ 1,078 crore) to “Statutory Reserve (As per Section 29C of The NHB Act)”.

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

29.6 **Other Comprehensive Income:**

Employee Share Option Outstanding: The Corporation has a share option scheme under which options to subscribe for the Corporation’s shares have been granted to certain employees including key management personnel. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, as part of their remuneration.

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

29.7 **Employee Share Option Outstanding:**

The Corporation has stock option schemes under which options to subscribe for the Corporation’s shares have been granted to employees, including key management personnel. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, as part of their remuneration.

MILLIONS MORE TO SERVE

Notes forming part of the Consolidated Financial Statements (Continued)

29.8 **Foreign Currency Monetary Item Translation Difference Account:**

Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities. Consequently, an amount of ₹ **7.43 crore (without considering future tax benefit of ₹ Nil crore)** [(Previous Year net debit of ₹ 50.71 crore) (without considering future tax benefits of ₹ 17.72 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2019. This amount is to be amortised over the period of the monetary assets/ liabilities ranging upto 1 year.

During the year, there was a net reduction of ₹ **58.14 crore** (Previous Year net addition of ₹ 412.84 crore) in the Foreign Currency Monetary Items Translation Difference Account.

30. Interest Income

₹ in Crore

Particulars	2018-19			2017-18		
	On Financial Assets measured at Amortised Cost	**Interest Income on Financial Assets classified at fair value through profit or loss**	**Total**	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through profit or loss	Total
Interest on Loans	**44,735.38**	-	**44,735.38**	37,730.80	-	37,730.80
Interest income from investments	**733.44**	-	**733.44**	568.75	-	568.75
Interest on deposits	**149.95**	-	**149.95**	185.26	-	185.26
Other interest Income	**208.71**	-	**208.71**	186.31	-	186.31
Surplus from deployment in Cash Management Schemes of Mutual Funds	-	**997.71**	**997.71**	-	449.00	449.00
Total	**45,827.48**	**997.71**	**46,825.19**	38,671.12	449.00	39,120.12

30.1 Other Interest includes interest on income tax refund ₹ **143.70 crore** (Previous Year ₹ 192.65 crore)

30.2 Interest Income on Stage 3 Assets is recognised on the net carrying value (the gross carrying value as reduced by the impairment allowance). Accordingly the total Interest Income is net of such interest on Credit Impaired Assets amounting to ₹ **154 crore** (Previous Year ₹ 113 crore).

31 Leasing Arrangements

In accordance with the Indian Accounting Standard (Ind AS) 17 on 'Leases', the following disclosures in respect of Operating Leases are made:

Income from Leases includes ₹ **39.69 crore** (Previous Year ₹ 6.30 crore) in respect of properties and certain assets leased out by the Corporation under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payment are as follows:

₹ in Crore

Particulars	**As at March 31, 2019**	As at March 31, 2018
Within one year	**36.89**	3.44
Later than one year but not later than 5 years	**75.60**	2.46
Later than 5 years	**8.72**	0.59

Notes forming part of the Consolidated Financial Statements (Continued)

32. Net gain on fair value changes

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	**563.48**	107.30
- Derivatives	**-**	-
- Others	**-**	-
- Others reclassified from OCI	**187.11**	358.21
Total Net gain on fair value changes	**750.59**	465.51
Fair Value changes:		
- Realised	**214.18**	80.81
- Unrealised	**536.41**	384.70
Total Net gain on fair value changes	**750.59**	465.51

The Corporation has derecognised loans on account of assignment transactions resulting in a gains of ₹ **859.99 crore** (Previous year ₹ 533.71 crore)

33. Incomes pertaining to Insurance Business

₹ in Crore

Particulars	Life Insurance		Non Life Insurance	
	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Premium Income	**28,418.96**	22,380.17	**7,761.33**	6,510.95
Income from recoveries from reinsurers	**239.67**	196.87	**3,631.04**	2,978.20
Net Fair value changes on Investments	**3,593.97**	3,650.83	**-**	-
Other Operating Income	**-**	-	**536.85**	460.99
Total Incomes of Insurance Business	**32,252.60**	26,227.87	**11,929.22**	9,950.14

34. Finance Costs

₹ in Crore

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	On Financial liabilities measured at FVTPL	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at FVTPL	On Financial liabilities measured at Amortised Cost
Interest on debt securities	**-**	**14,474.44**	-	13,527.00
Interest on borrowings	**-**	**5,695.63**	-	2,715.13
Interest on deposits	**-**	**8,258.75**	-	7,453.68
Interest on Subordinated Liabilities	**-**	**583.97**	-	571.48
Other charges	**-**	**512.54**	-	451.16
Sub Total	**-**	**29,525.33**	-	24,718.46
Total Finance Costs	**29,525.33**		24,718.46	

Notes forming part of the Consolidated Financial Statements (Continued)

35. Impairment on financial instruments

₹ in Crore

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	On Financial Instruments measured at OCI	On Financial Assets measured at Amortised Cost	On Financial Instruments measured at OCI	On Financial Assets measured at Amortised Cost
Loans	-	919.18	-	2,142.07
Investments	158.01	40.00	0.03	-
Others	-	48.51	-	1.32
Sub Total	158.01	1,007.69	0.03	2,143.39
Total	1,165.70		2,143.42	

36. Employee Benefits Expenses

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and Bonus	2,468.12	2,223.53
Contribution to Provident Fund and Other Funds	133.02	111.62
Staff Training and Welfare Expenses	120.25	93.69
Share Based Payments to employees	245.98	965.56
Total	2,967.37	3,394.40

36.1 There has been a Supreme Court (SC) judgement dated 28 February 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. The Corporation will continue to assess any further developments in this matter for the implications on financial statements, if any.

37. Establishment Expenses

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Rent	183.99	174.55
Rates and Taxes	22.27	25.26
Repairs and Maintenance - Buildings	9.65	11.13
General Office Expenses	74.74	86.38
Electricity Charges	28.91	26.98
Insurance Charges	1.55	2.10
Total	321.11	326.40

37.1 Direct operating Expenses arising from Investment Property

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Direct operating expenses arising from investment property that generated rental income	3.10	1.70
Direct operating expenses arising from investment property that did not generate rental income	1.51	1.90
Total	4.61	3.60

Notes forming part of the Consolidated Financial Statements (Continued)

37.2 **Operating Leases:**

In accordance with the Indian Accounting Standard (Ind AS) 17 on 'Leases', the following disclosures in respect of Operating Leases are made:

The Corporation has acquired properties under non-cancellable operating leases for periods ranging from 12 months to 36 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, amounts to ₹ **6.16 crore** (Previous Year ₹ 5.65 crore).

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Not later than one year	**4.24**	5.07
Later than one year but not later than five years	**14.05**	4.94
Later than five years	-	-

38. Expenses pertaining to Insurance Business

Particulars	Life Insurance		Non Life Insurance	
	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Claims paid	**12,717.87**	11,289.34	**5,724.77**	4,424.25
Commission and Operating expenses	**1,824.04**	1,635.31	**1,798.76**	1,568.47
Other expenses pertaining to Non - Life Insurance Business	-	-	**3,951.32**	3,516.45
Unallocated surplus pending transfer	**449.00**	404.65	-	-
Net change in insurance contract liabilities	**17,786.18**	13,364.47	-	-
Total Expenses of Insurance Business	**32,777.09**	26,693.77	**11,474.85**	9,509.17

39. Other Expenses

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Travelling and Conveyance	**64.87**	59.76
Printing and Stationery	**52.63**	52.35
Postage, Telephone and Fax	**73.23**	63.96
Advertising	**1,027.86**	772.35
Business Development Expenses	**725.56**	651.11
Brokerage and commission expenses relating to Mutual fund Schemes	**240.26**	326.99
Loan Processing Expenses	**59.02**	45.76
Manpower Outsourcing	**90.41**	83.73
Repairs and Maintenance - Other than Buildings	**45.15**	38.36
Office Maintenance	**44.89**	38.94
Legal Expenses	**187.66**	150.30
Computer Expenses	**148.31**	115.28
Directors' Fees and Commission	**13.00**	11.81
CSR expenses [Refer note 39.2]	**208.06**	35.05
Miscellaneous Expenses	**122.17**	192.43
Auditors' Remuneration (Refer Note 39.1)	**9.73**	8.43
Total	**3,112.81**	2,646.61

Notes forming part of the Consolidated Financial Statements (Continued)

39.1 **Payments to Auditors**

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Audit Fees	**4.64**	3.96
ICFR Fees	**0.35**	0.35
Limited Reviews	**1.24**	1.48
Tax Matters	**1.33**	1.38
Other Matters and Certification	**2.05**	1.18
Reimbursement of Expenses	**0.12**	0.08
Total	**9.73**	8.43

Audit Fees in the previous year include ₹ 0.04 crore paid to Branch Auditors.

Auditors' Remuneration above is excluding Goods and Service Tax.

39.2 Expenditure incurred for corporate social responsibility for ₹ **222.67 crore**

The details of amounts spent towards CSR are as under:

₹ in Crore

Particulars	In Cash	Yet to be paid	Total
a) Construction/acquisition of any asset	-	-	-
b) On purposes other than (a) above	222.67	-	222.67

Out of the above ₹ 14.61 crore was spent from the shelter Assistance reserve.

40. Income Taxes relating to continuing operations

40.1 Income Tax recognised in profit or loss

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current Tax		
In respect of the current year	**4,370.02**	4,079.61
In respect of prior years	**-**	-
Deferred Tax		
In respect of the current year	**148.43**	(672.57)
MAT Credit		
In respect of the current year	**-**	(311.00)
Total Income tax expense recognised in the current year relating to continuing operations	**4,518.45**	3,096.04

Notes forming part of the Consolidated Financial Statements (Continued)

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

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax	**14,709.14**	10,270.89
Income tax expense calculated at 34.944% (Previous Year 34.608%)	**5,139.97**	3,554.55
Effect of expenses that are not deductible in determining taxable profit	**348.71**	580.15
Effect of incomes which are taxed at different rates	**(193.82)**	19.14
MAT Credit Entitlement	**-**	(311.00)
Effect of incomes which are exempt from tax	**(144.75)**	(117.49)
Effect on deferred tax balances due to the changes in income tax rate	**-**	2.73
Deduction under section 36(1)(viii) of the Income tax Act, 1961	**(489.17)**	(506.00)
Others	**(142.49)**	(126.04)
Income tax expense recognised in statement of profit and loss	**4,518.45**	3,096.04

The tax rate used for the reconciliations above is the corporate tax rate of **34.944%** for the year 2018-19 and 34.608% for the year 2017-18 payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction. The tax rate has increased due to increase in rate of education cess by 1%.

41. Other Comprehensive Income

₹ in Crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in fair value of FVOCI equity instruments	**(52.46)**	(203.92)
Re-measurements of post-employment benefit obligations	**(22.06)**	(6.90)
Re-measurements of post-employment benefit obligations - Pending transfer to Shareholders	**2.14**	(4.23)
Total	**(72.38)**	(215.05)
Income tax relating to these items	**17.80**	83.38
Items that may be reclassified to profit or loss		
Changes in fair value of FVOCI debt instruments	**420.47**	(1,293.15)
Changes in fair value of FVOCI debt instruments - Pending transfer to Shareholders	**(444.32)**	1,224.58
Deferred gains/(losses) on cash flow hedges	**15.23**	(77.53)
Deferred costs of hedging	**(3.75)**	2.89
Total	**(12.37)**	(143.21)
Income tax relating to these items	**(0.60)**	35.97
Share of other comprehensive income of an Associate [Refer note 9]	**149.27**	(367.36)
Other comprehensive income for the year	**81.72**	(606.27)

Notes forming part of the Consolidated Financial Statements (Continued)

42. Retirement benefits plan

A. Defined contribution plans

The Corporation recognised ₹ **16.17 crore** (Previous Year ₹ 15.04 crore) for superannuation contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes. .

Provident Fund

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ **441.38 crore** and ₹ 441.06 crore respectively (Previous Year ₹ 382.06 crore and ₹ 379.49 crore respectively). In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.65%. The actuarial assumptions include discount rate of 7.77% (Previous Year 7.73%) and an average expected future period of 14 years (Previous Year 14 years). Expected guaranteed interest rate (weighted average yield) is 8.80% (Previous Year 8.77%)

The Corporation recognised ₹ **75.24 crore** (Previous Year ₹ 63.42 crore) for provident fund contributions in the statement of profit and loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

B. Defined Benefits Plan

i. **Characteristics of defined benefit plan**

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

ii. **Risks associated with defined benefit plan**

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

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

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

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

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

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

Notes forming part of the Consolidated Financial Statements (Continued)

iii. **Characteristics of defined benefit plans**

During the year, there were no plan amendments, curtailments and settlements.
A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.

C. Other Post Retirement Benefit Plan

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

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

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Discount Rate	**7-8%**	7-8%	7-8%
Return on Plan Assets	**7-8%**	7-8%	7-8%
Salary Escalation	**6-12%**	6-12%	3-10%

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

Amount recognised in Statement of Profit and Loss in respect of these defined benefit plan are as follows.

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service Cost:		
Current Service Cost	**29.07**	26.25
Interest Cost	**7.54**	7.57
Components of defined benefit costs recognised in profit or loss	**36.61**	33.82
Remeasurement on the net defined benefit liability:		
Actuarial (Gains)/Losses on Obligation For the Period	**18.12**	3.44
Return on Plan Assets, Excluding Interest Income	**6.42**	3.73
Components of defined benefit costs recognised in other comprehensive income	**24.54**	7.17
Total	**61.15**	40.99

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

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

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

₹ in Crore

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Present value of funded defined benefit obligation	**422.92**	371.65	340.27
Fair value of plan assets	**316.92**	296.84	253.93
Net Liability arising from defined benefit obligation	**106.00**	74.81	86.34

MILLIONS MORE TO SERVE

Notes forming part of the Consolidated Financial Statements (Continued)

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

₹ in Crore

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Opening defined benefit obligation	**371.65**	340.27	340.27
Current Service Cost	**29.07**	26.25	
Interest Cost	**28.83**	24.86	
Benefits Paid	**(26.62)**	(24.19)	
Actuarial Gains - Due to change in Financials Assumptions	**4.54**	(8.71)	
Actuarial Losses - Due to Experience	**15.45**	13.17	
Closing defined benefit obligation	**422.92**	371.65	340.27

The Liability at the end of the year ₹ **422.92 crore** (Previous Year ₹ 371.65 crore) includes ₹ **63.19 crore** (Previous Year ₹ 57.66 crore) in respect of an un-funded plan.

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

₹ in Crore

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Opening fair value of plan assets	**296.84**	253.93	253.93
Expected Return on Plan Assets	**18.06**	16.59	
Contributions	**15.66**	36.55	
Actuarial loss on Plan Assets	**(7.19)**	(4.21)	
Benefits paid	**(6.45)**	(6.02)	
Opening fair value of plan assets	**316.92**	296.84	253.93

Investment Pattern:

% Invested

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Central Government securities	**10.76%**	13.30%	22.92%
State Government securities/securities guaranteed by State/ Central Government	**9.07%**	14.50%	3.27%
Public Sector / Financial Institutional Bonds	**11.41%**	15.46%	30.04%
Private Sector Bonds	**6.47%**	10.03%	2.35%
Deposits with Banks and Financial Institutions	**16.67%**	0.00%	0.00%
Equity Shares	**40.75%**	36.52%	39.00%
Others (including bank balances)	**4.87%**	10.19%	2.42%
Total	**100.00%**	100.00%	100.00%

Compensated absences

The actuarial liability of compensated absences of privilege leave of the employees of the Corporation is ₹ **123.39 crore** (Previous Year ₹ 112.47 crore).

Sensitivity Analysis

₹ in Crore

Particulars	Current Year	Previous Year
Projected Benefit Obligation on Current Assumptions	**278.27**	247.00
Delta Effect of +1% Change in Rate of Discounting	**(64.59)**	(54.08)
Delta Effect of -1% Change in Rate of Discounting	**81.03**	68.08
Delta Effect of +1% Change in Rate of Salary Increase	**81.02**	68.08
Delta Effect of -1% Change in Rate of Salary Increase	**(64.97)**	(54.39)
Delta Effect of +1% Change in Rate of Employee Turnover	**6.33**	5.35
Delta Effect of -1% Change in Rate of Employee Turnover	**(23.32)**	(5.50)

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

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

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

Maturity Analysis of the Benefit Payments: From the Fund

₹ in Crore

Projected Benefits Payable in Future Years From the Date of Reporting	Current Year	Previous Year
1st Following Year	**67.25**	66.18
2nd Following Year	**18.08**	17.09
3rd Following Year	**28.56**	20.28
4th Following Year	**32.55**	27.41
5th Following Year	**27.58**	24.86
Sum of Years 6 To 10	**112.66**	101.45
Sum of Years 11 and above	**449.97**	393.43

43. Earnings per Share

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

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

Amount in ₹

Particulars	Current Year	Previous Year
Basic Earnings Per Share	**95.40**	74.77
Effect of outstanding Stock Options	**(0.74)**	(0.92)
Diluted Earnings Per Share	**94.66**	73.85

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

Notes forming part of the Consolidated Financial Statements (Continued)

Number in Crore

Particulars	Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share	**170.14**	160.22
Diluted effect of outstanding Stock Options	**1.34**	1.99
Weighted average number of shares for computation of Diluted Earnings Per Share	**171.48**	162.21

44. Contingent Liabilities and commitments

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

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

Contingent liability in respect of income-tax demands, net of amounts provided for and disputed by the Corporation, amounts to ₹ **1,820.25 crore** (Previous Year ₹ 1,537.35 crore). The said amount has been paid/ adjusted and will be received as refund if the matters are decided in favour of the Corporation.

Contingent liability in respect of disputed dues towards wealth tax, service tax interest on lease tax, and payment towards employers' contribution to ESIC not provided for by the Corporation amounts to ₹ **115.27 crore** (Previous Year ₹ 94.72 crore).

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

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

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

a) Guarantees ₹ **535.32 crore** (Previous Year ₹ 512.22 crore).

b) Corporate undertakings for securitisation of receivables aggregated to ₹ **1,838.13 crore** (Previous Year ₹ 1,838.21 crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

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

44.4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **2,627.76 crore** (Previous Year ₹ 2,096.09 crore).

Claims not acknowledged as debt and other contingent liabilities in respect of a subsidiary company amounts to ₹ **35.53 crore** (Previous Year ₹ 0.77 crore).

44.5 **Proposed Dividend**

The Board of Directors have proposed dividend on equity shares at ₹ **17.50. per share** at their meeting held on May 13, 2019. As per the Companies (Accounting Standard) Amendment Rules, 2016, the dividend will be recorded after the approval in the ensuing Annual General Meeting.

45. Segment Reporting

As per the Ind AS 108 dealing with 'Operating Segments', the main segments and the relevant disclosures relating thereto are as follows:

₹ in crore

Particulars	Loans		Life Insurance		General Insurance		Asset Management		Others		Inter-segment adjustments		Unassociated		Total	
	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY
Segment Revenue	**44,802.57**	37,644.63	**38,248.74**	31,250.47	**12,094.72**	10,101.78	**2,254.72**	2,061.91	**687.93**	543.19	**(1,893.98)**	(1,795.27)	**0.17**	12.89	**96,194.87**	79,819.60
Segment Result	**12,685.20**	8,650.62	**1,495.00**	1,307.96	**421.64**	481.70	**1,396.22**	1,145.03	**219.89**	118.61	**(1,508.96)**	(1,444.25)	**0.15**	11.22	**14,709.14**	10,270.89
Share of profit of associates													**7,389.82**	5,936.36	**7,389.82**	5,936.36
Income-tax (Current)													**4,370.02**	4,079.61	**4,370.02**	4,079.61
Deferred tax													**148.43**	(983.57)	**148.43**	(983.57)
Total Result	**12,685.20**	8,650.62	**1,495.00**	1,307.96	**421.64**	481.70	**1,396.22**	1,145.03	**219.89**	118.61	**(1,508.96)**	(1,444.25)	**2,871.52**	2,851.55	**17,580.51**	13,111.22
Segment Assets	**4,61,218.46**	4,05,230.59	**1,32,902.91**	1,11,462.94	**14,029.66**	12,589.46	**4,095.57**	3,317.46	**554.77**	376.91	**-**	-	**48,073.75**	33,631.85	**6,60,875.12**	5,66,609.21
Segment Liabilities	**4,02,742.63**	3,50,184.43	**1,27,488.36**	1,08,060.98	**12,108.55**	11,065.14	**167.34**	231.33	**87.27**	36.68	**-**	-	**302.45**	163.09	**5,42,896.60**	4,69,741.65
Net Assets	**58,475.83**	55,046.16	**5,414.55**	3,401.96	**1,921.11**	1,524.32	**3,928.23**	3,086.13	**467.50**	340.23	**-**	-	**47,771.30**	33,468.76	**1,17,978.52**	96,867.56
Other Information																
Capital Expenditure	**116.97**	111.11	**19.49**	33.58	**21.47**	96.93	**22.69**	12.42	**30.35**	29.47					**210.97**	283.51
Depreciation	**70.82**	52.94	**45.47**	44.67	**33.73**	30.67	**13.28**	9.89	**11.90**	8.98					**175.20**	147.15
Non cash expenses other than Depreciation	**1,137.64**	3,072.42	**41.48**	9.55	**158.71**	8.69	**73.85**	17.47	**-**	0.85	**-**	-	**-**	-	**1,411.68**	3,108.98

a) The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the Chief Operating Decision Maker in deciding how to allocate resources and in assessing performance.

b) The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

c) Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

d) Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under unallocated revenue / expenses / assets / liabilities

e) Loans segment mainly comprises of Group's financing activities for housing and also includes financing of commercial real estate and others through the Corporation and its subsidiaries GRUH Finance Limited and HDFC Credila Financial Services Private Limited.

f) Asset Management segment includes portfolio management, mutual fund and property investment management.

g) Others includes project management, investment consultancy and property related services.

i) **Geographic information**

The geographic information analyses the Group's revenues and non-current assets by the Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the selling location in relation to sales to customers and segment assets are based on geographical location of assets.

The group does not have any material operations outside India and hence, disclosure of geographic segments is not given.

Revenue from external customers:

₹ in crore

Particulars	2018-2019	2017-2018
India	**96,125.74**	79,768.56
United Arab Emirates	**33.31**	13.94
Singapore	**15.34**	19.38
Mauritius	**20.48**	17.72
Total	**96,194.87**	79,819.60

Assets other than financial instruments and tax assets:

₹ in crore

Particulars	2018-2019	2017-2018
India	**3,296.25**	3,748.26
United Arab Emirates	**0.77**	0.89
Singapore	**-**	0.07
Mauritius	**0.04**	0.01
Total	**3,297.06**	3,749.23

No single customer represents 10% or more of the Group's total revenue for the year ended 31st March, 2019 and 31st March, 2018.

MILLIONS MORE TO SERVE

Notes forming part of the Consolidated Financial Statements (Continued)

46. Share-based payments

46.1 Under Employees Stock Option Scheme - 2017 (ESOS - 17), the Corporation had granted 4,28,45,977 options at an exercise price ranging between 1,569.85 and 1,908.30 per option representing 4,28,45,977 equity shares of ₹ 2 each to the employees and directors of the Corporation. The options were granted at an excercise price ranging between 1,569.85 and 1,908.30 per option being the latest available closing price of the equity shares of the Corporation on the stock exchange on which the shares are listed and having higher trading volume, prior to the meeting of the NRC at which the options were granted.

In terms of ESOS-17, the options would vest over a period of 1-3 years from the date of grant, but not later than March 16, 2021, depending upon options grantee completing continuous service of three years with the Corporation. Accordingly, 4,04,56,804 (Previous Year Nil options) were vested. In the current year 1,55,680 options (Previous Year 4,03,871 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2014 (ESOS - 14), the Corporation had on October 8, 2014, granted 62,73,064 options at an exercise price of ₹ 5,073.25 per option representing 3,13,65,320 equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS-14, the options would vest over a period of 1-3 years from the date of grant, but not later than October 7, 2017, depending upon options grantee completing continuous service of three years with the Corporation. Accordingly, during the year Nil options (Previous Year 49,902 options) were vested. In the current year 150 options (Previous Year 1,799 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2011 (ESOS - 11), the Corporation had on May 23, 2012, granted 61,02,475 options at an exercise price of ₹ 3,177.50 per option representing 3,05,12,375 equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 11, the options would vest over a period of 1-3 years from the date of grant, but not later than May 22, 2015, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. In the current year 998 options (Previous Year 27 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme – 2008 (ESOS – 08), the Corporation had on November 25, 2008, granted 57,90,000 options at an exercise price of ₹ 1,350.60 per option representing 57,90,000 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 08, the options would vest over a period of 1-3 years from the date of grant, but not later than November 24, 2011, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme – 2007 (ESOS – 07), the Corporation had on September 12, 2007, granted 54,56,835 options at an exercise price of ₹ 2,149 per option representing 54,56,835 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 07, the options would vest over a period of 1-3 years from the date of grant, but not later than September 11, 2010, depending upon option grantee completing continuous service of three years with the Corporation. All the options have been vested in the earlier years. The options can be exercised over a period of five years from the date of respective vesting.

46.2 **Method used for accounting for share based payment plan:**

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

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

Number of options
(Previous year figures are in brackets)

Particulars	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Outstanding at the beginning of the year	**4,24,42,106** -	**42,64,210** (54,08,364)	**435,254** (16,87,772)	**4,874** (4,874)	**5,287** (5,287)
Granted during the year	**-** (4,28,45,977)	**-** -	**-** -	**-** -	**-** -
Vested during the year	**4,04,56,804** -	**-** (49,902)	**-** -	**-** -	**-** -
Exercised during the year	**18,41,716** -	**11,16,519** (11,42,355)	**429,663** (12,52,491)	**-** -	**-** -
Lapsed during the year	**1,55,680** (4,03,871)	**150** (1,799)	**998** (27)	**-** -	**-** -
Outstanding at the end of the year	**4,04,44,710** (4,24,42,106)	**31,47,541** (42,64,210)	**4,593** (435,254)	**4,874** (4,874)	**5,287** (5,287)
Unvested at the end of the year	**18,56,556** (4,24,42,106)	**-** -	**-** -	**-** -	**-** -
Exercisable at the end of the year	**3,80,28,603** -	**31,45,592** (42,64,210)	**3,568** (435,254)	**4,874** (4,874)	**5,287** (5,287)
Weighted average price per option	**1,571.33**	**5,073.25**	**3,177.50**	**1,350.60**	**2,149.00**

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

46.4 **Fair Value Methodology:**

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

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

Notes forming part of the Consolidated Financial Statements (Continued)

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

*The stock based compensation expense determined under fair value based method and charged to Statement of Profit and loss by the corporation is ₹ **211.09 crore** (Previous Year ₹ 937.61 crore) and ₹ **34.89 crore** (Previous Year ₹ 27.95 crore) by the subsidiary company.

47. Related Party Transactions

As per Ind AS-24, Related Party Disclosure, the Group's related parties are disclosed below:

Associates

HDFC Bank Limited
Good Host Spaces Private Limited (w.e.f. August 24, 2018)
Magnum Foundations Private Limited
True North Ventures Private Limited
HDFC Securities Limited (Subsidiary of HDFC Bank Limited)
HDB Financial Services Limited (Subsidiary of HDFC Bank Limited)

Investing Party and its Group Companies

ERGO International AG
Munich Re
Standard Life Investments Limited
Standard Life (Mauritius Holdings) 2006 Limited

Entities over which control is exercised

H T Parekh Foundation
HDFC Employees Welfare Trust
HDFC Employees Welfare Trust 2

Entities where Directors/Close family members of Directors of the Corporation have control / significant influence

Saumitra Research & Consulting Private Limited (w.e.f April 30, 2018)
MEFREE LLP (w.e.f April 30, 2018)
Parjanya Commercials LLP (w.e.f April 30, 2018)
Leeladhar Enterprises LLP (w.e.f April 30, 2018)

Post employment benefit plans of the Corporation or its related entities
(where there are transactions)

Housing Development Finance Corporation Limited Provident Fund
Superannuation Fund of Housing Development Finance Corporation Limited
GRUH Finance Limited Officers Superannation Fund
GRUH Finance Limited Employees Provident Fund Trust
GRUH Finance Limited Employees Gratuity Trust Fund
Gratuity Fund of Housing Development Finance Corporation Limited
Gratuity Assurance Scheme
HDFC Capital Advisors Limited Gratuity Fund
HDFC ERGO General Insurance Company Limited Superannuation Fund
HDFC ERGO General Insurance Company Limited Employees Gratuity Trust

Notes forming part of the Consolidated Financial Statements (Continued)

Key Management Personnel (Whole-time Directors)
Mr. Keki M. Mistry (Vice Chairman & CEO)
Ms. Renu Sud Karnad (Managing Director)
Mr. V. Srinivasa Rangan (Executive Director)

Relatives of Key Management Personnel (Whole-time Directors)
(where there are transactions)
Mr Singhal Nikhil
Mr. Ashok Sud
Mr. Bharat Karnad
Ms. Arnaaz K Mistry

Key Management Personnel (Non-executive Directors)
Mr. Deepak S Parekh
Mr. B. S. Mehta (ceased to be related party effective July 30, 2018)
Mr. Nasser Munjee
Dr. Bimal Jalan (ceased to be related party effective July 30, 2018)
Dr. J. J. Irani
Mr. D. N. Ghosh (ceased to be related party effective April 30, 2018)
Mr. D. M. Sukthankar (ceased to be related party effective April 30, 2018)
Mr. U. K. Sinha (appointed w.e.f April 30, 2018)
Ms. Ireena Vittal (appointed w.e.f January 30, 2019)
Dr. Bhaskar Ghosh (appointed w.e.f September 27, 2018)
Mr. Jalaj A. Dani (appointed w.e.f April 30, 2018)

Relatives of Key Management Personnel (Non-executive Directors) (where there are transactions)
Mr. Aditya Parekh
Mr. Siddharth D. Parekh
Ms. Harsha Shantilal Parekh
Ms. Hasyalata Bansidhar Mehta (ceased to be related party effective July 30, 2018)
Ms. Tapasi Ghosh (ceased to be related party effective April 30, 2018)
Chandrakant Mahadev Sukthankar (HUF) (ceased to be related party effective April 30, 2018)
Ms. Niamat Munjee
Ms. Sarita Yeshwant Keni (ceased to be related party effective April 30, 2018)
Ms. Smita D Parekh
Adv Wadhwa Darpan (ceased to be related party effective July 30, 2018)
Mr. Malav A Dani (related party effective April 30, 2018)

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

₹ in Crore

Nature of related party	Nature of Transaction/s	March 31, 2019	March 31, 2018	April 1, 2017
Investing Party and its Group Companies	Reinsurance Income	236.76	115.35	-
	Other Income	4.26	2.75	-
	Consultancy, Fees & Other Income	1.70	1.91	-
	Reinsurance Expenses	227.51	228.75	-
	Interest Expense	12.92	12.92	-
	Other Advances / Receivables	8.74	4.67	0.28
	Non-Convertible Debentures outstanding	170.00	170.00	170.00
	Other Liabilities / Payables	74.43	128.49	27.48
	Dividend Paid	223.21	267.45	205.92
Entities over which control is exercised	Support cost recovered	0.41	0.36	-
	Donation @	143.14	170.44	-
	Interest Expense	9.45	4.99	-
	Deposits outstanding	172.26	130.00	70.00
	Deposits Received	112.26	60.00	70.00
	Deposits repaid / matured	70.00	-	-
	Other Liabilities / Payables	0.07	-	-

MILLIONS MORE TO SERVE

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Nature of related party	Nature of Transaction/s	March 31, 2019	March 31, 2018	April 1, 2017
Associates	Dividend Income	729.32	617.47	-
	Other Income	387.05	329.97	-
	Reimbursement of Cost	1.61	1.44	-
	Premium Received	124.93	74.90	-
	Interest Income	33.93	25.17	-
	Rent Income	1.48	2.13	-
	Support cost recovered	0.70	0.41	-
	Provision for Diminution in the value of Investments	2.17	2.16	-
	Other Expenses/ Payments	1,828.54	1,788.51	-
	Interest Expense	154.82	169.91	-
	Bank & Other Charges	34.77	34.63	-
	Loans Sold	23,982.42	5,623.94	-
	Investments made during the year	8,569.75	-	-
	Investments- Debentures & Bonds outstanding	526.17	113.23	120.01
	Investments- Debentures & Bonds Sold	35.00	-	-
	Securities purchased of other entities	2,218.61	135.65	-
	Bank Balance and Deposits outstanding	1,916.94	2,492.99	1,087.30
	Bank Deposits matured / withdrawn	1,400.64	131.04	-
	Bank Deposits placed	367.10	1,267.75	-
	Other Advances / Receivables	109.64	44.91	12.91
	Trade Receivable	46.16	32.37	4.10
	Loans outstanding	27.02	26.80	26.58
	Prepaid Premium	2.11	1.41	0.27
	Loans given	0.22	0.22	-
	Other Liabilities / Payables	1,214.97	843.52	644.72
	Amounts payable - Securitised Loans outstanding	452.01	419.22	508.64
	Non-Convertible Debentures outstanding	1,315.00	1,315.00	-
	Non-Convertible Debentures (Alloted under Primary Market)	685.00	2,105.00	-
	Non-Convertible Debentures - Redemption	428.00	65.00	-
	Issuance of Letter of Comfort	6.00	-	-
	Guarantees	3.29	-	-
	Dividend Paid	0.18	0.33	-

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Nature of related party	Nature of Transaction/s	March 31, 2019	March 31, 2018	April 1, 2017
Post employment benefit plans of the Corporation or its related entities	Contribution To PF & Other Funds	61.18	3.28	-
	Interest Expense	0.28	0.01	-
	Other Advances / Receivables	28.83	-	-
	Other Liabilities / Payables	9.52	0.88	1.44
	Non-Convertible Debentures outstanding	1.80	0.10	0.10
	Non-Convertible Debentures - Redemption	0.10	-	-
Key Management Personnel (Whole-time directors)	Premium Received	0.03	0.03	-
	Interest Income	0.00	0.00	-
	Remuneration #	34.68	30.22	-
	Share based payments **	16.91	84.27	-
	Sitting Fees	1.28	1.10	-
	Consultancy, Fees & Other Charges	0.42	0.30	-
	Interest Expense	0.27	0.24	-
	Loans outstanding	0.04	0.05	0.06
	Loans repaid	0.01	0.01	-
	Deposits outstanding	3.28	2.85	2.85
	Deposits Received	3.27	0.01	-
	Deposits repaid / matured	2.85	0.01	-
	Other Liabilities / Payables	0.13	0.33	0.11
	Dividend Paid	8.28	7.00	-
Key Management Personnel (Non-executive directors)	Premium Received	10.00	-	-
	Commission ^^	4.36	3.90	-
	Share based payments **	3.77	18.78	-
	Sitting Fees	1.16	0.68	-
	Other Expenses/ Payments	0.63	0.65	-
	Consultancy, Fees & Other Charges	0.14	0.10	-
	Interest Expense	0.09	0.26	-
	Dividend Paid	2.58	3.11	-
Relatives of Key Management Personnel (Whole-time directors)	Interest Income	0.03	0.03	-
	Premium Received	0.01	0.02	-
	Interest Expense	0.01	0.01	-
	Loans outstanding	0.35	0.37	0.40
	Loans repaid	0.03	0.02	-
	Other Advances / Receivables	0.00	0.03	0.06
	Deposits Received	0.50	-	-
	Deposits outstanding	0.50	-	-
	Deposits repaid / matured	0.11	0.11	-
	Other Liabilities / Payables	0.01	-	-
	Dividend Paid	1.32	1.22	-

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Nature of related party	Nature of Transaction/s	March 31, 2019	March 31, 2018	April 1, 2017
Relatives of Key Management Personnel (Non-executive directors)	Premium Received	0.20	0.20	-
	Interest Income	0.05	0.16	-
	Interest Expense	1.76	1.52	-
	Loans repaid	0.04	0.10	-
	Deposits outstanding	22.95	17.63	17.48
	Deposits Received	21.40	1.30	-
	Deposits repaid / matured	16.09	1.15	-
	Other Liabilities / Payables	1.07	1.90	0.83
	Dividend Paid	3.22	2.54	-

Notes:-

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

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

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

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

@ Donations includes ₹ 12 crore, utilised out of Shelter Assistance Reserve during the year 2018-19.

"0" denotes amount less than ₹ 1 crore.

48. Maturity Analysis of Assets and Liabilities

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

₹ in Crore

	March 31, 2019			March 31, 2018			April 1, 2017		
ASSETS	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial Assets									
Cash and cash equivalents	**3,183.31**	**-**	**3,183.31**	2,814.70	-	2,814.70	5,352.25	-	5,352.25
Bank Balance other than (a) above	**1,310.38**	**42.85**	**1,353.23**	290.85	22.99	313.84	2,373.96	43.00	2,416.96
Derivative financial instruments	**190.35**	**1,213.01**	**1,403.36**	115.25	341.00	456.25	90.33	242.38	332.71
Trade Receivables	**640.59**	**-**	**640.59**	258.07	-	258.07	238.01	-	238.01
Loans	**66,277.24**	**3,56,086.59**	**4,22,363.83**	59,438.66	3,16,736.32	3,76,174.98	54,512.86	2,57,525.27	3,12,038.13
Investments	**27,642.53**	**48,991.46**	**76,633.99**	18,511.51	34,992.29	53,503.80	4,967.43	32,478.62	37,446.05
Assets pertaining to Life Insurance Business	**15,930.94**	**1,12,005.51**	**1,27,936.45**	13,861.10	92,928.52	1,06,789.62	12,597.61	80,021.09	92,618.70
Assets pertaining to Non - Life Insurance Business	**3,421.14**	**9,733.22**	**13,154.36**	3,558.24	8,365.89	11,924.13	3,206.98	7,779.97	10,986.95
Other financial assets	**3,057.87**	**3,652.02**	**6,709.89**	2,112.65	3,352.71	5,465.36	6,973.30	3,051.46	10,024.76
Non-Financial Assets									
Current tax asset	**-**	**3,279.98**	**3,279.98**	-	3,822.02	3,822.02	-	3,521.24	3,521.24
Deferred tax Assets (Net)	**-**	**919.07**	**919.07**	-	1,337.21	1,337.21	-	337.08	337.08
Investment property	**-**	**395.64**	**395.64**	-	460.87	460.87	-	461.03	461.03
Property, Plant and Equipment	**-**	**1,188.02**	**1,188.02**	-	1,168.22	1,168.22	-	1,100.14	1,100.14
Other Intangible assets	**-**	**125.42**	**125.42**	-	118.35	118.35	-	115.04	115.04
Other non-financial assets	**248.55**	**713.97**	**962.52**	562.25	814.08	1,376.33	387.03	958.90	1,345.93
Goodwill on consolidation	**-**	**625.46**	**625.46**	-	625.46	625.46	-	626.84	626.84
Total Assets	**1,21,902.90**	**5,38,972.22**	**6,60,875.12**	1,01,523.28	4,65,085.93	5,66,609.21	90,699.76	3,88,262.06	4,78,961.82
LIABILITIES									
Financial Liabilities									
Derivative financial instruments	**143.06**	**970.40**	**1,113.46**	47.11	462.93	510.04	665.55	255.25	920.80
Trade and other Payables	**2,460.39**	**-**	**2,460.39**	2,312.53	-	2,312.53	1,788.39	-	1,788.39
Debt Securities	**36,295.89**	**1,47,276.13**	**1,83,572.02**	25,761.37	1,56,262.98	1,82,024.35	20,073.78	1,33,936.37	1,54,010.15
Borrowings (Other than debt securities)	**20,179.11**	**70,196.28**	**90,375.39**	21,349.50	34,704.47	56,053.97	11,819.51	34,941.95	46,761.46
Deposits	**30,912.59**	**76,159.40**	**1,07,071.99**	23,924.81	68,781.04	92,705.85	22,916.66	64,072.77	86,989.43
Subordinated Liabilities	**250.00**	**5,485.70**	**5,735.70**	-	5,632.28	5,632.28	-	5,549.51	5,549.51
Liabilities pertaining to Life Insurance Business	**23,480.57**	**1,01,863.95**	**1,25,344.52**	19,733.61	86,518.24	1,06,251.85	17,056.84	75,455.69	92,512.53
Liabilities pertaining to Non Life Insurance Business	**6,213.04**	**4,961.27**	**11,174.31**	5,960.03	4,134.02	10,094.05	5,361.99	3,625.56	8,987.55
Other financial liabilities	**12,225.41**	**2,234.63**	**14,460.04**	10,218.12	2,622.76	12,840.88	8,705.22	2,611.46	11,316.68
Non-Financial Liabilities									
Current tax liabilities (Net)	**170.53**	**-**	**170.53**	109.04	4.51	113.55	74.87	-	74.87
Deferred tax liabilities (Net)	**-**	**65.43**	**65.43**	13.09	36.46	49.55	-	245.65	245.65
Provisions	**139.40**	**230.02**	**369.42**	50.87	264.66	315.53	132.14	181.86	314.00
Other non-financial liabilities	**862.07**	**121.33**	**983.40**	736.52	100.70	837.22	703.32	68.05	771.37
Total Liabilities	**1,33,332.06**	**4,09,564.53**	**5,42,896.60**	1,10,216.60	3,59,525.05	4,69,741.65	89,298.27	3,20,944.13	4,10,242.39
Net Assets	**(11,429.16)**	**1,29,407.68**	**1,17,978.52**	(8,693.32)	1,05,560.88	96,867.56	1,401.49	67,317.94	68,719.43

MILLIONS MORE TO SERVE

Notes forming part of the Consolidated Financial Statements (Continued)

49. Risk Disclosures Pertaining to Financial Instruments

49.1 Risk Disclosures pertaining to Financial instruments for other than Insurance business.

49.1.1 Capital Management

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

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

₹ in Crore

Particulars	**March 31, 2019**	March 31, 2018	April 1, 2017
Net debt	**3,83,571.79**	3,33,601.75	2,87,958.29
Total equity	**1,17,978.52**	96,867.56	68,719.43
Net debt to equity ratio	**3.25:1**	**3.44:1**	**4.19:1**

49.1.2 Financial Risk Management

The Corporation has to manage various risks associated with the lending business. These risks include Foreign exchange risk, interest rate risk and counterparty risk.
The Financial Risk management and Hedging Policy as approved by the Audit Committee sets limits for exposures on currency and other parameters. The Corporation manages its interest rate and currency risk in accordance with the guidelines prescribed therein.

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

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

49.1.3 Fair Valuations

₹ in Crore

Particulars	**March 31, 2019**			March 31, 2018		
	FVTPL	**FVOCI**	**Amortised cost**	FVTPL	FVOCI	Amortised cost
Financial assets						
Mutual funds	**17,849.78**	**-**	**-**	11,758.38	-	-
Government securities	**-**	**-**	**10,618.90**	-	-	9,605.86
Equity shares	**1,201.49**	**383.69**	**-**	895.54	547.11	-
Preference Shares	**12.30**	**12.54**	**30.00**	54.27	9.76	70.00
Debentures	**318.65**	**356.98**	**946.64**	297.63	356.98	716.90
Pass-through Certificates	**-**	**-**	**27.32**	-	-	33.02
Security Receipts	**221.69**	**-**	**-**	224.35	-	-
Investment in Units of Venture Capital Fund	**779.31**	**-**	**-**	461.96	-	-
Derivative financial assets	**1,403.36**	**-**	**-**	456.25	-	-
Trade receivables	**-**	**-**	**640.59**	-	-	258.07
Loans	**-**	**-**	**4,22,363.83**	-	-	3,76,174.98
Other Financial Assets	**-**	**-**	**1,52,337.24**	-	-	1,27,307.66
Total financial assets	**21,786.58**	**753.21**	**5,86,964.52**	14,148.38	913.85	5,14,166.49

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars	March 31, 2019			March 31, 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial liabilities						
Derivative financial liabilities	**1,113.46**	**-**	**-**	510.04	-	-
Trade payables	**-**	**-**	**2,460.39**	-	-	2,312.53
Debt Securities	**-**	**-**	**1,83,572.02**	-	-	1,82,024.35
Borrowings	**-**	**-**	**90,375.39**	-	-	56,053.97
Deposits	**-**	**-**	**1,07,071.99**	-	-	92,705.85
Subordinated Liabilities	**-**	**-**	**5,735.70**	-	-	5,632.28
Other financial liabilities	**-**	**-**	**1,50,978.87**	-	-	1,29,186.78
Total financial liabilities	**1,113.46**	**-**	**5,40,194.36**	510.04	-	4,67,915.76

₹ in Crore

Particulars	April 1, 2017		
	FVTPL	FVOCI	Amortised cost
Financial assets			
Mutual funds	4,314.28	-	-
Government securities	-	-	6,661.09
Equity shares	885.96	572.46	-
Preference Shares	11.44	7.11	70.00
Debentures	275.79	-	172.33
Pass-through Certificates	-	-	39.48
Security Receipts	229.20	-	-
Investment in Units of Venture Capital Fund	342.07	-	-
Derivative financial assets	332.71	-	-
Trade receivables	-	-	238.01
Loans	-	-	3,12,038.13
Other Financial Assets	-	-	1,21,399.63
Total financial assets	6,391.46	579.57	4,40,618.67
Financial liabilities			
Derivative financial liabilities	920.80	-	-
Trade payables	-	-	1,788.39
Debt Securities	-	-	1,54,010.15
Borrowings	-	-	46,761.46
Deposits	-	-	86,989.43
Subordinated Liabilities	-	-	5,549.51
Other financial liabilities	-	-	1,12,816.76
Total financial liabilities	920.80	-	4,07,915.70

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

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Financial assets and liabilities measured at fair value	Level 1	Level 2	Level 3	Total
As at March 31, 2019				
Financial assets				
Financial Investments at FVTPL				
Mutual funds	17,254.92	594.86	-	17,849.78
Equity shares	593.08	-	608.41	1,201.49
Preference Shares	-		12.30	12.30
Debentures	-	140.26	178.41	318.67
Security Receipts	-	214.70	6.99	221.69
Investment in Units of Venture Funds and Alternate Investment Funds	-	-	779.31	779.31
Derivatives designated as hedges				
-Forward Rate Agreements and Interest Rate Swaps	-	962.00	-	962.00
Financial Investments at FVOCI				
Equity investments	319.14	-	77.09	396.23
Debentures	-	-	356.98	356.98
Derivatives designated as hedges	-	-	-	-
-Forwards	-	7.42	-	7.42
-Currency swaps - Principal Only Swaps	-	311.73	-	311.73
-Options purchased (net)	-	122.20	-	122.20
Total financial assets	**18,167.14**	**2,353.17**	**2,019.49**	**22,539.80**
Financial liabilities				
Derivatives classified as FVTPL				
-Forward Rate Agreements and Interest Rate Swaps	-	948.71	-	948.71
Derivatives classified as FVOCI				
-Forwards	-	100.71	-	100.71
-Currency swaps - Principal Only Swaps	-	63.93	-	63.93
-Options purchased (net)	-	0.11	-	0.11
Total financial liabilities	**-**	**1,113.46**	**-**	**1,113.46**

₹ in Crore

Financial assets and liabilities measured at fair value	Level 1	Level 2	Level 3	Total
As at March 31, 2018				
Financial assets				
Financial Investments at FVTPL				
Mutual funds	11,320.94	437.44	-	11,758.38
Equity shares	319.55	-	575.99	895.54
Preference Shares	-	1.81	52.46	54.27
Debentures	-	148.30	149.33	297.63
Security Receipts	-	214.70	9.65	224.35
Investment in Units of Venture Funds and Alternate Investment Funds	-	-	461.96	461.96
Derivatives designated as hedges				
-Forward Rate Agreements and Interest Rate Swaps	-	337.85	-	337.85
Financial Investments at FVOCI				
Equity investments	195.61	-	361.26	556.87
Debentures	-	-	356.98	356.98
Derivatives designated as hedges				
-Forwards	-	39.61	-	39.61
-Currency swaps - Principal Only Swaps	-	78.79	-	78.79
Total financial assets	11,836.10	1,258.50	1,967.63	15,062.23

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Financial assets and liabilities measured at fair value	Level 1	Level 2	Level 3	Total
Financial liabilities				
Derivatives classified as FVTPL				
-Forward Rate Agreements and Interest Rate Swaps	-	278.12	-	278.12
Derivatives classified as FVOCI				
-Forwards	-	22.06	-	22.06
-Currency swaps - Principal Only Swaps	-	209.86	-	209.86
Total financial liabilities	**-**	**510.04**	**-**	**510.04**

₹ in Crore

Financial assets and liabilities measured at fair value	Level 1	Level 2	Level 3	Total
As at April 1, 2017				
Financial assets				
Financial Investments at FVTPL				
Mutual funds	3,910.46	403.82	-	4,314.28
Equity shares	553.20	-	332.76	885.96
Preference Shares	-	4.33	7.11	11.44
Debentures	-	275.80	-	275.80
Security Receipts	-	214.70	14.50	229.20
Investment in Units of Venture Funds and Alternate Investment Funds	-	-	342.07	342.07
Derivatives designated as hedges				
-Forward Rate Agreements and Interest Rate Swaps	-	251.86	-	251.86
Financial Investments at FVOCI				
Equity investments	235.74	-	343.83	579.57
Derivatives designated as hedges				
-Forwards	-	80.85	-	80.85
Total financial assets	4,699.40	1,231.36	1,040.27	6,971.03
Financial liabilities				
Derivatives classified as FVTPL				
-Forward Rate Agreements and Interest Rate Swaps	-	174.94	-	174.94
Derivatives classified as FVOCI				
-Forwards	-	460.87	-	460.87
-Currency swaps - Principal Only Swaps	-	284.99	-	284.99
Total financial liabilities	-	920.80	-	920.80

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

Level 2: The fair value of financial instruments that are not traded in an active market (for example, units of Mutual Funds, Venture Funds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity instruments, contingent consideration and indemnification asset included in level 3.

Notes forming part of the Consolidated Financial Statements (Continued)

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2019, 2018 and April 1, 2017.

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

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

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

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

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (adjusted/unadjusted) for identical assets. This category consists of quoted equity shares, venture fund units, mutual fund units and security receipts.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets, measured using inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e; as prices) or indirectly (i.e; derived from prices).

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

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

For certain unquoted equity instruments insufficient more recent information is available to measure fair value and cost represents the best estimate of fair value within that range. These investments in equity instruments are not held for trading. Instead, they are held for medium or long term strategic purpose.

Notes forming part of the Consolidated Financial Statements (Continued)

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

₹ in Crore

Particulars	Sensitivity		March 31, 2019	March 31, 2018	April 1, 2017	Significant unobservable inputs*
	Favourable	Un-favourable				
Unquoted equity shares	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 54.70 crore in FY19.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 54.70 crore in FY19.	**476.73**	556.20	568.50	Valuation Factor
Compulsorily Convertible Preference Shares	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 0.05 crore in FY19.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 0.05 crore in FY19.	**0.45**	0.45	-	Valuation Factor
Convertible Debentures	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 37.69 crore in FY19.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 37.69 crore in FY19.	**376.94**	376.94	-	Valuation Factor
Security Receipts	Increase in NAV by 10% increases the fair value by ₹ 0.70 crore in FY19.	Decrease in NAV by 10% reduces the fair value by ₹ 0.70 crore in FY19.	**6.98**	9.65	14.50	Net Asset Value
Venture Funds	Increase in NAV by 10% increases the fair value by ₹ 56.50 crore in FY19.	Decrease in NAV by 10% reduces the fair value by ₹ 59.68 crore in FY19.	**711.44**	397.88	292.50	Net Asset Value

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

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

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

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

MILLIONS MORE TO SERVE

Notes forming part of the Consolidated Financial Statements (Continued)

Fair value of the Financial Assets that are not measured at fair value

₹ in Crore

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 17	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets						
Government securities	**10,618.90**	**10,310.99**	9,605.86	9,221.95	6,661.09	6,667.18
Preference shares	**30.00**	**30.00**	70.00	70.00	70.00	70.00
Debentures	**946.64**	**944.61**	716.90	719.63	172.33	250.09
Pass-through Certificates	**27.32**	**27.32**	33.02	33.02	39.48	39.48
Total financial assets	**11,622.86**	**11,312.92**	10,425.78	10,044.60	6,942.90	7,026.75
Financial liabilities						
Non Convertible Debentures	**1,34,405.57**	**1,36,006.97**	1,28,198.73	1,31,225.63	1,08,022.78	1,11,155.04
Synthetic Rupee Denominated Bonds	**11,100.00**	**11,039.76**	9,600.00	9,572.90	8,300.00	8,305.82
Deposits	**1,07,353.69**	**1,07,114.77**	92,936.44	93,155.85	87,226.27	87,946.37
Subordinated Liabilities	**5,735.70**	**6,157.65**	5,632.28	6,186.35	5,549.51	6,149.32
Total financial liabilities	**2,58,594.96**	**2,60,319.15**	2,36,367.45	2,40,140.73	2,09,098.55	2,13,556.55

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

Loans

Substantially all loans reprice frequently, with interest rates reflecting current market pricing, the carrying value of these loans amounting to ₹ **4,22,363.83 crore** (as at March 31, 2018 ₹ 3,76,174.98 crore and as at April 1, 2017 ₹ 3,12,038.13 crore) approximates their fair value.

Short Term and Other Financial Assets and Liabilities

With respect to Bank Balances and Cash and Cash Equivalents, Trade Receivables, Other Financial Assets, Trade Payables and Other Financial Liabilities, the carrying value approximates the fair value.

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

Fair Value hierarchy

₹ in Crore

Particulars	Level 1	Level 2	Level 3	Total
As at 31 March 2019				
Government securities	-	10,618.90	-	10,618.90
Preference shares	-	-	30.00	30.00
Debentures	-	-	946.64	946.64
Pass-through Certificates	-	-	27.32	27.32
Total	-	**10,618.90**	**1,003.97**	**11,622.86**
As at 31 March 2018				
Government securities	-	9,605.86	-	9,605.86
Preference shares	-	-	70.00	70.00
Debentures	-	-	716.90	716.90
Pass-through Certificates	-	-	33.02	33.02
Total	-	9,605.86	819.92	10,425.78
As at 1 April 2017				
Government securities	-	6,661.09	-	6,661.09
Preference shares	-	-	70.00	70.00
Debentures	-	-	172.33	172.33
Pass-through Certificates	-	-	39.48	39.48
Total	-	6,661.09	281.81	6,942.90

49.1.4 **Credit Risk**

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

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

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

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

Credit Approval Authorities

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

Credit Risk Assessment Methodology

Corporate Portfolio

The Corporation has an established credit appraisal procedure leading to appropriate identification of credit risk. Appropriate appraisals have been established for various types of products and businesses. The methodology involves critical assessment of quantitative and qualitative parameters subject to review and approval by Sanctioning Committee of Management (COM).

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

Borrower risk is evaluated by considering:

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

Notes forming part of the Consolidated Financial Statements (Continued)

For Lease rental discounting, the risk assessment procedure includes:

- Carrying out a detailed analysis of lease rental receivables and the timing of the payments based on an exhaustive analysis of Cash flow structure; and
- Conducting due diligence on lessee and lessor and the underlying business systems, including a detailed evaluation of the servicing and collection terms and the underlying contractual arrangements.

Construction Finance

The Corporation has a framework for the appraisal and execution of project finance transactions. The Corporation believes that this framework creates optimal risk identification, allocation and mitigation and helps minimize residual risk.

The project finance approval process begins with a detailed evaluation of technical, commercial, financial, marketing and management factors and the sponsor's financial strength and experience.

As part of the appraisal process, a risk matrix is generated, which identifies each of the project risks, mitigating factors and residual risks associated with the project. After credit approval, a letter of intent is issued to the borrower, which outlines the principal financial terms of the proposed facility, sponsor obligations, conditions precedent to disbursement, undertakings from and covenants on the borrower.

After completion of all formalities by the borrower, a loan agreement is entered into with the borrower.

Project finance loans are generally fully secured and have full recourse against the borrower. In most cases, the Corporation has a security interest and first lien on all the fixed assets. Security interests typically include property, plant and equipment as well as other tangible assets of the borrower, both present and future. The Corporation also takes additional credit comforts such as corporate or personal guarantees from one or more sponsors of the project.

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

Retail Loans

Our customers for retail loans are primarily low, middle and high-income, salaried and self-employed individuals.

The Corporation's credit officers evaluate credit proposals on the basis of active credit policies as on the date of approval. The criteria typically include factors such as the borrower's income & obligations, the loan-to-value ratio and demographic parameters subject to regulatory guidelines. Any deviations need to be approved at the designated levels.

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

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

Retail loans are secured by the mortgage of the borrowers property.

Risk Management and Portfolio Review

The Corporation ensures effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is determined depending on the risk associated with the product.

For both Corporate and Retail borrowers, the Operations team verifies adherence to the terms of the credit approval prior to the commitment and disbursement of credit facilities.

Notes forming part of the Consolidated Financial Statements (Continued)

The Operations team monitors compliance with the terms and conditions for credit facilities prior to disbursement. It also reviews the completeness of documentation, creation of security and compliance with regulatory guidelines.

The Credit Risk Management team of the Corporation, regularly reviews the credit quality of the portfolio and various sub-portfolios. A summary of the reviews carried out by the Credit Risk Management is submitted to the Branches & Management Team for its information.

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

49.1.5a **Collateral and other credit enhancements**

The Corporation does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets, except credit risk associated with loans and Inter corporate deposits, which is mitigated because the loans and Inter corporate deposits are secured against the collateral. The main types of collateral obtained are, as follows:

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

The carrying amount of loans amount to ₹ **4,28,335.86 crore** (as at March 31 2018 ₹ 3,81,744.34 crore; as at April 1, 2017 ₹ 3,15,400.02 crore) which best represent the maximum exposure to credit risk, the related Expected credit loss amount to ₹ **5,972.03 crore** (as at March 31, 2018 ₹ 5,569.36 crore and as at April 1, 2017 ₹ 3,361.89 crore). The Corporation has right to sell or pledge the collateral in case borrower defaults.

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

49.1.5b **Contractual maturities of financial liabilities**

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

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

₹ in Crore

March 31, 2019	0-1 years	1-3 years	3-5 years	>5 years	Total
Non-derivatives					
Debt Securities	80,943.44	58,508.38	8,081.00	36,194.81	1,83,727.63
Borrowings (Other than Debt Securities)	55,429.90	15,472.99	13,681.38	5,565.38	90,149.64
Deposits	58,631.32	38,952.86	6,438.21	3,358.25	1,07,380.65
Subordinated Liabilities	500.00	2,000.00	35.00	3,200.70	5,735.70
Other financial liabilities	41,919.02	2,234.63	-	1,06,825.22	1,50,978.87
Trade payables	2,460.39	-	-	-	2,460.39
Total non-derivative liabilities	**2,39,884.08**	**1,17,168.85**	**28,235.59**	**1,55,144.36**	**5,40,432.89**
Derivatives					
Foreign exchange forward contracts	100.71	-	0.00	-	100.71
Currency swaps - Principal Only Swaps	0.00	9.40	54.53	-	63.93
Options purchased (net)	0.11	-	0.00	-	0.11
Interest Rate Swaps	42.25	452.84	453.62	-	948.71
Total derivative liabilities	**143.06**	**462.24**	**508.15**	**-**	**1,113.46**

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

March 31, 2018	0-1 years	1-3 years	3-5 years	>5 years	Total
Non-derivatives					
Debt Securities	89,373.94	72,056.64	7,382.42	13,333.72	1,82,146.72
Borrowings (Other than Debt Securities)	37,353.84	7,343.47	6,607.11	4,749.55	56,053.97
Deposits	48,343.89	35,906.56	7,818.83	874.16	92,943.44
Subordinated Liabilities	0.00	1,500.00	1,022.82	3,109.46	5,632.28
Other financial liabilities	35,911.76	2,622.76		90,652.26	1,29,186.78
Trade payables	2,312.53				2,312.53
Total non-derivative liabilities	2,13,295.95	1,19,429.43	22,831.18	1,12,719.15	4,68,275.72
Derivatives					
Foreign exchange forward contracts	22.06	-	0.00	-	22.06
Currency swaps - Principal Only Swaps	2.19	22.41	185.26	-	209.86
Forward Rate Agreements and Interest Rate Swaps	278.13	-	0.00	-	278.13
Total derivative liabilities	302.37	22.41	185.26	-	510.04

₹ in Crore

April 1, 2017	0-1 years	1-3 years	3-5 years	>5 years	Total
Non-derivatives					
Debt Securities	62,359.26	64,720.32	16,487.03	10,621.05	1,54,187.66
Borrowings (Other than Debt Securities)	23,988.82	5,893.14	10,227.82	6,651.68	46,761.45
Deposits	45,426.46	31,332.57	10,244.56	238.08	87,241.67
Subordinated Liabilities	0.00	525.00	2,000.00	3,024.51	5,549.51
Other financial liabilities	31,124.05	2,611.46		79,081.25	1,12,816.75
Trade payables	1,788.39				1,788.39
Total non-derivative liabilities	1,64,686.98	1,05,082.49	38,959.40	99,616.57	4,08,345.44
Derivatives					
Foreign exchange forward contracts	460.87	-	-	-	460.87
Currency swaps - Principal Only Swaps	129.14	-	155.86	-	284.99
Forward Rate Agreements and Interest Rate Swaps	49.94	-	125.00	-	174.94
Total derivative liabilities	639.94	-	280.86	-	920.80

49.1.6 **Market Risk**

49.1.6a **Foreign currency risk**

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

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

The Corporation uses a combination of foreign currency option contracts and foreign exchange forward contracts to hedge its exposure in foreign currency risk. The Corporation designates fair value of the forward contracts and intrinsic value of the option contracts as hedging instruments. In case the hedge effectiveness is 100%, the change in the fair value of the forward contracts or change in the intrinsic value of the option contracts and the change in carrying value of the underlying foreign currency liability are compared and the difference is recognised in cash flow hedge reserve. The changes in time value that relate to the option contracts are deferred in the costs of hedging reserve. Amortisation of forward points through cash flow hedge reserve which is pertaining to the forward contracts is recognised in the statement of profit and loss over life of the forward contracts. During the years ended March 31, 2019 and 2018, the Corporation did not have any hedging instruments with terms which were not aligned with those of the hedged items.

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

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

Foreign currency risk exposure:

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

₹ in Crore

Particulars	Currency	Financial and derivative assets		Financial liabilities	Net exposure to foreign currency risk iv= (i) + (ii)+(iii)
		Dollar Denominated loans & others(i)	Foreign exchange Derivative contracts (ii)	Foreign currency loans(iii)	
March 31, 2019	**USD**	**770.14**	**18,658.09**	**(19,540.62)**	**(112.39)**
	JPY	**-**	**3,323.68**	**(3,323.68)**	**-**
	SGD	**0.48**	**-**	**-**	**0.48**
	GBP	**0.09**	**-**	**-**	**0.09**
	AED	**0.79**	**-**	**-**	**0.79**
March 31, 2018	**USD**	2,394.25	16,898.28	(21,492.04)	(2,199.51)
	SGD	0.40	-	-	0.40
	GBP	0.56	-	-	0.56
	AED	0.15	-	(0.10)	0.05
April 1, 2017	**USD**	2,577.85	18,496.47	(21,015.65)	58.67
	GBP	0.81	-	(0.05)	0.76
	CHF	-	-	(412.59)	(412.59)
	SGD	0.12	-	(0.04)	0.08
	AED	0.36	-	(0.13)	0.23

MILLIONS MORE TO SERVE

Notes forming part of the Consolidated Financial Statements (Continued)

Foreign currency Sensitivity analysis:

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

₹ in Crore

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
USD sensitivity				
INR/USD -Increase by 1% *	**1.37**	8.05	**23.24**	(3.55)
INR/USD -Decrease by 1% *	**(1.37)**	(8.05)	**(23.24)**	3.55
JPY sensitivity				
INR/JPY -Increase by 1% *	**0.00**	0.00	**0.27**	0.00
INR/JPY -Decrease by 1% *	**0.00**	0.00	**(0.27)**	0.00

** Assuming all other variable is constant*

Cash Flow Hedge

Hedging Policy

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

Disclosure of effects of hedge accounting on financial performance and exposure to foreign currency

Particulars	Notional amount	Carrying amount of hedging instruments Assets	Carrying amount of hedging instruments liabilities	Weighted average contract / strike price of the hedging instrument	Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness - (profit) / loss
March 31, 2019					
INR USD - Forward exchange contracts	1,227.59	7.42	30.79	71.99	40.91
INR JPY - Forward exchange contracts	1,949.23	0.00	69.92	0.63	69.92
INR USD - Currency Swaps (incl. EXIM swap)	11,452.48	311.73	49.69	66.75	(393.10)
INR JPY - Currency Swaps	1,374.45	-	14.24	0.63	14.24
Option purchased (net)	6,757.73	122.20	0.11	69.46 -75.62^	(122.09)
Total	**22,761.48**	**441.35**	**164.75**		**(390.12)**

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars	Notional amount	Carrying amount of hedging instruments Assets	Carrying amount of hedging instruments liabilities	Weighted average contract / strike price of the hedging instrument	Change in the fair value in the hedging intrument used as the basis for recognising hedge ineffectiveness - (profit) / loss
March 31, 2018					
INR USD - Forward exchange contracts	7,721.12	39.61	22.06	66.69	(478.42)
INR USD - Currency Swaps (incl. EXIM swap)	7,980.03	78.79	209.86	64.34	(73.08)
Total	**15,701.15**	**118.40**	**231.92**		**(551.50)**

₹ in Crore

April 1, 2017					
INR USD - Forward exchange contracts	8,236.00	-	460.87	70.89	460.87
INR USD - Currency Swaps (incl. EXIM swap)	9,287.00	80.85	284.99	64.34	204.15
Total	**17,523.00**	**80.85**	**745.86**		**665.02**

The above amounts are forming part of derivative financial instruments as disclosed in the Balance sheet

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

Hedged Item

₹ in Crore

Particulars	Change in the value of hedged item used as the basis for recognising hedge ineffectiveness	Cash flow hedge reserve as at	Cost of hedging as at	Foreign Currency Monetary Items Translation Reserve
March 31, 2019				
FCY Term Loans	136.47	0.39	3.75	-
External Commercial Borrowings (incl. ADB loans)	282.88	242.82	-	-
March 31, 2018				
FCY Term Loans	-	-	-	(58.49)
External Commercial Borrowings (incl. ADB loans)	38.04	258.44	-	-
March 31, 2017				
FCY Term Loans	-	-	-	264.33
External Commercial Borrowings (incl. ADB loans)	95.30	183.80	-	-

MILLIONS MORE TO SERVE

Notes forming part of the Consolidated Financial Statements (Continued)

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

	Hedging gains or losses recognised in other comprehensive income			Hedge ineffectiveness recognised in statement of profit and loss		
Particulars	**March 31, 2019**	**March 31, 2018**	**April 1, 2017**	**March 31, 2019**	**March 31, 2018**	**April 1, 2017**
Forward exchange contracts and Currency swaps	**(15.23)**	74.64	183.80	**-**	-	-
Option purchased (net)	**3.75**	-	-	**(130.65)**	-	-

The above amounts are forming part of Finance cost as disclosed in the Statement of profit and loss

Fair Value Hedge

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

Hedging Instrument

₹ in Crore

Particulars	Notional amount	Carrying amount - Asset	Change in fair value used for measuring ineffectiveness for the period
Interest Rate Swap as at			
March 31, 2019	**55,650.00**	**962.00**	**624.15**
March 31, 2018	48,270.00	337.85	85.98
April 1, 2017	30,809.00	251.86	195.52

The above amounts are forming part of derivative financial instruments as disclosed in the Balance sheet.

Hedged Item

₹ in Crore

Particulars	Notional amount	Carrying amount - Asset	Change in fair value used for measuring ineffectiveness for the period
Fixed-rate borrowing as at			
March 31, 2019	**55,650.00**	**948.71**	**670.59**
March 31, 2018	48,270.00	278.13	103.19
April 1, 2017	30,809.00	174.94	174.94

The above amounts are forming part of derivative financial instruments as disclosed in the Balance sheet

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

₹ in Crore

Particulars	Hedge ineffectiveness recognised in statement of profit and loss		
	March 31, 2019	**March 31, 2018**	**April 1, 2017**
Interest Rate Swap	**46.44**	17.20	(20.59)

The above amounts are forming part of Finance cost as disclosed in the Statement of profit and loss

Notes forming part of the Consolidated Financial Statements (Continued)

Hedge Ratio

The foreign exchange forward and option contracts are denominated in the same currency as the highly probable future sales and purchases, therefore the hedge ratio is 1:1. The notional amount of interest rate swap is equal to the portion of variable rate loans that is being hedged, and therefore the hedge ratio for interest rate swap is also 1:1.

49.1.6.b **Interest rate risk**

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

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

Interest rate risk exposure

The exposure of the Corporation's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	**March 31, 2019**	March 31, 2018	April 1, 2017
Variable rate borrowings	**67%**	65%	64%
Fixed rate borrowings	**33%**	35%	36%
Total borrowings	**100%**	100%	100%

Sensitivity

The impact of 10 bps change in interest rates on Financial on the Profit after tax for the year ended March 31, 2019 on account of borrowing cost is ₹ **40.99 crore** (Previous year ₹ 46.75 crore).

49.1.6.c **Price risk**

Exposure

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

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

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

Sensitivity

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

MILLIONS MORE TO SERVE

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars	Impact on profit before tax		Impact on OCI before tax	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
NSE Nifty 50 – increase 10%	**68.48**	51.39	**20.42**	19.51
NSE Nifty 50 – decrease 10%	**(68.48)**	(51.39)	**(20.42)**	(19.51)

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

49.2 **Risks disclosures pertaining to Life Insurance Business**

49.2.1 **Sensitivity analysis**

(A) Interest Rate Sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. (100 Bps impact on fixed income securities is in line with directions given by IRDAI vide circular number IRDA/ACTL/CIR/ALM/006/01/2012 dated January 03, 2012 on ALM and stress testing)

₹ in Crore

Particulars	Impact on Profit before Tax$		Impact on Other components of equity	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
Interest Rate - Increase by 100 basis points* ^	-	-	**(1,627.83)**	(987.00)
Interest Rate - Decrease by 100 basis points* &	-	-	**1,627.83**	987.00

* Holding all other variable constant

^ *Impact on OCI does not include impact of ₹ (1,714.20) crore for FY 19 and ₹ (1,356.39) crore for FY18 pertaining to Participating funds of which Shareholder's entitlement is restricted to 10% of future bonuses declared, as per IRDAI regulations*

& *Impact on OCI does not include impact of ₹ 1,714.20 crore for FY 19 and ₹ 1,356.39 crore for FY18 pertaining to Participating funds of which Shareholder's entitlement is restricted to 10% of future bonuses declared, as per IRDAI regulations*

$ *Unit linked funds being profit neutral, impact of the same is not included in the above sensitivity analysis*

(B) Foreign currency sensitivity analysis

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

₹ in Crore

Particulars	Impact on Profit before Tax		Impact on Other components of equity	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
AED Sensitivity	-	-	-	-
INR/AED - Increase by **6.60%** (March 31, 2018 0.47%)	**0.03**	0.00	-	-
INR/AED - Decrease by **6.60%** (March 31, 2018 0.47%)	**0.03**	0.00	-	-

Notes forming part of the Consolidated Financial Statements (Continued)

(C) Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period. 30% impact on equity securities is in line with directions given by IRDAI vide circular number IRDA/ACTL/CIR/ALM/006/01/2012 dated January 03, 2012 on ALM and stress testing.

The following table shows effect of price changes in equity:

₹ in Crore

Particulars	Impact on Profit before Tax$		Impact on Other components of equity	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
If equity prices had been 30% higher^	**724.61**	544.36	**-**	-
If equity prices had been 30% lower&	**(724.61)**	(544.36)	**-**	-

^ Impact on Profit before tax does not include impact of ₹ (1,819.95) crore for FY 19 and ₹ (1,570.12) crore for FY18 pertaining to Participating funds of which Shareholder's entitlement is restricted to 10% of future bonuses declared, as per IRDAI regulations

& Impact on Profit before tax does not include impact of ₹ 1,819.95 crore for FY 19 and ₹ 1,570.12 crore for FY18 pertaining to Participating funds of which Shareholder's entitlement is restricted to 10% of future bonuses declared, as per IRDAI regulations

$ Unit linked funds being profit neutral, impact of the same is not included in the above sensitivity analysis

49.2.2 **Risk Management framework**

The Company has an Enterprise Risk Management (ERM) framework covering procedures to identify, measure and mitigate the key business risks. Aligned with the business planning process, the ERM framework covers all business risks including strategic risk, operational risks, regulatory risk, investment risks, subsidiary related risks and insurance risks. The key business risks identified are approved by the Board's Risk Management Committee and monitored by the Risk Management team thereafter. The ERM framework adopted is enabled by the risk oriented enterprise level culture with established risk governance framework, characterized by:

1. Risk management competency throughout the organization with a consensus that risk management is everyone's responsibility.
2. An iterative process of identifying and evaluating risks, setting risk treatment strategies, and monitoring results.
3. A dedicated Enterprise Risk Team with defined roles and responsibilities, which functions under the guidance and supervision of Chief Risk Officer ('CRO').
4. Risk oversight by Senior Management & Board of Directors, via Risk Management Council and Risk Management Committee respectively.

Risk categories addressed through the ERM Framework

- Operational Risk - Risk of loss resulting from inadequate or failed internal processes, people, systems or external events including legal risk
- Compliance/ Regulatory Risk - Risks emanating from non-adherence to regulatory, judiciary and legislative mandates and guidelines, leading to fines and penalties
- Strategy and Planning Risk - Risks emanating from non-achievement of strategic objectives, deviation from strategic plans, external and internal factors
- Insurance risk – Risk arising due to adverse movement of mortality, persistency, morbidity and expense rates

Notes forming part of the Consolidated Financial Statements (Continued)

- Subsidiary related risks - Risks originating from subsidiary company actions
- Financial Risk – Comprises of the following nature of risks:
  1. Market Risk - Risk of loss resulting from adverse movement in market prices across asset classes and investment positions
  2. Liquidity Risk - Market Liquidity Risk is inability to liquidate an asset and Funding Liquidity Risk is inability to meet obligations when due
  3. Credit Risk - Risk of loss resulting from the potential that counterparty defaults or fails to meet obligations in accordance with the agreed terms
  4. Asset Liability Mismatch Risk - Risk due to uncorrelated / unmatched movement in the asset and liability cash flows on existing business and risk of future premiums being invested at low interest rates

HDFC Life is exposed to different types of risks emanating from both internal and external sources. The Company has in place a Risk Management team which identifies, measures and mitigate risks faced by the Company. The team is guided by the Company's Risk Management Committee, Risk Management Council and the Senior Management to develop and implement Risk Assurance practices on a pan-organisational basis. Under the overall ambit of Corporate Governance, the Company has in place a Risk Management policy along with other risk related policies. The risk management framework institutionalized in the Company is supported by a "Three Lines of Defence" approach. At HDFC Life Insurance, every function has been empowered to drive Risk Management framework in their respective areas of operation and they form the first line of defence. Control functions like Risk Management and Compliance act as second line of defence and are independent from business operations which has been implemented through independent reporting mechanics. The role of the third line is performed by the Internal Audit function that provides an independent assurance to the Board on the functioning of internal controls.

Risk Policies

The following risk policies govern and implement effective risk management practices:

Business Continuity Management System (BCMS) Policy, Information Security Management System Policies, Investment Policy, Credit Risk Management Policy, Liquidity Risk Management Policy, Asset- Liability Management Policy, Underwriting Policy, Reinsurance Policy, Employee dealing Guidelines, Anti Money Laundering Policy, Whistleblower Policy, Policy of Prevention, Prohibition, & Redressed of Sexual Harassment at Workplace, Outsourcing Policy, Fraud Management Policy, Information & Cyber Security Policy, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("UPSI"), Code of Conduct and ethics, Corporate Governance Policy, Policy for Disclosure of Event/Information, Grievance Redressal Policy, Policy for maintenance of records, Derivatives Policy, Stewardship Policy ,Voting Policy and Interest Rate Derivative Risk Management Policy.

49.2.3 **Capital management objectives and policies**

The company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

i) To maintain the required level of stability of the company thereby providing a degree of security to policyholders

ii) To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders

Notes forming part of the Consolidated Financial Statements (Continued)

iii) To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets

iv) To align the profile of assets and liabilities taking account of risks inherent in the business

v) To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders

vi) To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value

The company have met all of these requirements throughout the financial year. In reporting financial strength, capital and solvency are measured using the rules prescribed by the Insurance Regulatory and Development Authority of India (IRDAI). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written. The company's capital management policy for its insurance business is to hold sufficient capital to cover the statutory requirements based on the IRDAI directives.

The IRDAI requires life insurers to maintain a minimum Solvency Ratio of 150%. The Solvency Ratio is calculated as specified in the IRDAI (Assets, Liabilities and Solvency Margin of Insurers) Regulations, 2016. The Company's Solvency Ratio, as at March 31, 2019 is 188% and as at March 31, 2018 as well as at April 1, 2017 was 192%.

Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the company is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the company maintains an appropriate solvency position to meet unforeseeable liabilities arising from economic shocks or natural disasters. The operations of the company are subject to regulatory requirements within the jurisdictions in which it operates.

Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

IT/ technology risks are driven through an inherent Information Security Management System, which is aligned and certified against the ISO 27001:2013 standard. Organisational data security and cybersecurity is catered to by a specialized team of full-time employees as well as contracted third-party SME's to ensure complete coverage of controls in the technology space. HDFC Life also has Business Continuity Management Policy in place to have a planned response in the event of any contingency ensuring recovery of critical activities at agreed levels within agreed timeframe, thereby complying with various regulatory requirements and minimizing the potential business impact.

Fraud Risk Management is an integral practice and is central to the ethics and value system of the Company. This is directly influenced by our promises to various stakeholders be it the policyholders, shareholders, or the regulatory authorities governing the industry and law enforcement agencies of safeguarding their interests.

Notes forming part of the Consolidated Financial Statements (Continued)

The company also has a dedicated team (Risk Monitoring & Control Unit) to manage fraud risks under the supervision of the CRO.

Operational risks are governed through the Risk management Policy which is reviewed by the board on an annual basis. The Company uses the following tools/activities to manage the various operational risks faced.

1. A well defined Fraud Management Framework
2. Systematic periodic Operational Risk Reviews and operational risk loss data collection
3. Control reports
4. RCSA (Risk & Control Self Assessment to identify risks and evaluate the controls)
5. Key Risk Indicators for proactive management of key functional risks
6. Incident management framework is being planned to monitor the near misses and plug loopholes in the system
7. Process level risk assessment at the pre launch stage of critical processes
8. BCMS Governance Procedure

49.2.4 **Accounting policy for Actuarial liability**

I. Product Classification of Insurance Business

Contracts where the Sum Assured or benefit on death at any time during the term of the contact is guaranteed to be greater than or equal to 105% of total premiums paid till date, are considered to have significant insurance risk, and hence such policy contracts have been classified as 'Insurance Contracts'. Contracts other than insurance contracts are classified as investment contracts.

Insurance and investment contracts are classified as being either with or without discretionary participation feature (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that meet the following conditions:

a) Likely to be a significant portion of the total contractual benefits

b) The amount or timing of which is contractually at the discretion of the issuer

c) That are contractually based on:

   i. The performance of a specified pool of contracts or a specified type of contract

   ii. Realized and/or unrealized investment returns on a specified pool of assets held by the issuer

   iii. The profit or loss of the Company, fund or other entity that issues the contract

II. Insurance contract liabilities

The actuarial liabilities, for all inforce policies and policies where premiums are discontinued but a liability exists as at the valuation date, are calculated in accordance with the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938, as amended from time to time including amendment brought by the Insurance Laws (Amendment) Act, 2015, regulations notified by the IRDAI and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDAI.

Notes forming part of the Consolidated Financial Statements (Continued)

A brief of the methodology used is as given below:

1. The policy liabilities are valued on policy by policy basis, i.e. each policy is valued separately
2. The reserves for linked business (individual and group) comprises of unit reserves and non-unit reserves. The unit reserves are determined on the basis of NAV of the units outstanding as at the valuation date and non-unit reserves are calculated using gross premium method.
3. The liabilities for individual non-linked non-participating and participating business are calculated using gross premium method and are subject to the minimum floor of surrender value. Additionally, individual non-linked participating policies also have a reference to the asset share of policies at valuation date.
4. The liabilities for one year renewable group protection business are calculated on the unexpired risk premium basis. For other than one year renewable group protection business, the liabilities are calculated using gross premium valuation method.
5. The liabilities for the group non-linked savings products are determined as the higher of policy account balances (including accrued interest/ bonuses) and reserves calculated by gross premium valuation method.
6. The liabilities in respect of rider benefits are determined as the higher of unexpired premium reserves and reserves calculated by gross premium valuation method.
7. Additional reserves are determined to:
    a. allow for the claims that may have occurred already but not yet reported (Incurred But Not Reported).
    b. allow for the servicing of existing policies if the Company were to close the new business one year from the valuation date (Closure to New Business).
    c. meet the expected liabilities that would arise on the revival of lapsed policies on the basis of the proportion of the policies expected to be revived based on the revival experience of the Company (Revival Reserve).
    d. allow for the additional amount required to be paid on account of cancellation of policies due to look in, on the basis of the proportion of the policies expected to exercise the look-in option based on the experience of the Company (Look in Reserve).
    e. allow for the cost of guarantees, wherever applicable.

III. Investment contract liabilities

The investment contract liabilities are recognized using the same accounting policies as those for insurance contract liabilities, taking into account the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938, as amended from time to time including amendment brought by the Insurance Laws (Amendment) Act, 2015, regulations notified by the IRDAI and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDAI.

IV. Reinsurance Assets

Reinsurance Asset, being net contractual rights receivable under re-insurance contract, has been recognized on the basis of Actuarial valuation involving assumption about the future. The assumptions include the determination of the discount rate, mortality rates etc. All assumptions are reviewed at each reporting date.

Notes forming part of the Consolidated Financial Statements (Continued)

V. **Liability Adequacy test**

The Company performs adequacy testing on its insurance liabilities to ensure that the carrying amounts of insurance contract liabilities is adequate as at the reporting dates.

VI. **Insurance Risk**

As an organization, HDFC Life firmly recognizes Risk Management as an integral building block to proactively manage risks and maximize opportunities related to achievement of its strategic objectives. The Enterprise Risk Management (ERM) framework within the Company operates as a feed-in system to various internal and external stakeholders, Management, and the Board of Directors.

The key insurance risks that the Company is exposed to are mortality, persistency and expenses. These are described below in further detail.

i) **Mortality Risk:**

Mortality risk arises primarily in the conventional non par and unit-linked life segments of the business. The risk arises due to the fact that the products written provide significant levels of life cover. The risk has increased with higher levels of minimum life cover required as per the new unit linked regulations and higher proportion of protection business.

The Company is exposed to mortality risk in two different ways.

1. A permanent deterioration in the mortality experience on lines of business with mortality risk would lead to reduction in the shareholder value due to higher than expected claim payouts and increased reserve requirements.
2. A sudden, but temporary, increase in mortality claims due to some external event. Examples would be earthquakes and epidemics, where large numbers of insured lives are affected, leading to a high number of related claims. This 'catastrophe risk' is more likely to impact the group protection business, due to many of the lives being concentrated in the same location, or subject to the same event at one time. This would lead to reduction in shareholder value due to higher claims than expected.

The Company manages mortality risk at a number of key stages, which are Product design, Underwriting at the proposal stage, Reinsurance, Reinsurance cover for catastrophic risks, Experience monitoring and Claims underwriting.

The level of concentration of mortality risk is relatively low. There is no significant concentration by geographical region or industry for individual business. However, group protection business sold by the Company does have concentration risk. The Cat Re-cover has been put in place primarily to help mitigate this risk.

ii) **Persistency Risk:**

Persistency risk arises in all segments of the business. The risk arises due to the fact that the level of future premium and charge income is reduced from expected levels if actual persistency is not in line with that assumed. The Company is particularly exposed to this risk on the unit-linked business written from September 01, 2010, as the low surrender penalty in these policies results in the initial high acquisition costs not being recovered, if a policy lapses and the company does not get the expected future charges from renewal premiums. Adverse persistency experience is likely to affect the future income emerging from the business and result in potential loss/lower profits than expected.

The Company manages persistency risk in a number of ways; examples of these are Product design and Experience monitoring. The Company's management has a strategy in place to limit the impact of persistency risk, as it is recognized as one of the key risks facing the industry.

Notes forming part of the Consolidated Financial Statements (Continued)

iii) **Expense Risk:**

The nature of the Company's operating model is that a large proportion of the costs are fixed in nature meaning that the risk can crystallize either through inadequate control of absolute expense levels or through sales volumes being significantly lower than expected, thus not covering the high fixed levels of expense. Failure to control expense levels could lead to adverse financial deviations from the forecasts which would lead to lower profits (or higher losses), higher capital requirements and reduction in new business profitability.

Strong controls have been implemented to reduce and contain costs which include exercising necessary caution in expenditure and exploring lower cost business model.

VII. Assumptions

The assumptions play vital role in calculating Insurance/Actuarial liabilities for the Group. Best estimate assumptions in use are based on historical and current experience, internal data and as per guidance notes/actuarial practice standards issued by the Institute of Actuaries of India. However, for the purpose of valuation an additional level of prudence has been kept on all the best estimate assumptions known as MAD (Margin for Adverse Deviation). The Company keeps adequate MAD, as prescribed in APS 7 issued by the Institute of Actuaries of India, in all assumptions over the best estimate value.

Best Estimate Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions used for calculating the liability are provided below:

A) Mortality

Assumptions are based on historical experience and for new products based on industry/re-insurers data.

Assumptions may vary by type of product, distribution channel, gender, etc.

Particulars		**Expressed as a % of IALM 2006-08, unless otherwise stated**	
		Minimum	**Maximum**
a)	Individual business		
	Participating policies	42%	264%
	Non participating policies	24%	960%
	Annuities	26%	36%
	Unit linked	29%	138%
	Health Insurance	120%	144%
b)	Group Business (unit linked)	77%	480%

B) Expense and inflation:

The values of future expenses have been determined on prudent assumptions to allow for-

i. All future maintenance expenses on an on-going basis

ii. The future expenses that are likely to be incurred if the company were to close new business within 12 months of the valuation date.

The future maintenance expenses are provisioned using servicing costs per policy, claim expenses and investment expenses.

The per policy costs vary by premium frequency.

The claim expense assumption is specified as fixed amount per claim

Notes forming part of the Consolidated Financial Statements (Continued)

The per policy costs and claim expenses are increased at an inflation rate of 6.5% per annum.

In addition, investment expense of 0.036% of the fund is also reserved for.

The provision for future expenses likely to be incurred if the company were to close new business is held as an aggregate reserve at a company level.

C) Lapse, Surrender and Partial withdrawal Rates:

The lapse, surrender and partial withdrawal rates are based on current experience of the Company. Assumptions may vary by type of product, distribution channel, duration for which policy has been in force, etc.

a) Individual Business (Unit linked)

The lapse/surrender, paid up or partial withdrawal rates are based on best estimate assumptions with a 20% MAD

b) Individual Business (non- Unit linked)

- For the participating and non-participating savings contracts, the valuation bases incorporates lapse assumptions till the policy acquires a Guaranteed Surrender Value. Once the policy acquires Guaranteed Surrender Value, no lapses/surrenders are assumed.
- For the non-participating protection contracts, lapse assumptions are incorporated throughout the policy term.
- The lapse assumptions are based on best estimate assumptions with a 20% MAD

D) Valuation Interest rate:

The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long–term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments. The valuation interest rates are set by adjusting the derived weighted average return in compliance with minimum MAD requirements.

Assumptions on future bonus rates for participating business have been set to be consistent with valuation interest rate assumptions.

Individual Business	Minimum	Maximum
Life - Participating policies	5.80%	7.00%
Life - Non-participating policies	5.20%	5.80%
Annuities – Participating polices	N/A	N/A
Annuities - Non-participating policies	6.90%	6.90%
Annuities – Individual pension plan	N/A	N/A
Unit linked	5.20%	5.20%
Health Insurance	5.80%	5.80%
Group Business	Minimum	Maximum
Life – Non-participating policies (exclude one year term policies)	5.80%	5.80%
Unit Linked	5.20%	5.20%

Notes forming part of the Consolidated Financial Statements (Continued)

VIII. Following tables present the movement in insurance and investment contract liabilities, reinsurance assets and deferred origination cost:

Insurance contracts liabilities ₹ in Crore

Particulars	Change in liabilities					
	As at March 31, 2019			As at March 31, 2018		
	With DPF	Linked Business	Others	With DPF	Linked Business	Others
Gross Liability at the beginning of the year	**25,762.66**	**47,166.74**	**10,911.90**	21,007.42	43,779.23	6,968.69
Premium	**5,342.41**	**10,261.32**	**7,591.65**	4,865.10	8,834.15	38,596.97
Unwinding of the discount /Interest credited	**1,596.17**	**2,808.90**	**275.14**	1,785.00	2,789.81	391.26
Changes in valuation for expected future benefits	-	**(4.80)**	-	-	(39.04)	-
Insurance liabilities released	**(4,081.82)**	**(6,623.09)**	**(1,479.66)**	(1,894.86)	(8,197.42)	(35,045.03)
Undistributed Participating Policyholders surplus (FFA)	-	-	-	-	-	-
Others (Method/Basis Changes during the year)	-	-	-	-	-	-
Gross Liability at the end of the year	**28,619.41**	**53,609.07**	**17,299.02**	25,762.66	47,166.74	10,911.90
Recoverable from Reinsurance	**13.22**	**0.20**	**2,357.17**	9.15	0.03	1,924.75
Net Liability	**28,606.19**	**53,608.87**	**14,941.85**	25,753.51	47,166.71	8,987.15

Investment Contracts Liabilities ₹ in Crore

Particulars	As at March 31, 2019			As at March 31, 2018		
	With DPF	Linked Business	Total	With DPF	Linked Business	Total
At the beginning of the year	**7,244.30**	**10,352.99**	**17,597.29**	5,597.84	10,383.10	15,980.95
Premium	**3,022.96**	**782.62**	**3,805.57**	1,777.12	1,183.99	2,961.11
Interest and Bonus credited to policyholders	**657.98**	**551.78**	**1,209.75**	524.53	903.62	1,428.15
Others	-	-	-	-	-	-
Withdrawals / Claims	**(1,163.89)**	**(1,503.67)**	**(2,667.56)**	(655.19)	(2,018.24)	(2,673.43)
Fee Income and Other Expenses	-	**(89.85)**	**(89.85)**	-	(99.48)	(99.48)
Others Profit and loss	-	-	-	-	-	-
Others	-	-		-	-	
At the end of the year	**9,761.35**	**10,093.87**	**19,855.21**	7,244.30	10,352.99	17,597.29

Notes forming part of the Consolidated Financial Statements (Continued)

III. Reinsurance Assets

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018
At the beginning of the year	**1,965.88**	1,577.36
Premium	**262.02**	193.45
Unwinding of the discount /Interest credited	**112.14**	90.10
Change in valuation for expected future benefits	**324.53**	289.95
Insurance liabilities released	**(220.30)**	(196.87)
Others (experience variations)	**(22.34)**	11.90
At the end of the year	**2,421.93**	1,965.88
Expected credit loss	**2.26**	1.85
Net reinsurance assets	**2,419.66**	1,964.03

IV. Deferred acquisition cost

Particulars	₹ in Crore
As at April 01, 2017	14.92
Expenses deferred	-
Amortisation	(4.96)
As at March 31, 2018	9.96
Expenses deferred	-
Amortisation	(3.06)
As at March 31, 2019	6.90

49.3 **Risk disclosures pertaining to General Insurance Business**

Risk Management framework

The Company recognizes the criticality of having robust risk management practices to meet its objectives. The Company is committed to an effective and robust Risk Management Framework, which addresses various risks faced by it. The Company has therefore formulated a comprehensive Risk Management Framework (RMF) across all operating processes for identification, management and monitoring of Entity Level Risk, Insurance Risk, Asset Risk, Operational Risk, Financial Risk and Information Security Risk.

Risk Management is a concurrent process within the Company.

Under the Risk Management Framework, risks associated with the operations of the Company are identified and prioritized based on impact and likelihood of its occurrence. Risk owners are identified for each risk for monitoring and reviewing the risk mitigation. The Company has constituted a Risk Management Committee (RMC) comprising members of the Board of Directors which is responsible for monitoring the Risk Management Framework of the Company and implementation of the Risk Management Strategy. The RMC is assisted by its Sub-Committee in the discharge of its responsibilities.

All key risks are reviewed quarterly by the Senior Management and the Sub-Committee of the Risk Management Committee of the Board at the Executive Management level.

The Risk Management Committee inter-alia:

a. Assists the Board in effective operation of the risk management system by ensuring performance of specialized analysis and quality reviews;

Notes forming part of the Consolidated Financial Statements (Continued)

b. Advise the Board with regard to risk management decisions in relation to strategic and operational matters;

c. Reports to the Board on a quarterly basis, details of the risk exposures and the actions taken to manage the exposures; and

d. Reviews and monitors risks pertaining to the operations on a regular basis.

Insurance risk

The risk of loss due to either inadequate pricing or inadequate claims handling or inadequate reinsurance protection or inadequate reserving. As a nature of business, there are inherent uncertainties as to occurrence, amount and timing of insurance liabilities which arises due to adverse experience in amount or frequency of claims or in their aggregation from a single occurrence or series of occurrences arising from a single originating cause.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

Control Measures

The Company has a Board approved risk management policy covering underwriting, claims and reserving for policy liabilities. The company has a detailed claims processing manual in place.

Accumulation of risk is monitored at various levels – geographically, line of business wise, channel wise, etc. This approach aids the Company to adopt an enterprise level risk management approach; thus benefiting from diversification and internal price management of the risks accepted for insurance.

The Company's reserving guidelines is reviewed on a periodic basis to minimize the risks of under or over provisioning and enable the Company to proactively adjust strategy in a timely manner.

Prudent margins are built in reserves and a regular monitoring of its adequacy is done concurrently.

The reinsurance risk model is used to estimate and monitor the variation between the annual contracted reinsurance program vis-à-vis the optimal arrangement as measured by the model.

Optimal protection is ensured through well designed Reinsurance program arrangements with financially sound reinsurers.

The Company has taken Catastrophe (CAT) protection in order to mitigate the risks of large losses arising from probable catastrophic events.

Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

Control Measures

Operational risks are governed through Risk Management Policy.

The Company has also initiated a Risk Control Self Assessment process to embed the control testing as a part of day to day operations.

MILLIONS MORE TO SERVE

Notes forming part of the Consolidated Financial Statements (Continued)

Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and periodic assessment processes.

a) **Concentration of Insurance Risk**

The Company uses different proprietary models to estimate the Company's accumulation exposure to potential natural disasters (e.g. earthquakes, tropical storms, floods etc.) and other man-made catastrophes (e.g. industrial accidents and building fires). The aggregation of losses on account of a single event constitutes the largest individual potential financial loss to the Company and potentially material year-to-year fluctuations in the results of operations and financial position. The Company actively monitors and limits the aggregate exposure to catastrophe losses in regions that are subject to high levels of natural perils.

The Company mitigates its exposure to concentrations of insurance risk by holding a portfolio diversified into many classes of business across different regions and by the utilisation of reinsurance, taking into account it's risk tolerance, cost of reinsurance and capital efficiency. The reinsurance cover limits the Company's financial exposure to a single event with a given probability and also protects capital.

b) **Sensitivities**

The non–life insurance claim liabilities are sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

Assumptions	Change in assumption	Increase/ (decrease) on gross liabilities		Increase/ (decrease) on net liabilities	
		2018-2019	2017-2018	2018-2019	2017-2018
Increase					
Average claim cost	10%	10.02%	10.02%	10.43%	10.35%
Average number of claims	10%	2.48%	2.65%	2.48%	2.74%
Decrease					
Average claim cost	-10%	-9.99%	-9.98%	-10.40%	-10.31%
Average number of claims	-10%	-2.48%	-2.64%	-2.48%	-2.73%

c) **Claims Development table**

Insurance Companies are required to establish reserves in their accounts for the unpaid portion of ultimate claims costs (including loss adjustment expenses) that have been 'incurred but not reported' (IBNR) and 'incurred but not enough reported' (IBNER) as at the end of each reporting period. The process of establishing this reserves is complex, as it takes into consideration many variables that are subject to the outcome of future events. Reserves do not represent an exact calculation of liability but rather represent estimates, generally involving actuarial projections at a given time, of what the Company expects the ultimate settlement of claims will cost.

The table provides an overview of development of Company's estimates of total claim amounts payable in relation to a given Accident year over time. A significant proportion of the Company's reserves are for motor

Notes forming part of the Consolidated Financial Statements (Continued)

third party liability, which tend to involve longer periods of time for the reporting and settlement of claims and are affected by economic inflation, unpredictability of court decisions, risks inherent in major litigation and legislative changes etc. This may increase the inherent risk and uncertainty associated with loss reserve estimates.

₹ in Crore

Gross paid losses and Loss Adjustment Expenses

As at March 31, 2019	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19
Estimated Ultimate Incurred liability at the of :	452.00	741.00	770.00	1,065.00	1,785.00	2,183.00	2,313.00	4,258.00	4,700.00	5,850.00
End of First year	284.00	411.00	424.00	548.00	924.00	1,020.00	1,300.00	1,430.00	1,962.00	2,913.00
One year later	373.00	597.00	637.00	840.00	1,416.00	1,590.00	1,806.00	3,055.00	3,307.00	-
Two years later	412.00	641.00	705.00	903.00	1,541.00	1,754.00	2,011.00	3,496.00	-	-
Three years later	425.00	663.00	725.00	948.00	1,613.00	1,845.00	2,141.00	-	-	-
Four years later	430.00	677.00	739.00	973.00	1,666.00	1,916.00	-	-	-	-
Five years later	434.00	692.00	749.00	1,006.00	1,710.00	-	-	-	-	-
Six years later	443.00	702.00	762.00	1,025.00	-	-	-	-	-	-
Seven years later	446.00	713.00	771.00	-	-	-	-	-	-	-
Eight years later	447.00	722.00	-	-	-	-	-	-	-	-
Nine years later	449.00	-	-	-	-	-	-	-	-	-

₹ in Crore

Gross unpaid losses and Loss Adjustment Expenses

As at March 31, 2019	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19
End of First year	167.00	331.00	346.00	516.00	860.00	1,163.00	1,012.00	2,828.00	2,739.00	2,937.00
One year later	70.00	137.00	210.00	264.00	519.00	523.00	584.00	998.00	1,125.00	-
Two years later	31.00	106.00	128.00	146.00	363.00	345.00	513.00	644.00	-	-
Three years later	28.00	90.00	56.00	168.00	288.00	358.00	392.00	-	-	-
Four years later	24.00	77.00	62.00	107.00	308.00	285.00	-	-	-	-
Five years later	24.00	75.00	57.00	138.00	270.00	-	-	-	-	-
Six years later	18.00	66.00	48.00	125.00	-	-	-	-	-	-
Seven years later	19.00	66.00	47.00	-	-	-	-	-	-	-
Eight years later	19.00	55.00	-	-	-	-	-	-	-	-
Nine years later	21.00	-	-	-	-	-	-	-	-	-

₹ in Crore

Gross Incurred Losses and Allocated Expenses (Ultimate movement)

As at March 31, 2019	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19
End of First year	452.00	741.00	770.00	1,065.00	1,785.00	2,183.00	2,313.00	4,258.00	4,700.00	5,850.00
One year later	442.00	734.00	846.00	1,103.00	1,935.00	2,113.00	2,391.00	4,053.00	4,432.00	-
Two years later	444.00	747.00	833.00	1,050.00	1,904.00	2,099.00	2,525.00	4,140.00	-	-
Three years later	453.00	753.00	781.00	1,116.00	1,901.00	2,203.00	2,533.00	-	-	-
Four years later	455.00	754.00	801.00	1,080.00	1,974.00	2,201.00	-	-	-	-
Five years later	458.00	767.00	806.00	1,144.00	1,981.00	-	-	-	-	-
Six years later	461.00	768.00	810.00	1,150.00	-	-	-	-	-	-
Seven years later	465.00	779.00	819.00	-	-	-	-	-	-	-
Eight years later	467.00	777.00	-	-	-	-	-	-	-	-
Nine years later	470.00	-	-	-	-	-	-	-	-	-

Note:

1. Pool claims are excluded from the above table
2. For Crop and Weather Insurance class of business, Accident Year corresponds to the year in which Premium is received.
3. The impact on the unpaid claims liability of the Company on account of landmark judgements issued by Supreme Court of India and various High Courts e.g. PranaySethi (October 2017) and other legislative changes e.g. U/s 163(A) of The Motor Vehicle Act, 1988 has been allowed for in the claims ultimate.

Notes forming part of the Consolidated Financial Statements (Continued)

Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

Control Measures

Operational risks are governed through Risk Management Policy.The Company has also initiated a Risk Control Self Assessment process to embed the control testing as a part of day to day operations. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and periodic assessment processes.

Insurance Liabilities			₹ in Crore
Particulars	March 31, 2018	Addition during the year	**March 31, 2019**
Gross IBNR	2,728.66	7.90	**2,736.56**
Gross Claims OS	2,321.11	368.45	**2,689.55**
Reserve for Unexpired Risk	3,106.14	890.16	**3,996.30**
Total	8,155.91	1,266.51	**9,422.42**

Reinsurance Assets			₹ in Crore
Particulars	March 31, 2018	Addition during the year	**March 31, 2019**
Gross IBNR	1,473.02	-64.93	**1,408.10**
Gross Claims OS	1,165.04	-49.75	**1,115.29**
Reserve for Unexpired Risk	1,288.54	429.19	**1,717.73**
Total	3,926.61	314.51	**4,241.12**

c) **Financial Risk Management Objectives**

The Company is exposed to market risk (other price risk), credit risk and liquidity risk.

(i) **Market Risk (Other Price Risk)**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market price. The Company is exposed to financial and capital market risk-the risk that the fair value of future cash flows of financial instrument will change because of changes or volatility in market prices.

The Company is exposed to equity price risks arising from equity investments. Certain equity investments of the Company are held for strategic as well as trading purposes.

Equity price sensitivity analysis :

The company has analysed, at scrip level, the sensitivity to changes in the equity prices, based on the movement of each scrip during the year. Had the equity prices moved in the range of 2% profit for the year ended March 31, 2019 , would have deviated by ₹ **5.35 crore** (Previous year ₹ 6.57 crore).

Notes forming part of the Consolidated Financial Statements (Continued)

50. 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, 2019)

₹ in Crore

Name of the Entity	Share of Profit / (Loss)		Share of Other Comprehensive Income		Share of Total Comprehensive Income	
	As % of consolidated Profit or loss	Amount	As % of consolidated Other Comprehensive Income	Amount	As % of consolidated Total Comprehensive Income	Amount
Parent						
Housing Development Finance Corporation Limited		9,632.46		(131.52)		9,500.94
Less: Inter Company eliminations		(2,386.66)				(2,386.66)
Net of eliminations	**44.63%**	**7,245.80**	**-110.07%**	**(131.52)**	**43.49%**	**7,114.28**
Subsidiaries						
Indian						
1. Gruh Finance Ltd.	2.76%	448.51	-0.44%	(0.53)	2.74%	447.98
2. HDFC Life Insurance Co. Ltd.	8.80%	1,428.77	0.00%	-	8.74%	1,428.77
3. HDFC ERGO General Insurance Co. Ltd.	2.63%	426.46	-17.11%	(20.44)	2.48%	406.02
4. HDFC Asset Management Co. Ltd.	5.79%	939.75	33.55%	40.09	5.99%	979.84
5. HDFC Trustee Co. Ltd.	0.00%	0.45	-0.33%	(0.40)	0.00%	0.05
6. HDFC Investment Trust	-0.12%	(19.61)	0.00%	-	-0.12%	(19.61)
7. HDFC Investment Trust - II	0.16%	25.77	0.00%	-	0.16%	25.77
8. HDFC Venture Capital Ltd.	0.00%	(0.11)	0.00%	-	0.00%	(0.11)
9. HDFC Ventures Trustee Co. Ltd.	0.00%	(0.03)	0.00%	-	0.00%	(0.03)
10. HDFC Property Venture Ltd.	-0.15%	(23.67)	0.00%	-	-0.14%	(23.67)
11. HDFC Pension Management Co. Ltd.	0.00%	(0.38)	-0.28%	(0.34)	0.00%	(0.72)
12. HDFC Capital Advisors Ltd	0.11%	17.57	-0.01%	(0.01)	0.11%	17.56
13. HDFC Investments Ltd.	0.04%	6.29	-0.05%	(0.06)	0.04%	6.23
14. HDFC Holdings Ltd.	0.07%	10.77	2.02%	2.41	0.08%	13.18
15. HDFC Sales Pvt. Ltd.	-2.74%	(444.22)	21.19%	25.32	-2.56%	(418.90)
16. HDFC Credila Financial Services Pvt. Ltd.	0.63%	101.46	1.32%	1.58	0.63%	103.04
17. HDFC Education and Development Services Pvt. Ltd.	-0.02%	(2.77)	13.68%	16.35	0.08%	13.58
Foreign						
18. Griha Investments	0.10%	16.10	0.00%	-	0.10%	16.10
19. Griha Pte. Ltd.	0.08%	12.43	0.00%	-	0.08%	12.43
20. HDFC International Life and Re Company Ltd	0.01%	1.35	0.00%	-	0.01%	1.35
Share of Minorities	-8.31%	(1,348.75)	31.61%	37.77	-8.02%	(1,310.98)
Associates (Investment as per the equity method)						
Indian						
1. HDFC Bank Limited	45.54%	7,391.71	124.92%	149.27	46.12%	7,540.98
2. True North Ventures Pvt Ltd.	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
3. Good Host Spaces Pvt. Ltd	-0.01%	(1.87)	0.00%	-	-0.01%	(1.87)
Total	**100.00%**	**16,231.76**	**100.00%**	**119.49**	**100.00%**	**16,351.25**

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Name of the Entity	Net assets i.e. Total Assets minus Total Liabilities	
	As % of consolidated net assets	Amount
Parent		
Housing Development Finance Corporation Limited		77,355.47
Less: Inter Company eliminations		(24,295.16)
Net of eliminations	**44.98%**	**53,060.31**
Subsidiaries		
Indian		
1. Gruh Finance Ltd.	1.61%	1,902.88
2. HDFC Life Insurance Co. Ltd.	4.73%	5,579.57
3. HDFC ERGO General Insurance Co. Ltd.	1.67%	1,975.47
4. HDFC Asset Management Co. Ltd.	2.74%	3,228.23
5. HDFC Trustee Co. Ltd.	0.00%	1.56
6. HDFC Investment Trust	0.12%	139.10
7. HDFC Investment Trust - II	0.22%	256.62
8. HDFC Venture Capital Ltd.	0.02%	21.34
9. HDFC Ventures Trustee Co. Ltd.	0.00%	1.16
10. HDFC Property Venture Ltd.	0.09%	109.19
11. HDFC Pension Management Co. Ltd.	0.02%	27.17
12. HDFC Capital Advisors Ltd	0.02%	27.06
13. HDFC Investments Ltd.	0.16%	192.35
14. HDFC Holdings Ltd.	0.19%	221.15
15. HDFC Sales Pvt. Ltd.	0.00%	2.01
16. HDFC Credila Financial Services Pvt. Ltd.	0.57%	671.43
17. HDFC Education and Development Services Pvt. Ltd.	0.08%	92.93
Foreign		
18. Griha Investments	0.09%	107.28
19. Griha Pte. Ltd.	0.04%	44.07
20. HDFC International Life and Re Company Ltd	0.17%	197.57
Share of Minorities	5.29%	6,245.38
Associates (Investment as per the equity method)		
Indian		
1. HDFC Bank Limited	37.13%	43,805.23
2. True North Ventures Pvt Ltd.	0.00%	1.56
3. Good Host Spaces Pvt. Ltd	0.06%	67.90
Total	**100.00%**	**1,17,978.52**

Notes forming part of the Consolidated Financial Statements (Continued)

51. Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interest is provided below

(₹ in crore)

Particulars (As at March 31, 2019)	HDFC Life Insurance Co. Ltd	HDFC Ergo General Insurance Co. Ltd	HDFC Asset Management Co. Ltd	GRUH Finance Ltd
Proportion of interest held by non-controlling entities	51.48%	50.49%	52.77%	56.09%
Accumulated balances of material non-controlling interest	2,316.27	872.34	931.82	645.68
Summarised Financial Information for the Balance Sheet				
Financial Assets	1,31,900.03	13,816.93	3,097.79	18,580.36
Non Financial Assets	1,474.86	336.16	125.96	85.61
Financial Liabilities	4,863.58	12,115.38	113.05	16,724.79
Non Financial Liabilities	1,22,057.50	13.78	39.98	49.74
Dividend paid to Non-controlling Interest net of Dividend Distribution tax	192.30	81.30	145.23	62.03
Summarised Financial information for the Statement of Profit and Loss				
Revenue from Operations	37,921.19	12,066.73	2,096.78	2,026.65
Profit for the year	1,257.00	353.33	930.60	447.20
Other Comprehensive Income	(20.44)	40.09	(0.40)	(0.53)
Total Comprehensive Income	1,236.56	393.42	930.20	446.67
Summarised Financial information for Cash Flows				
Net Cash inflows from Operating Activities	9,871.30	658.19	894.14	(1,432.15)
Net Cash inflows from Investing Activities	(10,186.58)	(524.95)	(776.55)	49.11
Net Cash inflows from Financing Activities	(336.49)	(188.31)	(118.64)	2,418.41
Net Cash inflow (Outflow)	(651.77)	(55.07)	(1.05)	1,035.37

Notes forming part of the Consolidated Financial Statements (Continued)

(₹ in crore)

Particulars (As at March 31, 2018)	HDFC Life Insurance Co. Ltd	HDFC Ergo General Insurance Co. Ltd	HDFC Asset Management Co. Ltd	GRUH Finance Ltd
Proportion of interest held by non-controlling entities	51.62%	50.48%	57.36%	57.93%
Accumulated balances of material non-controlling interest	2,766.11	988.08	1,425.47	823.35
Summarised Financial Information for the Balance Sheet				
Financial Assets	1,11,932.07	12,582.53	2,185.15	15,691.16
Non Financial Assets	1,047.27	301.95	286.99	94.01
Financial Liabilities	4,634.62	11,072.37	178.23	14,187.49
Non Financial Liabilities	1,03,500.55	25.88	40.00	42.44
Dividend paid to Non-controlling Interest net of Dividend Distribution tax	159.05	72.13	172.89	51.75
Summarised Financial information for the Statement of Profit and Loss				
Revenue from Operations	30,992.09	10,093.87	1,869.77	1,693.74
Profit for the year	1,115.31	383.05	711.29	402.75
Other Comprehensive Income	(58.68)	(110.45)	0.05	(0.19)
Total Comprehensive Income	1,056.63	272.60	711.34	402.56
Summarised Financial information for Cash Flows				
Net Cash inflows from Operating Activities	6,740.64	1,143.93	618.17	(1,893.66)
Net Cash inflows from Investing Activities	(4,454.39)	(761.43)	(632.79)	4.92
Net Cash inflows from Financing Activities	(164.66)	(154.03)	15.41	1,895.20
Net Cash inflow (Outflow)	2,121.59	228.47	0.79	6.46

HDFC Life Insurance Co. Ltd and HDFC ERGO General Insurance Co. Ltd . for the purposes of its statutory compliance prepares and presents its financial statements/ results under the historical cost convention and accrual basis of accounting in accordance with the acounting principles prescribed by the Insurance Regulatory Development Authority of India (IRDAI) (Preparation of Financial Statements and Auditors Report of Insurance companies) regulations, 2002, circulars and guidelines issued by the IRDAI from time to time, Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013, read together with relevant rules, in so far as they apply to Insurance companies. These financial statements/ results are largely referred to as the Indian GAAP ('IGAAP') financial statements/ results. The Ministry of Corporate Affairs, India, in its press release dated January 18, 2016, had issued a roadmap for implementation of IFRS converged Indian Accounting Standards ('IND-AS'). The timelines for the said implementation have since been deferred.

HDFC Life Insurance Co. Ltd and HDFC ERGO General Insurance Co. Ltd , being subsidiaries of Housing Development Finance Corporation Limited (the 'Corporation'), has prepared this consolidated financial information ('fit- for consolidation information'), in accordance with the recognition and measurement principles of IND-AS as specified under Section 133 of the Companies Act, 2013, for the purposes of preparing the consolidated financial statements/ results of the Corporation.

52. Events after the reporting period

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

53. Approval of financial statements

The financial statements were approved by the board of directors of the Corporation on May 13, 2019.

As per our report of even date attached.

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

Akeel Master
Partner
Membership No. 046768

MUMBAI, May 13, 2019

Deepak S. Parekh
Chairman
(DIN: 00009078)

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

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

J. J. Irani
(Din: 00311104)

Jalaj Dani
(Din: 00019080)

U. K. Sinha
(Din: 00010336)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Shareholders' Information

42^{nd} Annual General Meeting (AGM)

Day/Date	:	Friday, August 2, 2019
Time	:	2:30 p.m.
Venue	:	Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.
Webcast	:	One-way live webcast of the proceedings will be available at the website of the Corporation.
E-voting Period		
Starts	:	Monday, July 29, 2019 at 10:00 a.m.
Ends	:	Thursday, August 1, 2019 at 5:00 p.m.
Cut-off date for e-voting	:	Friday, July 26, 2019. Shareholders holding shares as on the cut-off date shall be eligible to vote either through remote e-voting or at the venue of the AGM.
Book Closure	:	From Tuesday, July 23, 2019 to Friday, August 2, 2019 (both days inclusive).
Payment of Final Dividend		
Recommended dividend	:	₹ 17.50 per equity share of ₹ 2 each.
Dividend entitlement	:	Shareholders whose names appear in the Register of Members / statements of beneficial position, as at the close of business hours on Monday, July 22, 2019.
Date of payment	:	Saturday, August 3, 2019 onwards (subject to the approval of the Members at the 42^{nd} AGM).
Total Dividend	:	₹ 21 per equity share of ₹ 2 each including ₹ 3.50 per share paid as interim dividend in March 2019.
Financial Year	:	April 1 to March 31

Financial Calendar – 2019-20

Type of meeting	Purpose in brief	Indicative Schedule
Audit & Governance Committee/Board Meeting	To review and approve the un-audited financial results for the quarter ending June 30, 2019, subject to a limited review.	Friday, August 2, 2019
42^{nd} AGM	Adoption of audited annual accounts, declaration of dividend, appointment/re-appointment of directors, issue of non convertible debentures, related party transactions, etc.	
Audit & Governance Committee/Board Meeting	To review and approve the un-audited financial results for the quarter/ half-year ending September 30, 2019, subject to a limited review.	By first week of November 2019
Audit & Governance Committee/Board Meeting	To review and approve the un-audited financial results for the quarter ending December 31, 2019, subject to a limited review.	By last week of January 2020
Audit & Governance Committee/ Independent Directors/ Board Meeting	To consider various matters including risk management and board evaluation.	March 2020
Audit & Governance Committee/Board Meeting	To review and approve the audited financial results for the year ending March 31, 2020 and recommend dividend, if any, for the financial year ending March 31, 2020.	By second week of May 2020

Additional meetings of board and committees thereof may be convened as and when deemed necessary.

Listing on Stock Exchanges

Equity Shares

The International Securities Identification Number (ISIN) in respect of the equity shares of the Corporation is INE001A01036. The said equity shares are listed on the following stock exchanges:

BSE Limited (BSE)	**National Stock Exchange of India Limited (NSE)**
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. Tel. Nos.: +91 22-2272 1233/34 E-mail : *is@bseindia.com* Website : *www.bseindia.com*	Exchange Plaza, Plot No. C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai 400 051. Tel. Nos.: +91 22-2659 8100-114 E-mail : *nseiscmum@nse.co.in* Website : *www.nseindia.com*

Stock Exchange Codes	Reuters Codes	Bloomberg Codes
BSE – 500010	BSE - HDFC.BO	HDFC:IN
NSE - HDFC EQ	NSE - HDFC.NS	HDFC:IS

Warrants

In terms of the Placement Document dated October 1, 2015, the Warrant holders were entitled to exercise their right to exchange the Warrants held by them with corresponding number of equity shares of ₹ 2 each of the Corporation, on or before October 5, 2018, at a Warrant Exercise Price of ₹ 1,475 per equity share of ₹ 2 each. The Corporation received 3,64,99,471 Warrants for exchange with equity shares of ₹ 2 each of the Corporation, representing 99.99% of the Warrants issued. Consequently, the Corporation issued and allotted 3,64,99,471 equity shares of ₹ 2 each and realized an amount of ₹ 5,383.67 crore. The remaining 529 Warrants which were not submitted for exchange with the equity shares of the Corporation have lapsed and ceased to be valid. Accordingly, the amount paid towards them stands forfeited.

Outstanding GDRs/ADRs/Warrants or any other Convertible Instruments

No warrants were outstanding for conversion as on March 31, 2019. The Corporation has not issued any other convertible securities that were outstanding for conversion as on March 31, 2019.

Debt Securities

The secured redeemable non-convertible debentures and unsecured redeemable non-convertible debentures issued by the Corporation are listed for trading on the wholesale debt market segments of BSE and NSE.

Rupee Denominated Bonds

Rupee Denominated Bonds issued by the Corporation to overseas investors are listed on London Stock Exchange (LSE), 10, Paternoster Square, London, EC4M 7LS, UK. Other information regarding the terms of the issue of Rupee Denominated Bonds is provided in the Management Discussion and Analysis Report.

Credit Rating

The information on the credit ratings assigned by the Credit Rating Agencies for the debt instruments issued and deposits taken by the Corporation is provided in the notes forming part of the financial statements of the Corporation for the year ended March 31, 2019 and is also regularly updated on the website of the Corporation, *www.hdfc.com*.

Listing Fees

The listing fees have been paid to BSE and NSE for the financial year 2019-20. The requisite fees have also been paid to LSE.

Investor Services Department (ISD)

The Corporation is registered with the Securities and Exchange Board of India (SEBI) as an in-house Share Transfer Agent – Category II and has connectivity with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISD is a part of the Secretarial Department of the Corporation.

The ISD offers various services to the shareholders and debenture holders of the Corporation including services pertaining to transfer, transmission, transposition, dematerialisation and re-materialisation of shares, payment of dividend, servicing of unclaimed dividend, issue of duplicate, replaced, consolidated and split share certificates, change of name, address and bank account details, registration of nomination and other related services. The ISD also undertakes various non-mandatory periodic initiatives relating to reduction in quantum of unclaimed dividend, updation of bank details and PAN, etc.

Shareholders holding shares in physical form are requested to contact the ISD for any of the aforesaid services at:

5th Floor, Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020.

Tel. No. : +91 22-6141 3900, Fax No. : +91 22-2414 7301, E-mail: *investorcare@hdfc.com*

However, those holding shares in electronic form are required to directly contact their Depository Participant(s) (DP) for any of the aforesaid services, excluding services relating to unclaimed dividend.

Share Transfer System

Members holding shares in physical form are requested to note that SEBI vide notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018, amended Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) pursuant to which post December 5, 2018, transfer of securities could not be processed unless the securities were held in the dematerialised form. The said deadline was extended by SEBI to March 31, 2019. However, transfer deed(s) lodged on or before March 31, 2019 and returned due to deficiency in the document(s) may be re-lodged for transfer even after the said deadline.

The said restriction does not apply to transmission or transposition of securities. SEBI has further clarified that the Members are not prohibited from holding the shares in physical form even after April 1, 2019.

The Corporation has in place a Share Transfer Committee, which comprises the Chairman and the whole-time directors of the Corporation and an Investor Services Committee comprising the company secretary and senior officers of the Secretarial Department.

The company secretary of the Corporation, in his capacity as the compliance officer under the Listing Regulations, is responsible for expediting the share transfer formalities. The Investor Services Committee is authorised to approve transfer, transmission, transposition, dematerialisation and re-materialisation of shares, subject to the ratification by Share Transfer Committee.

A statement of transactions ratified/approved by the Share Transfer Committee is further noted/ ratified, as the case may be, by the Stakeholders Relationship Committee of Directors/Board of Directors.

Service Standards

The ISD has been entrusted with the responsibility of ensuring that the investors of the Corporation are serviced professionally, promptly and with good care. Listed below are the service standards adopted by the Corporation in respect of various services being rendered by the ISD:

Nature of Service	No. of Working Days*
Transposition of names	3
Change of address /NACH/bank details	3
Registration of Nomination	3
Issue of duplicate/revalidation of dividend warrant(s)	5
Split/Replacement/Consolidation of share certificate(s)	5
Re-materialisation of shares	5
Transmission of shares/Deletion of name	7
Release of unclaimed shares/Processing of claims - IEPF	7
Dematerialisation of shares	10
Issue of duplicate share certificate(s)	15

** Subject to receipt of valid documents.*

The adherence to the said service standards is regularly reviewed by the company secretary and a report is provided to the Members of Stakeholders Relationship Committee on a quarterly basis.

Investors' Grievances

The Corporation is committed to providing effective and prompt service to its investors.

The Corporation has identified senior personnel who are responsible for ensuring efficient and effective redressal of requests/complaints within the service standards adopted by the Corporation. Investors can also escalate their grievance in the manner as made available on the website of the Corporation.

The details of investor complaints received and redressed by the Corporation during the last three financial years are as under:

Received from	No. of complaints received		
	2016-17	2017-18	2018-19
Stock Exchanges and SEBI including SCORES	3	6	10
NHB, MCA and others	-	-	-
Directly received from investors	-	-	2
Total No. of complaints received	**3**	**6**	**12**
Total No. of complaints redressed	**4***	**6**	**12**
No. of complaints pending	-	-	-

** Includes one outstanding complaint from previous year.*

The Corporation has established an accessible and responsive means for its investors' to raise concerns through *investorcare@hdfc.com,* which is monitored by the company secretary.

Unclaimed Dividend

During the year, the Corporation undertook following initiatives to reduce the quantum of unclaimed dividends:

- periodic reminders to the concerned shareholders to claim dividend;

- directly credited the unclaimed dividend to the shareholders' accounts, who had updated their bank details with the Corporation/depositories; and
- issued at-par cheques and demand drafts with requisite bank details towards the unclaimed dividend for the financial year 2010-11 and dispatched the same to the concerned shareholders at the address registered with the Corporation/depositories.

Despite the above initiatives, unclaimed dividend amounting to ₹ 1,61,88,111 in respect of the financial year 2010-11 was transferred to the Investor Education and Protection Fund (IEPF) on August 28, 2018, in compliance with the provisions of Section 125 of the Companies Act, 2013. Further, unclaimed dividend in respect of the financial year 2011-12 is due for transfer on August 10, 2019. Concerned shareholders are requested to claim their dividend at the earliest but before the last date as mentioned herein below.

The details of the unclaimed dividends as on March 31, 2019 and the last date for claiming the same from the Corporation, prior to its transfer to the IEPF, are as under:

Financial Year (FY)	No. of members who have not claimed their dividend	Unclaimed dividend as on March 31, 2019 (₹)	Unclaimed dividend as % to total dividend	Date of declaration	Last date for claiming the dividend from the Corporation prior to its transfer to IEPF
2011-12	3,098	2,17,18,862	0.13	July 11, 2012	August 10, 2019
2012-13	2,796	2,55,31,634	0.13	July 19, 2013	August 19, 2020
2013-14	2,748	3,08,12,138	0.14	July 21, 2014	August 20, 2021
Interim Dividend 2014-15	4,411	53,03,958	0.17	March 19, 2015	April 20, 2022
Final Dividend 2014-15	3,280	2,93,43,782	0.14	July 28, 2015	August 26, 2022
Interim Dividend 2015-16	5,037	87,94,080	0.19	March 21, 2016	April 19, 2023
Final Dividend 2015-16	4,083	3,81,35,104	0.17	July 27, 2016	August 25, 2023
Interim Dividend 2016-17	4,780	90,10,050	0.19	March 3, 2017	April 1, 2024
Final Dividend 2016-17	4,080	4,29,43,665	0.18	July 26, 2017	August 24, 2024
Interim Dividend 2017-18	4,933	73,30,544	0.12	March 16, 2018	April 16, 2025
Final Dividend 2017-18	3,917	3,14,44,413	0.11	July 30, 2018	August 28, 2025

Interim dividend of ₹ 3.50 per equity share for the financial year 2018-19 was paid from March 25, 2019.

The details of the unclaimed dividend are available on the Corporation's website.

Unclaimed Shares

As per Listing Regulations

Regulation 39(4) of the Listing Regulations *inter alia* requires every listed company to comply with certain procedures in respect of shares issued by it in physical form pursuant to a public issue or any other issue and which remained unclaimed for any reason whatsoever.

Summary of the claims received/ processed by the Corporation in respect of unclaimed shares under the Listing Regulations during the financial year 2018-19 and its status as at March 31, 2019, is detailed as under:

Particulars	**No. of shareholders**	**No. of equity shares of ₹ 2 each**
Aggregate number of shareholders and the outstanding equity shares lying in the Unclaimed Suspense Account as at April 1, 2018.	16	27,400
Number of shareholders who approached the Corporation for transfer of equity shares from the said Unclaimed Suspense Account during the year ended March 31, 2019.	6	16,750
Number of shareholders (out of the said 6 shareholders) to whom equity shares were transferred from the Unclaimed Suspense Account during the year ended March 31, 2019.	3	14,400
Aggregate number of equity shares that were transferred in favour of the IEPF Authority during the year ended March 31, 2019.	1	100
Aggregate number of shareholders and the outstanding equity shares lying in the Unclaimed Suspense Account as at March 31, 2019.	12	12,900

In terms of the Listing Regulations, voting rights on the equity shares lying in the Unclaimed Suspense Account shall remain frozen till the rightful owner claims and the said shares are transferred as such.

The concerned shareholder(s) are requested to write to the ISD to claim the said equity shares. On receipt of such claim, the Corporation may call for additional documents. The Corporation on receipt of such additional documents and its verification may either transfer the shares lying in the Unclaimed Suspense Account to the depository account provided by the concerned shareholder(s) or deliver the physical share certificate to his/her registered address.

As per Companies Act, 2013

As per Section 124 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more are required to be transferred by the company in the name of IEPF.

In compliance with the IEPF Rules, the Corporation transferred 73,237 equity shares of ₹ 2 each corresponding to the unclaimed dividend for the financial year 2010-11 in the name of IEPF. Cumulatively till date, the Corporation has transferred 14,88,708 equity shares of ₹ 2 each in the name of the IEPF. The details of said shares are available on the Corporation's website. Prior to the said transfers, the Corporation had sent reminders to the concerned shareholders and published notices in widely circulated English and Marathi newspapers requesting them to claim the dividend(s) prior to transfer of corresponding shares to IEPF.

Shareholder whose shares have been transferred in the name of IEPF can claim the dividend and/or shares after following the procedure prescribed by the Ministry of Corporate Affairs, Government of India. A brief outline of the said procedure for claiming the dividend/shares from the IEPF Authority is listed below:

- Download Form No. IEPF-5 from. *www.iepf.gov.in*
- Submit the duly filled form online at *www.mca.gov.in*. On successful upload, download the acknowledgement that gets generated automatically.
- Take a printout of the duly filled Form No. IEPF-5 and the acknowledgement. Submit the same to the nodal officer of the Corporation at its registered office in an envelope marked as "Claim for refund from IEPF Authority" along with the following documents:
  - indemnity (in original) with claimant's signature;

- advance stamped receipt (in original);
- copy of Aadhaar Card (for Indian citizens);
- copy of Passport, OCI and PIO card (for foreigners and NRI);
- proof of entitlement (share certificate/dividend warrant etc.);
- cancelled cheque leaf;
- copy of PAN Card; and
- client master list of demat account of the claimant.

- The Corporation on receipt of the complete set of documents shall submit its verification report to the IEPF Authority.
- Upon submission of the verification report by the Corporation, the corresponding action shall solely be at the discretion of the IEPF Authority.

For more details, the concerned shareholders are requested to refer to the "Refund" section of *www.iepf.gov.in* or contact the nodal officer of the Corporation.

Updation of PAN and Bank Account details

SEBI vide Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 has mandated that the dividend can be paid only through electronic means. In case the electronic payment fails or gets rejected by the banks, the dividend can be paid by dividend warrants/demand drafts incorporating the bank account details of the concerned shareholder on the same.

Members who have not provided their PAN or updated their bank account details are requested to provide the same to the Corporation (in respect of shares held in physical form) or to the DP (in respect of shares held in electronic form).

Nomination Facility

Section 72 of the Companies Act, 2013 provides that every holder of securities of a company may, at any time, nominate, in the prescribed manner, any person to whom his/her securities shall vest in the event of his/her death. Where the securities are held by more than one person jointly, the joint holders may together nominate any person to whom all the rights in the securities shall vest in the event of death of all the joint holders.

In view of the aforesaid, shareholders especially those holding shares in single name are advised to nominate any person by submitting the nomination form (Form SH-13) to the ISD. Shareholders can download the said form from the 'Investors' section on the website of the Corporation. Shareholders holding shares in electronic form are requested to contact their DP.

Nomination stands automatically rescinded on transfer/dematerialisation of the shares.

Voting Rights

The fundamental voting principle is 'One Share-One Vote'.

Equity shares issued by the Corporation carry equal voting rights, with an exception, where voting rights in respect of the shares, if any, lying in the Unclaimed Suspense Account/transferred to IEPF shall remain frozen till the rightful owner claims such shares and is transferred as such.

Rights and Obligations of shareholders

The Corporation has always accorded great importance towards shareholder engagement.

It has consistently ensured that shareholders are empowered to honour their statutory rights. A synopsis of some of the rights and obligations of the shareholders is made available on the Corporation's website.

Frequently Asked Questions

For ready reference of the shareholders of the Corporation, responses to frequently asked questions on various investor services are made available on the website of the Corporation.

Control of the Corporation

The Corporation is neither owned nor controlled, directly or indirectly, by any person, entity or government and does not owe allegiance to any promoter or promoter group. To the best of its knowledge and belief, the Corporation does not have any arrangement, the operation or consequence of which might directly or indirectly result in a change in its ownership, control or management.

Dematerialisation of Shares and Liquidity as at March 31, 2019

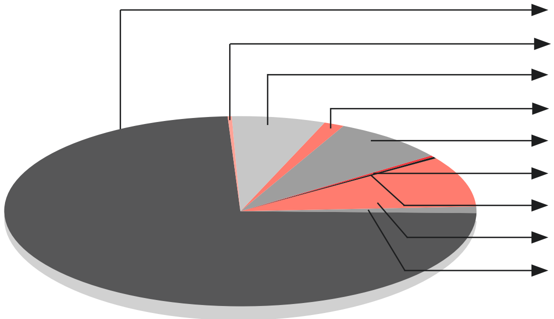
	No. of shareholders	% to total no. of shareholders	No. of shares of ₹ 2 each	% to Capital
Held in electronic mode				
a. NSDL	1,82,295	64.35	168,31,04,531	97.77
b. CDSL	95,674	33.77	3,04,65,869	1.77
Sub Total (a+b)	**2,77,969**	**98.12**	**171,35,70,400**	**99.54**
Held in physical mode	5,321	1.88	78,66,990	0.46
Total	**2,83,290**	**100**	**172,14,37,390**	**100**

The shares of the Corporation are widely traded on the stock exchanges.

Distribution of Shareholding as at March 31, 2019

No. of shares held	No. of shares	% to Capital	No. of shareholders	% to total no. of shareholders
1	24,697	0.00	24,697	8.72
2 - 10	4,87,643	0.03	76,138	26.88
11 - 100	43,84,949	0.25	1,03,129	36.40
101 - 200	25,50,169	0.15	16,413	5.79
201 - 500	71,05,093	0.41	19,499	6.88
501 - 1,000	1,30,84,271	0.76	15,414	5.44
1,001 - 5,000	5,04,26,165	2.93	22,888	8.08
5,001 - 10,000	1,42,81,307	0.83	2,029	0.72
10,001 - 50,000	3,57,78,326	2.08	1,597	0.56
50,001 - 1,00,000	2,52,19,221	1.47	355	0.13
1,00,001 and above	156,80,95,549	91.09	1,131	0.40
Total	**172,14,37,390**	**100**	**2,83,290**	**100**

Shareholding Pattern as on March 31, 2019



Category	% of Total Capital
Foreign Portfolio Investors	74.19
Foreign Direct Investment	0.17
Insurance Companies	6.37
Bodies Corporate	1.32
Mutual Funds	7.91
Financial Institutions/Banks	0.10
Non-resident Indians (NRIs)/Foreign Nationals	0.29
Resident Individuals	8.58
Others	1.07
Total	**100.00**

Details of shareholding based on category of investors and shareholding pattern as on March 31, 2019 are provided in Form No. MGT–9 (Extract of Annual Return), which is annexed to the Directors' Report.

Major Shareholders

Details of shareholders holding 1% or more of the total issued and paid-up share capital of the Corporation as at March 31, 2019 are given below:

Sr. No.	Name of the shareholder	No. of shares	% to Capital
1	Life Insurance Corporation of India	6,43,64,604	3.74
2	Government of Singapore	6,32,01,485	3.67
3	Oppenheimer Developing Markets Fund	5,10,33,026	2.96
4	Europacific Growth Fund	3,18,13,425	1.85
5	SBI-ETF Nifty 50	3,15,19,651	1.83
6	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	2,69,73,349	1.57
7	Vanguard Total International Stock Index Fund	2,67,17,434	1.55
8	Abu Dhabi Investment Authority - Behave	2,02,56,730	1.18
9	Stichting Depositary APG Emerging Markets Equity Pool	1,92,15,846	1.12
10	ICICI Prudential Balanced Advantage Fund	1,79,28,536	1.04
	Total	**35,30,24,086**	**20.51**

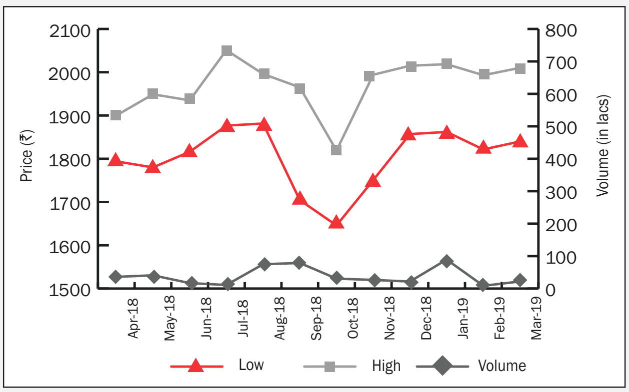
Stock Market Price Data

The monthly high and low price and the volume of shares traded on BSE and NSE during the financial year 2018-19 are as under:

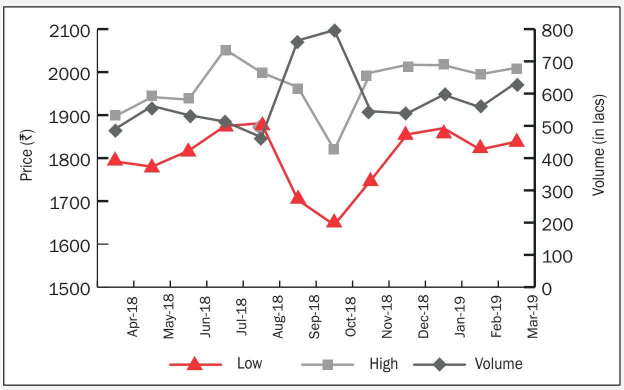
Month	BSE			NSE		
	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded
April-18	1,900.00	1,794.00	33,27,633	1,898.00	1,792.00	4,91,20,451
May-18	1,949.00	1,780.00	36,92,666	1,941.90	1,780.05	5,61,44,652
June-18	1,935.00	1,816.00	18,95,323	1,936.00	1,817.00	5,33,33,830
July-18	2,051.00	1,876.60	14,55,544	2,052.95	1,874.65	5,13,13,977
August-18	1,996.00	1,881.50	62,53,005	1,999.00	1,881.00	4,64,69,305
September-18	1,965.15	1,704.45	65,44,273	1,965.00	1,702.80	7,64,77,818
October-18	1,819.10	1,646.00	29,23,292	1,819.45	1,644.50	7,96,82,286
November-18	1,994.25	1,750.60	26,24,393	1,998.75	1,748.25	5,45,32,998
December-18	2,015.00	1,857.00	22,54,632	2,017.00	1,855.25	5,38,50,662
January-19	2,018.60	1,862.05	73,24,614	2,016.00	1,869.50	5,96,49,000
February-19	1,993.15	1,821.55	12,67,478	1,994.90	1,820.00	5,57,63,021
March-19	2010.20	1,840.00	22,70,225	2,010.00	1,838.30	6,34,51,871

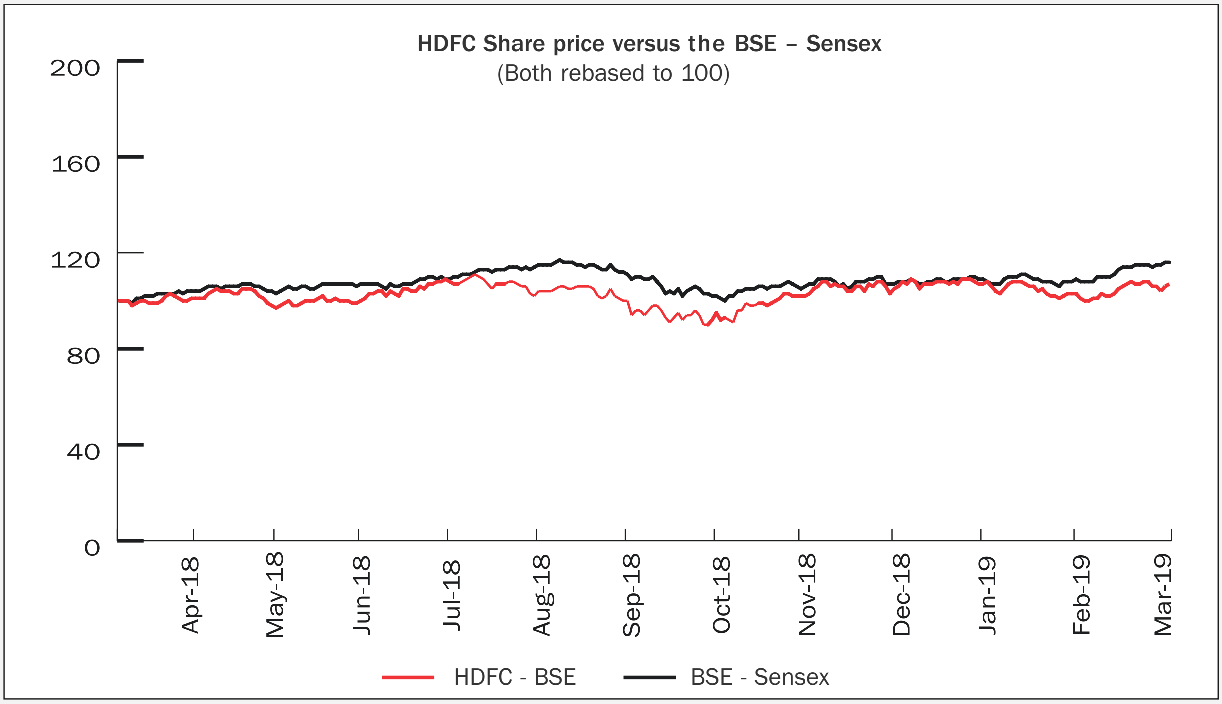
Source: www.bseindia.com and www.nseindia.com.

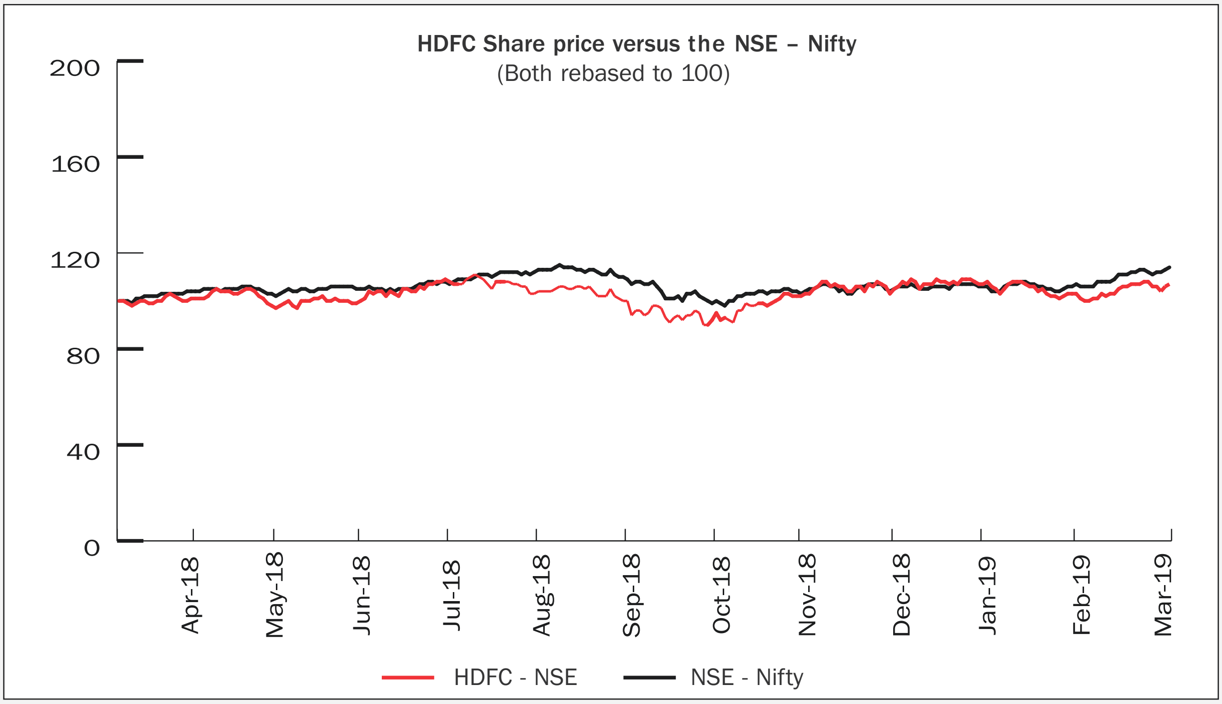
Share Price Movement on BSE



Share Price Movement on NSE




HDFC Share price versus the BSE – Sensex
(Both rebased to 100)
200
160
120
80
40
0
Apr-18
May-18
Jun-18
Jul-18
Aug-18
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
HDFC - BSE
BSE - Sensex


HDFC Share price versus the NSE – Nifty
(Both rebased to 100)
200
160
120
80
40
0
Apr-18
May-18
Jun-18
Jul-18
Aug-18
Sep-18
Oct-18
Nov-18
Dec-18
Jan-19
Feb-19
Mar-19
HDFC - NSE
NSE - Nifty

Web links

As required under the various provisions of the Companies Act, 2013, Housing Finance Companies- Corporate Governance (National Housing Bank) Directions, 2016 and Listing Regulations, the web link of the important documents placed on the website of the Corporation is provided below:

Sr. No.	Details of document	Web links
1.	Code of Conduct for Non-Executive Directors	https://www.hdfc.com/allpolicies/Code-of-Conduct-for-NED.pdf
2.	Code of Conduct for Executive Directors and Senior Management	https://www.hdfc.com/allpolicies/Code-of-Conduct-for-ED-and-SM.pdf
3.	Corporate Social Responsibility Policy	https://www.hdfc.com/allpolicies/CSRPolicy.pdf
4.	Whistle Blower Policy	https://www.hdfc.com/allpolicies/whistle_blower_policy.pdf
5.	Policy on Material Subsidiary Companies	https://www.hdfc.com/allpolicies/Policy_Material_Subsidiaries.pdf
6.	Policy on Related Party Transactions	https://www.hdfc.com/allpolicies/RevisedRelatedPartyTransactionPolicy.pdf
7.	Board Familiarisation Programme	https://www.hdfc.com/allpolicies/Board-Familiarisation-Programme.pdf
8.	Board Familiarisation Update	https://www.hdfc.com/allpolicies/BoardFamiliarisationUpdateApril2019.pdf
9.	Policy on Remuneration of Directors, Senior Management, KMPs and other employees	https://www.hdfc.com/allpolicies/Policy_on_Remuneration_July_2018.pdf
10.	Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	https://www.hdfc.com/allpolicies/Code_of_practices_and_procedures_fair_disclosure.pdf
11.	Letter of Appointment to Independent Directors	https://www.hdfc.com/allpolicies/Letter-of-Appointment-to-Independent-Directors.pdf
12.	Policy on Determination of Materiality	https://www.hdfc.com/allpolicies/Policy_on_determination_of_materiality_Final.pdf
13.	Web Archival Policy	https://www.hdfc.com/allpolicies/Web-Archival-Policy.pdf
14.	Policy on Business Responsibility	https://www.hdfc.com/allpolicies/BR-Policy.pdf
15.	Dividend Distribution Policy	https://www.hdfc.com/allpolicies/dividend-distribution-policy.pdf
16.	Policy on Management of Conflict of Interest	https://www.hdfc.com/allpolicies/Policy-on-Management-of-Conflict-of-Interest.pdf
17.	Disclosure under the SEBI (Share Based Employee Benefits) Regulations, 2014	https://www.hdfc.com/investor-relations#annual-reports
18.	Internal Guidelines on Corporate Governance	https://www.hdfc.com/allpolicies/InternalGuidelines-on-Corporate-Governance.pdf
19.	Business Responsibility Report 2018-19	https://www.hdfc.com/investor-relations#annual-reports
20.	Integrated Report 2018-19	https://www.hdfc.com/investor-relations#annual-reports

Sr. No.	Details of document	Web links
21.	Policy on Health and Safety of Employees	https://www.hdfc.com/allpolicies/policy-on-health-and-safety-of-employees.pdf
22.	Board Diversity Policy	https://www.hdfc.com/allpolicies/Board_Diversity_Policy.pdf
23.	Policy on Succession Planning	https://www.hdfc.com/allpolicies/Policy_on_Succession_Planning.pdf
24.	Policy on Protection of Women against Sexual Harassment	https://www.hdfc.com/allpolicies/policy-on-protection-of-women-against-sexual-harassment.pdf
25.	Policy for Fit and Proper Criteria of Directors	https://www.hdfc.com/allpolicies/Policy_on_Fit_and_Proper_Criteria_HDFC.pdf
26.	Policy on Appointment of Directors and Members of Senior Management	https://www.hdfc.com/allpolicies/Policy_on_Appointment_of_Directors.pdf
27.	Memorandum and Articles of Association	https://www.hdfc.com/sites/default/files/memorandum-and-article-of-association.pdf

Policy on Related Party Transactions

1. **Scope and Purpose**

   The Companies Act, 2013 (the Act), the rules framed thereunder as well as Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), contain detailed provisions relating to Related Party Transactions.

   This Policy on Related Party Transactions (**Policy**) has been framed as per the requirements of the Regulation 23 of Listing Regulations and is intended to ensure proper approval and reporting of the concerned transactions between the Corporation and its Related Parties.

   Pursuant to the enactment of Section 14 of the Companies (Amendment) Act, 2015, the Listing Regulations and in light of its impact on the compliance and disclosures pertaining to Related Party Transactions, this Policy was amended by the Board of Directors of the Corporation at its meeting held on January 27, 2016.

   Thereafter pursuant to the provisions of the Companies (Amendment) Act, 2017, amendments to the Listing Regulations and implementation of Indian Accounting Standards, this Policy has once again been amended by the Board of Directors of the Corporation at its meeting held on July 30, 2018. This Policy shall be effective from August 1, 2018.

2. **Interpretations**

   All words and expressions used herein, unless defined herein, shall have the same meaning as respectively assigned to them, in the Applicable Law under reference.

   'Applicable Law' includes (a) the Companies Act, 2013 including Companies (Amendment) Act, 2017 and rules made thereunder; (b) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; (c) Indian Accounting Standards; and (d) any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

3. **Terms of the Policy**

   All Related Party Transactions will be subject to following approval matrix, as may be applicable:

Provisions	Ceiling on the Amount	Approval Required		
		Audit Committee	Board of Directors	Shareholders (Ordinary Resolution)
Transactions in the *ordinary course of business* and on *arm's length basis*	*up to* **10% of the** annual consolidated turnover of the Corporation	√	-	-
	In excess of above limits	√	√	√ *(All related parties to abstain from voting.)*
Transactions either not in the *ordinary course of business* or *arm's length basis*				
Sale, purchase or supply of any goods or materials, directly or through appointment of agent.		√	√	√* Exceeding 10% of the turnover or rupees one hundred crore, whichever is lower
Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent.		√	√	√* Exceeding 10% of the net worth or rupees one hundred crore, whichever is lower
Leasing of property of any kind.		√	√	√* Exceeding 10% of the turnover or 10% of the net worth, or rupees one hundred crore whichever is lower
Availing or rendering of any services, directly or through appointment of agent.		√	√	√* Exceeding 10% of the turnover or rupees fifty crore, whichever is lower
Appointment of any related party to any office or place of profit in the Corporation, its subsidiary company or associate company.		√	√	√* Monthly remuneration exceeding two and half lakh rupees
Underwriting the subscription of any securities or derivatives thereof, of the Corporation.		√	√	√* Remuneration exceeding 1% of net worth
* **Note:** *In case of shareholders' approval for such transactions, related parties that are parties to the contract shall abstain from voting.*				

Provisions	Ceiling on the Amount	Approval Required		
		Audit Committee	Board of Directors	Shareholders (Ordinary Resolution)
Any other transaction with related parties, other than those covered above, resulting in transfer of resources, obligations or services.		√	√ For Transactions that are not on arm's length basis.	Exceeding 10% of the annual consolidated turnover of the Corporation *Note: All related parties to abstain from voting.*

4. **Identification of Related Parties and Related Party Transactions**

The Compliance Officer shall:

a. Identify and keep on record the Corporation's Related Parties, along with their personal/company details.

b. Update the record of Related Parties whenever necessary and shall be reviewed at least once a quarter.

c. Furnish on a monthly basis to the concerned departments viz. Treasury, Accounts, Operations, Resources and Facilities Management at Corporate Office and branches, who are responsible for entering into contracts/ arrangements/ agreements with entities for and on behalf of the Corporation, and circulate the list of Related Parties to all such employees of the Corporation along with the approval thresholds for entering into transactions with such enlisted Related Parties.

d. Ensure that internal systems have been created to ensure that the concerned employees approving the transactions are not related to the contracting parties and alternative approving authorities are put in place. The internal systems shall be placed before the Audit Committee and shall be circulated amongst all concerned employees for effective monitoring of all Related Party Transactions.

e. Ensure that Senior Management Personnel furnish a certificate to the Audit Committee annually relating to all material, financial and commercial transactions with Related Parties, where they have personal interest that may have a potential conflict with the interest of the listed entity at large.

5. **Ascertaining whether Related Party Transactions are in the Ordinary Course of Business**

i. Although the term "Arm's Length Basis" has been defined under Section 188 of the Act, what transactions would be considered to be in the "ordinary course of business" has not been specified under the Companies Act, 2013. In the case of Seksaria Biswan Sugar Factory Ltd. v. Commissioner of Income Tax, Bombay, the Bombay High Court, in relation to what constitutes 'ordinary course of business', observed that "it must be found as to whether the particular act has any connection with the normal business that the company is carrying on and whether it is so related to the business of the company that it can be considered to be performed in the ordinary course of the business of that company."

A. Therefore, in order to determine whether a transaction is within the ordinary course of business or not, some of the principles that may be adopted to assess are as follows:

a) whether the transaction is in line with the usual transactions, customs and practices undertaken by the company to conduct its business operations and activities;

b) whether it is permitted by the Memorandum and Articles of Association of the company; and

c) whether the transaction is such that it is required to be undertaken in order to conduct the routine or usual transactions of a company.

B. Any of the following conditions are met:

a) the transaction, including, but not limited to sale or purchase of goods or property, or acquiring or providing of services, conveying or accepting leases, transfer of any resources, hiring of any executives or other staff, providing or availing of any guarantees or collaterals, or receiving or providing any financial assistance, or issue, transfer, acquisition of any securities, is in the normal routine of the Corporation's business; or

b) the transaction is in the nature of reimbursements, received or provided, from or to any related party, whether with or without any mark-up towards overheads, and is considered to be congenial for collective procurement or use of any facilities, resources, assets or services and subsequent allocation of the costs or revenues thereof to such related party in an appropriate manner; and

C. The transaction is not

a) an exceptional or extra ordinary activity as per applicable accounting standards or financial reporting requirements;

b) any sale or disposal of any undertaking of the Corporation, as defined in explanation to clause (a) of sub-section (1) of section 180 of the Act.

ii. The Corporation may also consider whether the transaction contemplated under the proposed contract or arrangement is either similar to contracts or arrangements which have been undertaken in the past, or in the event that such transaction is being undertaken for the first time, whether the Corporation intends to carry out similar transactions in the future.

iii. Further, whether the transaction value is within the reasonable range for similar types of other transactions, will also be an important consideration. An exceptionally large value transaction should invite closer scrutiny.

6. Ascertaining whether Related Party Transactions are on an Arm's Length Basis

i. The following illustrative tests may be used by the Audit Committee for ascertaining arm's length nature of contracts/ arrangements that may be entered into by the Corporation with related parties, or any modification, variation, extension or termination thereof:

a. The contracts/ arrangements are entered into with Related Parties, are at such prices/ discounts/ premiums and on such terms which are offered to unrelated parties of similar category/ profile.

b. The contracts/ arrangements have been commercially negotiated.

c. The pricing is arrived at as per the rule/ guidelines that may be issued by or acceptable for the purpose of National Housing Bank, Ministry of Corporate Affairs, Government of India, Income Tax Act, 1961, Securities and Exchange Board of India and/ or such other statutory or regulatory bodies as applicable to any of the contract/ arrangements contemplated under the Act, Rules framed thereunder or Listing Regulations.

d. The terms of contract/ arrangement other than pricing are generally on a basis similar to those as may be applicable for similar category of goods and services or similar category/ profile of counterparties.

e. Such other criteria as may be issued under Applicable Law.

ii. Further, in order to determine the optimum arm's length price, the Corporation may also apply the most appropriate method from any of the following methods as prescribed under Section 92C(1) of the Income Tax Act, 1961 read with Rule10B of the Income Tax Rules, 1962 –

a. Comparable Uncontrolled Price Method (CUP Method)

b. Resale Price Method

c. Cost Plus Method

d. Profit Split Method

e. Transactional Net Margin Method

f. Other Method as prescribed by the Central Board of Direct Taxes

iii. The Audit Committee shall be entitled to rely on professional opinion or representation from the counter party in this regard.

iv. The Audit Committee may refer the Pricing Policy of the Corporation for determining the arms' length pricing for transactions entered into/ to be entered into with the related parties. This Policy shall be updated annually or as may be deemed necessary by the Board of Directors/ Audit Committee of Directors of the Corporation.

v. Notwithstanding the above, whether a particular transaction is on arm's length basis or not, is a decision to be taken by the Board of Directors and the Audit Committee of Directors of the Corporation. Once the Board of Directors on the recommendation of Audit Committee, determines that the relevant transaction has taken place on an arm's length basis, so long as they have reasonable basis for the same their decision shall be final.

7. Procedure for approval and review of Related Party Transactions

i. Subject to the threshold limits specified below, all Related Party Transactions or changes therein must be referred for prior approval by the Audit Committee in accordance with this Policy.

ii. The threshold limits for approvals will be as follows:

a. The transactions, for which omnibus approval of the Audit Committee has already been sought, will not require prior approval of the Audit Committee for each transaction entered into pursuant to the same.

b. Transactions above the value of ₹ 1 crore per transaction may be granted omnibus approval by Audit Committee subject to criteria specified under Clause 8 below. Such transactions shall be reported to the Audit Committee on a quarterly basis.

c. Where the need for related party transaction cannot be foreseen and the details thereof are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1 crore per transaction. Such transactions shall also be reported to the Audit Committee on a quarterly basis.

d. Transactions other than those referred to in Section 188 of the Act between the Corporation and its wholly owned subsidiary companies would not require the omnibus approval of the Audit Committee. Such transactions shall be reported to the Audit Committee on a quarterly basis.

iii. Related Party Transactions that are not in ordinary course of business but on arm's length basis may be approved by Audit Committee. Where such Related Party Transactions fall under Section 188 (1) of the Act, the Audit Committee shall recommend the transaction for approval of the Board.

iv. Related Party Transactions that are not on arm's length basis, irrespective of whether those are covered under Section 188 of the Act or not, may be placed by the Audit Committee, along with its recommendations, to the Board for appropriate action.

v. All relevant facts pertaining to a Related Party Transaction shall be placed with the Audit Committee, inclusively:

   a. the name of the related party and nature of relationship;

   b. the nature, duration of the contract and particulars of the contract or arrangement;

   c. the material terms of the contract or arrangement including the value, if any;

   d. any advance paid or received for the contract or arrangement, if any; and

   e. any other information relevant or important for the Committee to take a decision on the proposed transaction.

vi. Audit Committee shall be entitled to call for such information/ documents in order to understand the scope of the proposed related party transaction(s) and recommend an effective control system for the verification of the supporting documents.

vii. In determining whether approval can be accorded to a Related Party Transaction, the Audit Committee shall consider the following factors:

   a. whether the Related Party Transaction is in the ordinary course of business of the Corporation;

   b. whether the terms of the Related Party Transaction is on arm's length basis;

   c. whether there are any adequate reasons of business expediency for the Corporation to enter into the Related Party Transaction, after comparing alternatives available, if any;

   d. whether the Related Party Transaction would affect the independence of any director/ key managerial personnel;

   e. whether the proposed Related Party Transaction includes any potential reputational/ regulatory risks that may arise as a result of or in connection with the proposed transaction; and

   f. whether the Related Party Transaction would present an improper conflict of interest for any director or key managerial personnel of the Corporation, taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of interest of the Related Party in the transaction and such other factors as the Audit Committee deems relevant.

viii. If the Audit Committee determines that a Related Party Transaction should be brought before the Board of Directors, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

ix. If the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a resolution pursuant to Applicable Laws, the Board shall ensure that the same be put up for approval by the shareholders of the Corporation.

x. Where, owing to exigencies, Related Party Transactions have been entered into without being placed for prior approval by the Audit Committee, reasoned explanation for the same must be received from the contracting employees to the satisfaction of the Audit Committee. The Audit Committee may ratify such transactions, or may put forth the transactions before the Board along with its recommendations and the Board may either ratify such transactions or seek to avoid the same.

xi. If approval of the Board/ shareholders, where applicable, for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Board/ shareholders, if required, within 3 months of entering in the Related Party Transaction.

   In any case where either the Board/ shareholders determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or the shareholders, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Board has authority to modify or waive any procedural requirements of this Policy.

xii. No member of the Audit Committee/ Board shall participate in the review or approval of any Related Party Transaction in which such member is interested, except that the director/ Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee/ Board.

xiii. Exceptions allowed under Applicable Laws for Related Party Transactions shall be exempted from the scope of this Policy unless the Audit Committee/ Board decide otherwise.

xiv. Nothing in this Policy shall override any provisions of Applicable Law made in respect of any matter stated in this Policy.

xv. A certificate shall be obtained from the Statutory Auditors of the Corporation on a quarterly basis stating that the Related Party Transactions entered into by the Corporation during the previous quarter were in accordance with this Policy.

xvi. The Audit Committee shall review all Related Party Transactions on a quarterly basis.

xvii. In addition to the Audit Committee, all the Related Party Transactions shall also be reviewed by the Board of Directors of the Corporation on an annual basis.

8. Additional matters pertaining to Omnibus Approval

i. In accordance with the Applicable Laws, the Audit Committee shall grant omnibus approval in line with this Policy and based on the following information:

a. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;

b. the indicative base price or current contracted price and the formula for variation in the price, if any;

c. the maximum transaction values and/or the maximum period for which the omnibus approval shall be valid; and

d. such other conditions as the Audit Committee may deem fit.

ii. Notwithstanding the generality of foregoing, Audit Committee shall not grant omnibus approval for following transactions:

a. Transactions which are not in ordinary course of business or not on an arm's length basis and covered under Section 188(1) of the Act;

b. Transactions in respect of selling or disposing of the undertaking of the Corporation;

c. Transactions which are not in the interest of the Corporation;

d. Such other transactions specified under Applicable Law from time to time.

iii. Notwithstanding the generality of foregoing, the following transactions shall not be deemed Related Party Transactions for the purpose of this Policy and as such no omnibus approval is required to be granted for same:

a. Any transaction that involves providing of compensation to a director or Key Managerial Personnel, in accordance with the provisions of the Act in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

b. Reimbursement made of expenses incurred by a Related Party for business purpose of the Company, or reimbursement received for expenses incurred by the Company on behalf of a Related Party.

c. Reimbursement of pre-incorporation expenses incurred by or on behalf of a Related Party.

d. Any transaction in which the Related Party's interest arises solely by way of ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party, or other pro rata interest of a Related Party included in a transaction involving generic interest of stakeholders involving one or more Related Parties as well as other parties.

e. Recurring transactions flowing out of a principal transaction or arrangement for which the Audit Committee has granted its omnibus approval.

f. Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder, and does not require prior approval by the Audit Committee.

9. Disclosures

As mandated under the Listing Regulations, the Corporation shall disclose this Policy on its website i.e. *www.hdfc.com* and in the Annual Report. Disclosures regarding related party transactions will be made in accordance with the Applicable Law.

10. Policy Review

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Listing Regulations or as may be otherwise prescribed by the Audit Committee/ Board from time to time.

If you need any assistance, please walk in or call any of our offices to experience the warmth, courtesy and professionalism of HDFC.

REGISTERED OFFICE: Ramon House, Mumbai 400 020. Tel: 61766000, 61766100.

CORPORATE OFFICE: HDFC House, Mumbai 400 020. Tel: 66316000, 22820282.

BRANCH OFFICES:

AGRA Tel: 2526769/70. **AHMEDABAD (Navrangpura)** Tel: 66307000. **AHMEDABAD (Maninagar)** Tel: 7227011281. **AHMEDABAD (Nikol)** Tel: 7227011287. **AHMEDABAD (Science City)** Tel: 7227011297. **AHMEDABAD (Satellite)** Tel: 7227011293. **AHMEDNAGAR** Tel: 6605222. **AJMER** Tel: 2641164. **AKOLA** Tel: 2442454, 2430244. **ALAPPUZHA** Tel: 2269460/70. **ALIGARH** Tel: 2408541. **ALLAHABAD** Tel: 2260325. **ALMORA** Tel: 235556. **ALWAR** Tel: 2702739/40. **AMBALA** Tel: 2630880, 2601762. **AMRAVATI** Tel: 2666009/987. **AMRITSAR** Tel: 2500851, 5095458. **ANAND** Tel: 297552/3/4. **ANGUL** Tel: 7205000448. **ANKLESHWAR** Tel: 255771/2. **AURANGABAD** Tel: 2349300. **BARAMATI** Tel: 220150/160. **BAREILLY** Tel: 2477496, 2451169. **BEAWAR** Tel: 251691. **BELGAUM** Tel: 2427091, 2427093. **BENGALURU (Kasturba Road)** Tel: 41183000. **BENGALURU (Electronic City)** Tel: 28523953. **BENGALURU (Jayanagar)** Tel: 26592838. **BENGALURU (Kalyan Nagar)** Tel: 42200034. **BENGALURU (Kanakapura Road)** Tel: 26861501. **BENGALURU (Kengeri)** Tel: 28425353. **BENGALURU (Koramangala)** Tel: 25501083. **BENGALURU (Marathahalli)** Tel: 25400232. **BENGALURU (Rajajinagar)** Tel: 23506416. **BENGALURU (Sahakara Nagar)** Tel: 48540161. **BENGALURU (Sarjapur Road)** Tel: 25746772. **BENGALURU (Whitefield)** Tel: 28451020. **BENGALURU (Yelahanka)** Tel: 28460911. **BERHAMPUR** Tel: 2220844. **BHANIYAWALA** Tel: 241 2223, 241 2233. **BHARUCH** Tel: 238444/555. **BHATINDA** Tel: 5012218/19. **BHAVNAGAR** Tel: 7227011299. **BHILAI** Tel: 4075203. **BHIWADI** Tel: 224041. **BHILWARA** Tel: 232902. **BHOPAL (ISBT)** Tel: 2780000. **BHOPAL (Sonagiri)** Tel: 4229990. **BHOPAL (Kolar Road)** Tel: 2422001/06. **BHUBANESWAR** Tel: 6633300. **BHUBANESWAR (Patia)** Tel: 7205000236. **BIKANER** Tel: 2206677. **BILASPUR** Tel: 432300. **BULANDSHAHR** Tel: 2255526. **CALICUT** Tel: 2367656/7. **CHANDIGARH** Tel: 6761000. **CHANDIGARH (Call Centre)** Tel: 6761000. **CHANDRAPUR** Tel: 271563. **CHENNAI (Anna Salai)** Tel: 28599300, 23739400. **CHENNAI (Adyar)** Tel: 23452001/2/3. **CHENNAI (Ambattur)** Tel: 23452077/8/9. **CHENNAI (Anna Nagar)** Tel: 23451998/9. **CHENNAI (Egmore)** Tel: 23452070/1. **CHENNAI (DLF)** Tel: 49595216/7. **CHENNAI (Kodambakkam)** Tel: 23453001/2. **CHENNAI (Madhvaram)** Tel: 25557430/8430. **CHENNAI (Maraimalai Nagar)** Tel: 27456430. **CHENNAI (Medavakkam)** Tel : 22770401. **CHENNAI (Tambaram)** Tel: 23454006/7. **CHENNAI (OMR)** Tel: 23454003, 23454004. **CHENNAI (Porur)** Tel: 26793371/3281. **CHENNAI (Ramanujan IT Park)** Tel: 98401 44800, 98406 28884. **CHENNAI (Vanagram)** Tel : 26531150. **CHENNAI (Velacherry)** Tel: 22463711/3712. **COIMBATORE (Kamaraj Road)** Tel: 4343900. **COIMBATORE (Ganapathy)** Tel.: 4200211/411. **COIMBATORE (Sai Baba Colony)** Tel: 4399881/2. **COOCH BEHAR** Tel: 222050/66. **CUTTACK** Tel: 72050002678. **DAVANAGERE** Tel: 222394 / 494. **DEHRADUN (Rajpur Road)** Tel: 6672222, 3052222. **DEHRADUN (Vasant Vihar)** Tel: 2769869. **DEWAS** Tel: 402600/02. **DHANBAD** Tel: 2300630/31. **DHARMAPURI** Tel: 2232324/325. **DHULE** Tel: 273500/600. **DINDIGUL** Tel: 2433040/1/2. **DURGAPUR** Tel: 2549776/8. **ELURU** Tel: 222400. **ERODE** Tel: 2240928/29. **FAIZABAD** Tel: 228180/228280. **FARIDABAD** Tel: 4315120. **GANDHIDHAM** Tel: 7227011272. **GANDHINAGAR** Tel: 7227011275. **GHAZIABAD (Lohia Nagar)** Tel: 2721446/3116. **GHAZIABAD (Vaishali)** Tel: 4233253/54. **GOA (Panaji)** Tel: 2234172. **GOA (Margao)** Tel: 2700472/3. **GODHRA** Tel: 265043/63. **GORAKHPUR** Tel: 2200167. **GREATER NOIDA (Pari Chowk)** Tel: 4151092/93. **GREATER NOIDA (West)** Tel: 4230355/56. **GULBARGA** Tel: 241966/977. **GUNTUR** Tel: 2247301. **GURGAON (Mehrauli - Gurgaon Road)** Tel: 4061772/3. **GURGAON (Sector 14)** Tel: 4367805/3. **GURGAON (Sector 66)** Tel: 4570337. **GUWAHATI (Six Mile)** Tel: 7101800. **GUWAHATI (Chenikuthi)** Tel: 2666490. **GUWAHATI (Jorhat)** Tel: 7578001700. **GUWAHATI (Silchar)** Tel: 221399. **GWALIOR** Tel: 4011970/1/3. **HALDWANI** Tel: 284956/57. **HARIDWAR** Tel: 265325. **HISSAR** Tel: 233383. **HOSUR** Tel: 244888. **HUBLI** Tel: 2352138. **HYDERABAD (Basheer Bagh)** Tel: 67699000, 66475011. **HYDERABAD (Gachibowli)** Tel: 23005100. **HYDERABAD (Jubilee Hills)** Tel: 23116000. **HYDERABAD (Kompally)** Tel: 27940900. **HYDERABAD (Kothapet)** Tel: 48560300. **HYDERABAD (Kukatpally)** Tel: 48539200. **HYDERABAD (Madhapur)** Tel: 68138000. **HYDERABAD (R C**

Puram) Tel: 40220900. HYDERABAD (Uppal) Tel: 40220700. INDORE (M G Road) Tel: 422 3300, 425 2400. INDORE (Prabhu Nagar) Tel: 4264303. INDORE (Vijay Nagar) Tel: 4756401. IRINJALAKUDA Tel: 2821589. JABALPUR Tel: 4092000/01. JAIPUR (Bhagwandas Road) Tel: 4140888. JAIPUR (Jagatpura) Tel: 2755778. JAIPUR (Mansarovar) Tel: 2780989. JAIPUR (Vaishali Nagar) Tel: 4919993/94/95. JAIPUR (Vidhyadhar Nagar) Tel: 2232432. JAJPUR ROAD Tel: 222157. JALANDHAR Tel: 2277444/45. JALGAON Tel: 2220762, 2232015. JAMMU Tel: 2477707/8. JAMNAGAR Tel: 7227011278. JAMSHEDPUR Tel: 2321493. JHANSI Tel: 2333844. JODHPUR Tel: 2644448. KADAPA Tel: 259500. KAITHAL Tel: 235603, 9717346907. KAKINADA Tel: 2380800. KANCHIPURAM Tel: 27267201/2/3. KANHANGAD Tel: 2200599/699. KANNUR Tel: 2765850/90. KANPUR Tel: 6680600. KANPUR (Ashok Nagar) Tel: 2556776. KARIMNAGAR Tel: 2228900. KARNAL Tel: 2266433/31. KASHIPUR Tel: 270333. KHAMMAM Tel: 233000. KHARAR Tel: 7580002220 / 7590002220. KOCHI (Ravipuram) Tel: 6661200. KOCHI (Aluva) Tel: 2609555/666. KOCHI (Kakkanad) Tel: 6493030. KOCHI (Kalamasserry) Tel: 2555070. KOCHI (Palarivattom) Tel: 2803043/83. KOCHI (Tripunithura) Tel: 2785492/3. KOLHAPUR Tel: 2664034/35. KOLKATA (Shakespeare Sarani) Tel: 23018300, 22801980, 22815491/94. KOLKATA (Jeevandeep) (Ops - Call Centre & CRM) Tel: 23215060/8300, 22886256/4645. KOLKATA (Behala) Tel: 24468392. KOLKATA (B T Road) Tel: 25574561/62. KOLKATA (Chandannagore) Tel: 26830058. KOLKATA (Cooke & Kelvey) Tel: 22481981, 66086200. KOLKATA (Deshapriya Park) Tel: 46033096. KOLKATA (Garia) Tel: 24351082/7011. KOLKATA (Salt Lake City) Tel: 46021501/2/3. KOLKATA (V I P Road) Tel.: 46022959/2960. KOLLAM Tel: 2762551/2. KOTA Tel: 2428922. KOTTARAKARA Tel: 2458600, 2459800. KOTTAYAM (Station Road) Tel: 2304985, 2566136. KUNNAMKULAM Tel: 227980/82. KURNOOL Tel: 259200. KURUKSHETRA Tel: 270386/7. LATUR Tel: 244222/333. LONAVLA (CHF) Tel: 273812, 273820, 275012. LUCKNOW (Ashok Marg) Tel: 6668800, 4272727. LUCKNOW (Aliganj) Tel: 2745249. LUCKNOW (Gomti Nagar) Tel: 2303770/1017. LUCKNOW (Raebareli Road) Tel: 2443535/3636, 9919438545. LUDHIANA (Pakhowal Road) Tel: 5201300. LUDHIANA (Chandigarh Road) Tel: 2680043/45/42. MADURAI (KK Nagar) Tel: 2559000. MADURAI (West Veli Street) Tel: 2350715. MAHABUBNAGAR Tel: 273300. MALAPPURAM Tel: 2738873. MANESAR Tel: 2290240/244/245. MANGALORE Tel: 2440582, 2445220. MARTHANDAM Tel: 271744, 272744. MATHURA Tel: 2423017. MAVELIKKARA Tel: 2344412. MEERUT Tel: 4058793/4. MEHSANA Tel: 7227011284. MODASA Tel: 2774241422, 2774241522. MOGA Tel: 238100/101. MOHALI Tel: 2218925/26. MORADABAD Tel: 2485100. MUMBAI (Churchgate) Tel: 61766000. MUMBAI [Churchgate (Deposits)] Tel: 67546060. MUMBAI (Andheri East) Tel: 67654870/1/2/3. MUMBAI (Andheri West) Tel: 67423013/4/5/6/7. MUMBAI (Andheri-Kurla Road) Tel: 67423018/19/20/21. MUMBAI (Bandra Kurla Complex) Tel: 61668700/1/2/3. MUMBAI (Borivali) Tel: 28907153, 28937152/55. MUMBAI (Borivali - L T Road - Deposits) Tel: 28937000/1. MUMBAI (Borivali-East) Tel: 28705417/18/19. MUMBAI (Boisar) Tel : 66636000. MUMBAI (Chembur) Tel: 25291188/8838/0417. MUMBAI (Ghatkopar - Deposits) Tel: 25011284. MUMBAI (Goregaon) Tel: 28497102/3/4/5/6. MUMBAI (CPH-Jogeshwari) Tel: 67546111. MUMBAI (Lower Parel) Tel: 66152350. MUMBAI (Malad) Tel: 66636000. MUMBAI (Malad – Deposits) Tel: 28813676. MUMBAI (Mira Road) Tel: 28555065/6/7. MUMBAI (Mulund) Tel: 25654726/2131/1920. MUMBAI (Parel - Credit Risk Management) Tel: 66113020. MUMBAI (Parel - Deposits) Tel.: 67546060, 1800222022. MUMBAI (Vikhroli) Tel: 25186624/5/6. MUMBAI (Vasai) Tel: 2341132/33/34. MUMBAI (Virar) Tel: 2500162, 2501315/16/17. AMBERNATH Tel: 2603168/9. BADLAPUR Tel: 2671712/3/4/5. DOMBIVLI Tel: 2861414/375/473/474/383. THANE (Gokhale Road) Tel: 66636000. THANE (Vikas Complex) Tel: 66636000. THANE (Ghodbunder Road) Tel: 61033300. KALYAN Tel: 2201580/3/5. KARJAT Tel: 220301/2/3. VASHI (Navi Mumbai) Tel: 62933100, 66636000. KHARGHAR - Sec. 8 (Navi Mumbai) Tel: 27746813/4/5/7. KHARGHAR - Owe, Sec. 34C (Navi Mumbai) Tel: 66636000. KOPARKHAIRANE (Navi Mumbai) Tel: 27550615/16/17. SEAWOODS (Navi Mumbai) Tel: 27718787/89/90. NEW PANVEL Tel: 27490833/34, 27483548. OLD PANVEL Tel: 8657528157 - 61. MUVATTUPUZHA Tel: 2833533. MUZZAFARNAGAR Tel: 2615224. MUZAFFARPUR Tel: 2248033. MYSORE Tel: 2545615. NAGERCOIL Tel: 237193. NAGPUR (Civil Lines) Tel: 2566000, 6620500. NAGPUR (Central Avenue Road) Tel: 2767559, 2771273/92. NAGPUR (Kadbi Chowk) Tel: 2542918. NAGPUR (Khamla Ring) Tel: 2289220. NALGONDA Tel: 224500. NASHIK (Sharanpur Link Road) Tel: 6606000. NASHIK (Indira Nagar) Tel: 2302866. NASHIK (Nashik Road) Tel: 2459926. NASHIK (Panchavati) Tel: 2510055 NEEMUCH Tel: 7415000283. NELLORE Tel: 2359000. NEW DELHI (Munirka) Tel: 41115111. NEW DELHI (Connaught Place) Tel: 41514835/6/7. NEW DELHI (Dwarka) Tel: 45572406. NEW DELHI (Lodhi Road) Tel: 43792100. NEW DELHI (Netaji Subhash Place) Tel: 47292032/3/4. NEW DELHI (Vikas Puri) Tel: 28540989/90. NOIDA (Sec-18)

Tel: 4351299/302/303/304. NOIDA (Sec - 62) Tel: 6111900. ONGOLE Tel: 280299. PALA Tel: 315757, 315767. PALAKKAD Tel: 2536481, 2536482. PANCHKULA Tel: 2556426/64. PANIPAT Tel: 2672014/04. PAONTA SAHIB Tel: 225022, 225122. PATHANAMTHITTA Tel: 2271372. PATHANKOT Tel: 2230452, 2220453. PATIALA Tel: 2209166, 5002768. PATNA Tel: 6690669. PATNA (Danapur) Tel: 222267/68. PERINTHALMANNA Tel: 222015, 227015. PITHAMPUR Tel: 252127, 402854/55. POLLACHI Tel: 221224/5. PUDUCHERRY Tel: 2205421/22. PUNE (University Road) Tel: 25505000. PUNE (Baner) Tel: 66057077/8. PUNE (Camp) Tel: 26831728/6738. PUNE (Chakan) Tel: 278100/1. PUNE (Chinchwad) Tel: 27371736/0219. PUNE (Hadapsar - Magarpatta) Tel: 26898412/395. PUNE (Kothrud) Tel: 25453592/3. PUNE (Nagar Road) Tel: 26699149. PUNE (Wakdewadi) Tel: 2550 5000. PUNE (Wakad) Tel: 8793280565/8. PUNE (Vishrantwadi) Tel: 8793280500/1. PUNE (Sinhagad Road) Tel: 24350151. RAIPUR Tel: 4243100. RAIPUR (Sunder Nagar) Tel: 4201606. RAJAHMUNDRY Tel: 2490900. RAJKOT Tel: 7227011290. RANCHI Tel: 2331055, 2330823. RATLAM Tel: 407375. RATNAGIRI Tel: 224022/23. REWARI Tel: 221112/3. RISHIKESH Tel: 2432424. ROHTAK Tel: 255467/8/9. ROORKEE Tel: 272211, 18604204222. ROPAR Tel: 224986, 500100. ROURKELA Tel: 7205002683. RUDRAPUR Tel: 244422, 18604204222. SAHARANPUR Tel: 2760200. SALEM Tel: 2314486/7. SANGAREDDY Tel: 298450. SANGLI Tel: 2329892/3. SATARA Tel: 226400, 227901. SECUNDERABAD (A S Rao Nagar) Tel: 48539400. SHIMLA Tel: 2626711. SIKAR Tel: 271888, 270888. SILIGURI Tel: 2640716. SIRSA Tel: 220824/25, 8295400824. SOLAPUR Tel: 2316804/5. SONEPAT Tel: 2231112. SRI GANGANAGAR Tel: 2485900. SRINAGAR Mobile: 95964 32345. SURAT (Adajan) Tel: 4141212. SURAT (City Light) Tel: 2213201/2. SURAT (Majura Gate) Tel: 2475954. SURAT (Varachha) Tel: 6358766601 to 05. THIRUVALLA Tel: 2600051. THIRUVANANTHAPURAM (Vazhuthacaud) Tel: 6170300, 2325927, 2322898. THIRUVANANTHAPURAM (Kazhakkuttom) Tel: 2417707/8. THIRUVANANTHAPURAM (Medical College) Tel: 2555515/6. THIRUVANANTHAPURAM (Nemom) Tel: 2391120. THIRUVANANTHAPURAM (Technopark) Tel: 2700701, 7736534769. THRISSUR Tel: 2389790/1. TIRUCHIRAPALLITel: 2412744/2414744. TIRUPATI Tel: 6645831. TIRUPUR Tel: 4242901/2. TIRUNELVELI Tel: 2577822/33. TUMKUR Tel: 2252202. TUTICORIN Tel: 2300707/807. UDAIPUR Tel: 2529783. UJJAIN Tel: 4433333, 2533685. UNNAO Tel: 2820220. VADODARA (Race Course) Tel: 2308400, 2356397, 2320240. VADODARA (Waghodia Road) Tel: 2514164, 2512364. VAPI Tel: 2462580, 2402573/34. VARANASI Tel: 2224033/34. VELLORE Tel: 2241261/2/3. VIJAYAWADA Tel: 2429100. VISAKHAPATNAM (Siripuram) Tel: 6799500. VISAKHAPATNAM (Gajuwaka) Tel: 2570120. VISAKHAPATNAM (Gopalapatnam) Tel: 6670163. WARDHA Tel: 232200/400/800. WARANGAL Tel: 2451000. YAMUNA NAGAR Tel: 260024/16. ZIRAKPUR Tel: 9646663715, 9646663716.

(Working days & Hours: Monday to Friday: 9.30 am to 5.15 pm;
Saturday: 10 am to 1 pm; Closed on Third Saturday)

(Mira Road, Vasai, Virar, Boisar, Thane, Dombivali, Kalyan, Ambarnath, Badlapur, Karjat, Koparkhairane, Vashi, Seawoods, Kharghar, New Panvel and Old Panvel are listed under Mumbai).

Representative offices outside India:
DUBAI Tel: +971 (4) 3961825.
LONDON Tel: + 44 (0) 20 78725545 / 47 / 42 / 62
SINGAPORE Tel: + 65 65367000.

Notes

Awards & Accolades

- Adjudged as 'Best Performing Primary Lending Institution' under CLSS for EWS/LIG Category by the Honorable Prime Minister Shri Narendra Modi and second best under MIG Category at 'Transforming Urban Landscape, 3rd Anniversary of Smart Cities Mission, Amrut and PMAY(U) 2018'.
- Awarded as Best 'Private Sector Financial Institution' for PMAY-CLSS at the PMAY Empowering India Awards 2019.
- Honored with 'Silver Award' by Vigyanlabs for leadership, commitment to sustainability and green computing and creating energy efficient environment.
- Felicitated as the Leader in Corporate Governance at the 3rd Annual Announcement of 'IFC-IiAS-BSE Governance Scores', an initiative of the BSE Limited and International Finance Corporation (IFC).
- Awarded with 'Golden Peacock Award for Excellence in Corporate Governance - 2018' at the Institute of Directors (IOD) India's 18th Annual London Global Convention on Corporate Governance & Sustainability and Global Business Meet.
- Ranked as 7th biggest consumer financial services company globally and the only Indian company to be part of the top 10 Consumer Financial Services Companies in the World for 5 consecutive years - Forbes Global 2000 List - 2019.
- Awarded as the 'Best Home Loan Provider' at the 12th CNBC-AWAAZ Real Estate Awards. HDFC has won the Best Home Loan Provider award thrice.
- Recognised as one of the Best Brands at The Economic Times Best Brands and Awards 2019
- Winner in 'FIs/NBFCs/Financial Services' sector at the Dun & Bradstreet Corporate Awards 2019. HDFC has won this award in 12 out of the last 14 years since the inception of this award.
- Awarded as Leading Housing Finance Company at the Dun & Bradstreet BFSI Awards 2019. This was their 3rd year of awards for this category and HDFC has received it on all three occasions.

HDFC

WITH YOU, RIGHT THROUGH

www.hdfc.com

This annual report is printed on Eco-Friendly paper

Connect with us:

Housing Development Finance Corporation Limited

HDFC

WITH YOU, RIGHT THROUGH

BUSINESS RESPONSIBILITY REPORT

Seventh Business Responsibility Report

2018-19

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

BUSINESS RESPONSIBILITY REPORT 2018-19

(Pursuant to regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

SECTION A :

GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L70100MH1977PLC019916
2	Name of the Company	Housing Development Finance Corporation Limited (HDFC and Corporation)
3	Registered office address	Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020 India
	Corporate office address	HDFC House, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020 India
4	Website	www.hdfc.com
5	E-mail id	investorcare@hdfc.com
6	Financial Year Reported	April 1, 2018 to March 31, 2019
7	Sector(s) that the Company is engaged in	HDFC is a housing finance company regulated by the National Housing Bank (NIC Code - 64192).
8	List key products/services that the Company provides	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 its main business.
9	Total number of locations where business activity is undertaken by the Company	As per the applicable regulations all lending activities are done only in India.
(i)	*Number of International Locations*	To cater to non-resident Indians, the Corporation has overseas representative offices in London, Singapore and Dubai and service associates in the Middle East.
(ii)	*Number of National Locations*	The Corporation has a PAN-India presence. As at March 31, 2019, the Corporation has 534 offices in India including outlets of HDFC Sales Private Limited (HDFC Sales), a wholly owned subsidiary of the Corporation.
10	Markets served by the Company	The Corporation has a PAN-India presence. Refer to List of Offices, which forms part of the Annual Report for details.

SECTION B :

FINANCIAL DETAILS OF THE COMPANY

1.	Paid-up capital	Rs. 344.29 crore
2.	Total turnover	Rs. 43,378.01 crore
3.	Total profit after taxes	Rs. 9,632.46 crore
4.	Total spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax	Rs. 173.52 crore which was more than 2% of the average net profits of the Corporation during the last 3 financial years, computed as per Section 198 of the Companies Act, 2013. Key areas of CSR Activities in the financial year 2018-19 were healthcare & sanitation, skilling & livelihood and education. Further details are provided in the Annual Report on Corporate Social Responsibility Activities 2018-19.
5.	List of activities in which expenditure in Sr. No. 4 above has been incurred	The Corporation undertakes various CSR activities in accordance with its policy on Corporate Social Responsibility. Further details are provided in the Annual Report on Corporate Social Responsibility Activities 2018-19.

SECTION C :

OTHER DETAILS

1. **Does the Company have any subsidiary company/companies?**

   Yes. As at March 31, 2019, the Corporation had 18 subsidiary companies and 4 associate companies.

2. **Do the subsidiary company/companies participate in the Business Responsibility (BR) initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).**

   The major subsidiary companies have their own BR initiatives and generally do not participate in the BR initiatives of the Corporation.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

   No.

SECTION D :

BUSINESS RESPONSIBILITY (BR) INFORMATION

1. Details of Director/Directors responsible for BR

a) Details of the Director responsible for implementation of the BR policy

1.	DIN Number	00030248
2.	Name	Mr. V. Srinivasa Rangan
3.	Designation	Executive Director

b) Details of the BR Head

1.	Name	Mr. Praveen Kumar Bhalla
2.	Designation	Senior General Manager – Human Resources
3.	Telephone number	+91-11-41596576
4.	E-mail id	praveenb@hdfc.com

2. Principle-wise as per National Voluntary Guidelines (NVGs) Business Responsibility Policies

The NVGs on social, environmental and economic responsibilities of business prescribed by the Ministry of Corporate Affairs advocates nine principles referred as P1-P9 as given below:

P1	Businesses should conduct and govern themselves with ethics, transparency and accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the well-being of all employees
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

Details on each of the principles are provided in Section E.

Principle-wise Business Responsibility Policies (Yes/No)

Sr No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
		Ethics & Transparency	Product Responsibility	Human Resources	Corporate Social Responsibility	Respect for Human Rights	Responsible lending norms	Public Policy Advocacy	Inclusive Growth	Customer Engagement
1	Is there a policy for	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y (Refer Note a)	Y (Refer Note a)	Y (Refer Note a)	Y (Refer Note a)	Y (Refer Note a)	Y (Refer Note a)	-	Y (Refer Note a)	Y (Refer Note a)
3	Does the policy conform to any national/ international standards? If yes, specify?	Y (Refer Note a)	Y (Refer Note a)	Y (Refer Note a)	Y (Refer Note a)	Y (Refer Note a)	Y (Refer Note a)	-	Y (Refer Note a)	Y (Refer Note a)
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	N	N
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6	Indicate the link for the policy to be viewed online	Y (Refer Note b)	Y (Refer Note b)	- (Refer Note c)	Y (Refer Note b)	- (Refer Note c)	- (Refer Note c)	-	Y (Refer Note b)	- (Refer Note c)
7	Has the policy been formally communicated to all the relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the Company have an in-house structure to implement the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism to address stakeholders' grievances related to the policy?	Y	Y	Y	-	Y	-	-	Y	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y (Refer Note d)	Y (Refer Note d)	Y (Refer Note d)	Y (Refer Note d)	Y (Refer Note d)	Y (Refer Note d)	-	Y (Refer Note d)	Y (Refer Note d)

# Principle-wise policies		
P1	Ethics & Transparency	The Corporation's Code of Conduct for Employees, Executive Directors & Senior Management, Non-Executive Directors, Direct Selling Agents and Deposit Agents, Fair Practices Code, Whistle Blower Policy, Policy on Conflict of Interest and Anti-Bribery and Anti-Corruption and other internal policies elucidate ethical behaviour, transparency and accountability.
P2	Product Responsibility	The Corporation's Fair Practices Code and Most Important Terms and Conditions are based on ethical principles of integrity and transparency and guide this principle. The objective of setting such standards and practices is to foster confidence in the housing finance system.
P3	Human Resources	The Corporation has various policies to support employee well-being. The important ones include the policy on ensuring safety of women at workplace, policy on health and safety of employees, comprehensive employee health insurance policy, personal accident policy, policy on maternity benefits for

		female employees, policy on self-education for employees, policy on providing soft loans to employees for purchasing of house, furniture & fixtures, vehicles, sponsoring employees for training & development, leadership development programmes etc.
P4	Corporate Social Responsibility	The Corporation's CSR Policy guides this principle.
P5	Respect for Human Rights	The Code of Conduct details the respect for human rights and supports the principles in the United Nations' Universal Declaration of Human Rights.
P6	Responsible lending norms	The Corporation evaluates environmental and social risks in its lending policies and abstains from lending to environmentally irresponsible projects. In addition, employees are sensitised to prevent wasteful usage of natural resources and conserve energy.
P7	Public Policy Advocacy	While the Corporation may share its expertise to help in the formulation of public policy, it does not directly engage in lobbying or advocacy activities and hence, does not have a specific policy for this purpose.
P8	Inclusive Growth	The CSR policy encompasses activities focused on the marginalised and vulnerable sections of society. In its effort towards inclusiveness, the Corporation also offers specialised housing finance products that cater to the vulnerable and low income segments. These policies are part of the Corporation's lending business.
P9	Customer Engagement	The Code of Conduct, internal policies, benchmarks on customer service and policies as stipulated by the regulators encompass this principle.

Notes:

a. The policies have been developed based on the best practices or as per the regulatory requirements and through appropriate consultation with relevant stakeholders.

b. May include a combination of internal policies of the Corporation which are accessible to all internal stakeholders and the policies are placed on the Corporation's website. The hyperlink is https://www.hdfc.com/investor-services#codes-policies.

c. The policies of the Corporation are internal documents.

d. The policies are internally evaluated by various department heads, business heads and the management.

3. **Governance related to BR**

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year

The executive directors and senior management of the Corporation monitor various aspects of social, environmental, governance and economic responsibilities of the Corporation on a continuous basis.

The Corporation's business responsibility performance is reviewed by the Board of Directors on an annual basis.

During the year under review, the Corporate Social Responsibility Committee of Directors and the Stakeholders Relationship Committee of Directors met four times each.

Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?

The Corporation publishes a Business Responsibility Report (BRR) on an annual basis. The BR reports are placed on the Corporation's website. The hyperlink is: https://www.hdfc.com/investor-relations/annual-report.

The Corporation has a Sustainability Report which is also placed on the Corporation's website. The hyperlink is https://www.hdfc.com/about-us#social-initiatives.

The Corporation had published a report based on the guiding principles of the International Integrated Reporting Council.

SECTION E : PRINCIPLE-WISE PERFORMANCE

Principle 1 BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the group/joint ventures/suppliers/contractors/NGOs/others?**

   Yes. HDFC's governance practices are administered by the Board of Directors and committees involved in managing stakeholder priorities and concerns. Its robust framework ensures that all its daily operations are conducted in a transparent and accountable manner. HDFC's zero tolerance in the matters relating to unethical practices, bribery and corruption, has helped it not only gain the tremendous confidence and trust of its stakeholders but also market leadership.

   HDFC has formulated and adopted various codes and policies to facilitate ethical decision making. They reinforce HDFC's culture of transparency in business and are continuously updated in line with the dynamic business environment and regulatory norms. The codes and policies are designed to cover employees in all functional areas by adhering to the laws applicable to the Corporation's business including anti-bribery and anti-corruption practices, ethical handling of conflicts of interest and fair, accurate and timely disclosure of reports and documents to regulatory bodies. Ethical values and zero tolerance to bribery and corruption percolates to all group companies of the Corporation.

   HDFC through its policy on dealing with related parties along with its pricing policy aims to ensure that all the dealings with related parties are carried out on an arm's length basis thereby ensuring zero bias.

   HDFC ensures compliance of ethical standards not only by its employees but also by its vendors, contractors etc. through appropriate clauses in the work contract signed with them. This includes Code of Conduct formulated for its Direct Selling Agents and Deposit Agents.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof.**

   HDFC categorises its stakeholders to include housing loan customers, agents, depositors, shareholders, debenture holders, amongst others. There are various mechanisms in place for recording and redressing complaints raised by each of these stakeholders.

   HDFC believes that customers are one of the most important stakeholders and hence it is essential to engage with them, understand their expectations and accordingly, provide the desired service standards. Such grievance redressal is considered of paramount importance and the Corporation undertakes adequate measures to redress the grievances. Towards the same, the Corporation has in place a software called "Customer Relationship Enhancement and Managing System" (CREAMS) to record, monitor and redress the grievances/feedback received from the customers, which helps in maintaining higher service standards. The Corporation is migrating from CREAMS to new software to facilitate greater efficiency for redressal of complaints.

   HDFC, under the CREAMS initiative has identified senior executives at all the branches who are responsible for ensuring efficient and effective redressal of complaints within a prescribed turnaround time. All complaints are monitored at the corporate office by the customer engagement team. The complaints posted on social media are also flagged at the CREAMS portal for effective redressal.

   HDFC has an in-built escalation mechanism wherein complaints are escalated to the level of business heads, regional business heads/functional heads and Managing Director. The complaints forwarded by the regulatory and supervisory authorities are tracked separately within CREAMS. A grievance redressal procedure recommended by National Housing Bank (NHB) is also available on HDFC's website for the benefit of its customers. An escalation matrix for grievance received from the investors is also available on the website of HDFC.

Details of the stakeholder complaints received during the financial year 2018-19 and pending as on March 31, 2019 are as under:

Sr. No.	Nature of complaints	No. of complaints received during the year	Pending as on March 31, 2019
1	Complaints/ queries received from home loan customers and depositors	23,596 (0.63% of the customer and depositor base)	25*
2	Investor complaints	12	NIL

* Out of this, 2 complaints are pending as on the date of this report i.e. May 13, 2019.

Principle 2 BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

1. **List up to 3 products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

- The Corporation is a pioneer in retail housing finance in India. It is the first Indian financial institution to fund individuals to enable them to become homeowners. The Corporation has cumulatively financed 7 million housing units in the country. HDFC seeks to work with real estate developers that promote the use of innovative technologies such as green buildings and other energy efficient measures for construction of their projects. HDFC has always emphasised on exploring opportunities of collaboration with partners in ensuring conservation of energy and resources. HDFC encourages the usage of environmental friendly building materials from the local building centres as a part of its low-income housing initiatives.

- HDFC continues to be committed to inclusive housing finance and also facilitating the 'Housing for All' initiative of the government. HDFC provides a range of home loan products to cater to all segments of the society, for instance HDFC Reach loans aim at addressing the housing finance needs of the customers belonging to the unorganised sector having sufficient income, but limited documentation such as shopkeepers, carpenters, drivers, contractors, etc. Apart from home loans, HDFC also extends small equity and funding lines to upcoming ventures and customers.

- HDFC has played a developmental role in the housing finance sector in India, having promoted a number of housing finance companies to penetrate in the market, including India's first rural housing finance company. Towards facilitation of rural housing, HDFC provides housing finance facilities to farmers, agriculturists, planters and horticulturists. HDFC has also played an important role in establishing housing finance companies in nascent housing finance markets in Africa and Asia.

2. **For each product, provide the following details in respect of the resource use (energy, water, raw material etc.) per unit of product (optional):**

I. **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain.**

The housing finance regulator, NHB, prevents housing finance companies from directly undertaking any construction activity. However, a vigorous technical assessment of properties and projects financed by HDFC is a critical part of its approval and disbursement procedures.

Given that the Corporation is a financial services provider, one of the major resources consumed by the Corporation is paper. HDFC promotes use of electronic means of communication with its stakeholders. It encourages the use of electronic mode of payment to and from all its stakeholders. Soft copies of the annual report 2017-18 alongwith the notice convening the 41st Annual General Meeting and the dividend e-payment advice were sent to over 2 lac shareholders so as to minimise the usage of paper. Further, for the current year, annual interest certificates were sent via e-mail to more than 18 lac customers. HDFC also has an online portal to provide a user-friendly and frictionless approach to home loan approval process.

Further, through a joint effort with the International Finance Corporation, HDFC has strengthened its impact assessment mechanisms through increased environmental and social governance.

HDFC has also introduced the use of kiosks at trade fairs and property exhibitions. These kiosks facilitate electronic filing of loan application forms and directly link the data of potential customers to its loan processing system.

II. **Reduction during usage by consumers (energy, water) has been achieved since the previous year.**

HDFC regards climate changemitigation and environmental conservation as essential elements of a sustainable business and has taken several initiatives towards digital loan processing, renewable energy, waste management and energy reduction. Hence, the focus is to limit the dangers attributable to growing effects of climate change.

Special efforts had been made during the design stage of HDFC's corporate office to ensure abundant natural light across the work area, thereby, reducing electricity consumption. HDFC promotes the use of energy star equipment and uses systems that conserve power.

The interiors of the corporate office building are based on guidelines from the Leadership in Energy & Environmental Design Council (LEED). HDFC's corporate office building achieved LEED Gold Certification under the LEED for Commercial Interiors Rating System. All parameters are maintained to continue LEED Gold Certification.

HDFC has also undertaken other initiatives and energy efficient measures at its office premises such as use of occupancy sensors, reduction of light power density by using LED light fittings and provision of centralised waste collection. At most of its offices across India, the CFL light fittings are being shifted to LED light fittings to conserve energy.

HDFC has also installed solar power roof panels to save grid power as a green initiative. These solar power panels consist of Solar PV modules which generate DC electricity on sunny days. The system so installed is capable of recording the number of units of solar power generated and also facilitates the storage of data for future reference. The system has been examined and certified by an inspector from the Ministry of Natural Resources Energy, Government of India. This initiative has resulted in saving ~ 4,000 KWH every month and the system is maintained to get the same output in future. Additionally, HDFC has also adopted the practice of switching off lights at workstations, when not in use.

HDFC has also installed AFC panels in junction / distribution boards to reduce power distribution losses. Sensors are installed in office toilets to economise power and water consumption only when these facilities are being used. Employees of HDFC are encouraged to save electricity by using staircase and not lift.

While the Corporation sensitizes its employees and customers to conserve energy and water, it does not specifically capture data on such reduction.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.**

   Yes. The Corporation endeavours to use environmental friendly materials with higher recycle content, such as green guard rated furniture and gives regional priority to material purchases of such recycled products.

   The Corporation has also provided transport facility/car pooling viz. bus/jeep facility in some of its offices which helps in cutting down the number of cars and vehicles on the road. These efforts contribute to ensuring a more sustainable environment by way of minimising the carbon emission and air pollution.

   Employees of HDFC are encouraged to save electricity by using staircase and not elevators, with dual aim of ensuring health and fitness of its employees and also to a certain extent help in minimizing electricity consumption. To promote health and fitness among employees, the Corporation runs an in-house programme titled, "Don't burn electricity, burn calories".

4. **Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   Given that the Corporation has a PAN-India presence, the offices generally procure office utilities and other items required in the normal course of operations from local vendors. However, as per the Corporation's policies, standard procurement norms and procedures have to be adhered to.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.**

   The Corporation is a housing finance company. The key waste products of the Corporation primarily entail paper and electronic waste.

   HDFC has embraced an e-waste management system. The waste generated at the Corporation's offices is managed as per the waste disposal process. The Corporation engages with certified e-waste handlers for disposal of e-waste and uses local vendors for disposal of paper for recycling. HDFC's computer systems and electronic wastes are gathered at the branch levels. HDFC has tied up with e-waste recycling vendor who picks up the e-waste and disseminates the various parts using CRT cutters, cable strippers, and plastic shredders at their facility. They then segregate them on the type of materials and send for recycling or safe disposal as per the green norms.

The Corporation also ensures that any equipment and material which are redundant at certain offices are diverted to locations where the same would be brought to use.

Principle 3 BUSINESSES SHOULD PROMOTE THE WELL BEING OF ALL EMPLOYEES

As at March 31, 2019

1	Total number of permanent employees	2,840
2	Number of employees on temporary/contractual/casual basis	1,992
3	Number of permanent women employees	724 The female:male ratio stood at 25:75. The Corporation maintains a gender inclusive environment and believes in equal opportunities at the workplace.
4	Permanent employees with disabilities	The Corporation upholds the importance of being an equal opportunity employer and hence makes no distinction between employees based on disabilities. HDFC has also framed an "Equal Opportunity Policy" in accordance with the provisions of the Rights of Persons with Disabilities Act, 2016 and the rules framed thereunder and provides a framework which is committed towards the empowerment of persons with disabilities.
5	Is there an employee association that is recognised by management?	No
6	Percentage of permanent employees that are members of this recognised employee association	Not applicable

1. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as at the end of the financial year
1	Child labour/forced labour, involuntary labour	Nil	Nil
2	Sexual harassment	1	Nil
3	Discriminatory employment practices	Nil	Nil

2. **What percentage of employees were given safety and skill up-gradation training in the last year?**
HDFC has always believed that its employees are its most valued resource and hence, has always ensured their all-round development through regular training & leadership programmes. There is

Human Resources Development Department that ensures that employees are sufficiently trained in functional and behavioral skills to ensure high standards of service to internal and external stakeholders.

These training programmes are based on the needs identified, competency or job specific knowledge, skills and attitude gaps identified during the performance appraisal process and through discussions. At times, customer feedback also acts a base to identify learning and development needs.

HDFC nominates staff for self-development and leadership programmes to enhance their effectiveness. On-the-job training, job rotation or internal, external or international trainings are offered to employees to upgrade their competencies. HDFC has a training centre in Lonavala, Maharashtra 'Centre for Housing Finance' where newly inducted employees are given training about various products, services, functions of the Corporation.

Leveraging technology, many of the class room programmes have been delivered online through an e-learning platform called "HDFC Aspire" which allows employees to enhance their knowledge on products, policies and processes. Various knowledge enhancing courses were launched during the year on functional areas like overview on Rural Housing Finance, Overview on Technical Appraisal, Information & Cyber Security Awareness and Code of Conduct which were very well received by the participants. Virtual classroom initiatives have also been undertaken to blend and enhance the learning processes. Other programmes conducted during the year include those on Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, leadership, mentoring, train the trainer and soft skills like negotiation, communication, amongst others.

Given below are the details of training imparted during the year:

1	Permanent employees to whom training has been imparted	2,847
2	Total training man days per employee	7.07
3	Permanent women employees to whom training has been imparted	733

For HDFC, safety of its employees is of paramount importance and as a good corporate citizen; it is committed to ensuring safety of all its employees at the work place. The Corporation has in place a policy on health and safety of employees. Periodic communication and alerts are sent out to employees and awareness sessions are conducted on safety related aspects. Employees including those at branches were given periodic training on basic and advanced fire safety including evacuation drills. HDFC has tie-ups with vendors to educate and demonstrate use of fire-fighting equipment.

Principle 4 BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED

1. **Has the company mapped its internal and external stakeholders? Yes/No**

   Yes.

2. **Out of the above, has the company identified the disadvantaged, vulnerable and marginalised stakeholders?**

   The Corporation fully endorses and supports the government's endeavour towards its flagship scheme, "Affordable Housing for All". Towards this goal, the Corporation has given housing loans to customers categorised as 'economically weaker sections' and 'low income group', under various schemes of the government. Additionally, HDFC is undertaking a project by partnering with an experienced NGO to supply safe and clean drinking water to slum communities at affordable rates, thereby assisting them to alleviate water borne diseases and reduce health costs.

The Corporation's CSR activities focus on the disadvantaged, vulnerable and marginalised segments of society.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof.**

Yes. The Corporation continues to support a range of social interventions and development initiatives (irrespective of the size of the implementing agency) to facilitate a deep and long-term impact for a developed and inclusive society.

Given the projected growth of urbanization and the consequent housing demands in India, the Ministry of Housing and Urban Affairs introduced in June 2015, an interest subsidy scheme called the Credit Linked Subsidy Scheme (CLSS) under the Pradhan Mantri Awas Yojana (URBAN) - Housing for All, applicable to purchase, construct, extend and improve the houses for the Economically Weaker Section (EWS), Lower Income Group (LIG) and Middle Income Group (MIG). HDFC has whole-heartedly promoted and facilitated the implementation of this scheme due to which many families that had not owned a *pucca* house could see the dream of home ownership, materialise. The Corporation has the largest number of home loan customers – of approximately 1 lac who have availed benefits under CLSS. As at March 31, 2019, cumulative loans disbursed by the Corporation under CLSS stood at ₹ 16,253 crore.

HDFC has also supported and funded social initiative projects like premises for educational purpose, hostel blocks and senior citizen housing. Senior citizen projects provide an opportunity to people aged 60 and above to live with dignity in their own home, in a community of like-minded people and are provided with all amenities and medical support. In May 2018, 340 employees of HDFC & HDFC Sales voluntered for "Shramdaan" in 3 drought prone villages in Maharashtra. The employees dug and ploughed using pickaxes and spades to create contour trenches, small dam and soak pits. Umtha, a village where the HDFC Nagpur team volunteered won the third prize in the Satyamev Jayate Water Cup 2018.

During the year, HDFC had collected ₹ 90.85 lac from its 2,600 employees to contribute to the Chief Minister's Distress Relief Fund to support the State Government in Kerala subsequent to heavy rain and flooding in the state of Kerala.

A blood donation drive was conducted at the offices of the Corporation during the year where employees of the Corporation participated whole-heartedly to support the noble cause.

HDFC also has in place a creche facility, at its head office and branches for children of its female employees up to the age of three years.

Principle 5 BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

1. **Does the policy of the Corporation on human rights cover only the company or extend to the group/joint ventures/suppliers/contractors/NGOs/others?**

HDFC upholds the principles of being an organisation that respects human rights, is non-discriminatory amongst employees and provides for a redressal mechanism to the key constituents that it deals with. HDFC's Code of Conduct respects and promotes human rights.

HDFC complies and adheres to all the human rights laws and guidelines of the Constitution of India, national laws and policies and treats all its stakeholders and customers with dignity, respect and due understanding. HDFC strives to be just, patient and understanding while dealing with delinquent customers who have availed housing loans. HDFC has also put in place an internal culture and work ethics where delinquent customers are treated with fairness.

While the key subsidiary and associate companies of the Corporation have their own independent policies, they all respect and promote human rights.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

During the year under review, the Corporation did not receive any complaint in the nature of human rights violation from any stakeholder.

Principle 6 BUSINESSES SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

1. **Does the policy related to Principle 6 cover only the company or extends to the group/joint ventures/suppliers/contractors/NGOs/others?**

HDFC promotes ecological sustainability and green initiatives such as recycling paper and other waste material by having eco-recycle bins for electronic waste. Besides adopting energy saving mechanisms, employees are sensitised towards making efforts to reduce the carbon foot print of the Corporation.

Employees are encouraged to use electronic medium of communication as far as possible to reduce usage of paper. During the year, HDFC employees participated in a tree plantation drive, upholding the spirit that everyone's footprint matters and everyone can help and play their part in protecting the environment.

While the key subsidiary and associate companies of the Corporation have their own independent policies, they all respect, protect and make efforts to restore the environment.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Yes/No. If yes, please give hyperlink for webpage etc.**

HDFC recognises the risks arising from climate change such as extreme weather conditions and its impact on housing and therefore the ability of borrowers to service the loans.

Further, on rural housing, HDFC does not allow use of asbestos sheets and encourages usage of corrugated galvanised iron sheets. For low cost housing, HDFC encourages the NGOs to procure environment friendly building materials from the local building centres. HDFC as a policy, finances only self-contained tenements which provide for toilets/sanitation within the housing unit. This leads to a cleaner environment and reduces health hazards in the villages.

In August 2018, employees of HDFC along with 'Vasundhara Abhayan', a NGO, successfully completed the tree plantation drive in the vicinity of Tukai Hill near Pune.

During the year, HDFC has also supported community-based sanitation and solid waste management programmes across India with experienced partners including Shelter Associates (Maharashtra), Gramalaya (Tamil Nadu), Waste Warriors Society (Himachal Pradesh) and Mahila Housing Trust (National Capital Region).

3. **Does the company identify and assess potential environmental risks? Yes/No**

Yes.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?**

   Although the Corporation is cognizant of environmental related issues, it does not have any direct project related to clean development mechanism.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. ?**

   In line with the corporate strategy of conservation of the valuable resources and green initiatives, HDFC makes an effort to support developers undertaking energy efficient real estate projects. Till date, HDFC has financed around 50 real estate projects that have secured green ratings from Indian Green Building Council, United States Green Building Council and Leadership in Energy and Environmental Design.

   The Corporation also encourages its retail customers to use digital services thereby reducing paper prints and branch visits for availing services.

   HDFC has extended finance to gated community projects that promote the walk-to-work concept and help to achieve work-life balance for the residents.

6. **Are the emissions/waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   The Corporation complies with requisite environmental regulations in respect of its premises and operations.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   There were no show cause/ legal notices received from CPCB/SPCB during the financial year 2018-19.

Principle 7 BUSINESSES WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

1. **Whether the company is a member of any trade and chamber or association? If Yes, name only those major ones that the business deals with:**

   HDFC is a member of *inter alia* the following chambers and associations:

- Bombay Chambers of Commerce and Industry
- Confederation of Indian Industry
- Federation of Indian Chambers of Commerce and Industry
- Bombay Management Association
- Indo-German Chamber of Commerce
- US-India Investors' Forum
- Indian Merchants' Chamber
- International Union for Housing Finance
- National Real Estate Development Council

Representatives of HDFC are members of the committees of these industry bodies. HDFC regularly offers its inputs to these associations for the advancement and improvement of housing finance in India.

HDFC will continue to support and advocate for the further development of housing industry, as its primary objective is to enhance residential housing stock in the country.

2. Has the Company advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

HDFC executives have, over the years, played a key role in formulating national housing policies and strategies at a national level. Recognising HDFC's expertise, regulators, industrial bodies and governments have invited HDFC's executives to join a number of committees and task forces related to financial sector reforms, housing finance, infrastructure development, capital markets and corporate governance. Members of the senior management of HDFC are associated with various committees constituted by the government, regulators and industry bodies from time to time including for the purpose of legislating regulations related to capital markets and corporate governance.

The above, however, has been in the nature of using expertise to help shape public policy, primarily in the areas of corporate governance, economic reforms and inclusive development, housing and housing finance. As such the Corporation does not take part in any lobbying.

HDFC makes various recommendations/representations before regulators and associations regarding the new enactments that impact the Corporation, housing finance industry and other related areas.

Principle 8 | BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, provide details thereof.

Yes. HDFC undertakes a number of projects that are focused on social development. In Financial Year 2018-19, the Corporation promoted inclusive growth by focussing primarily on three social sector areas, namely (i) Healthcare & Sanitation, (ii) Education, and (iii) Skilling & Livelihood. In Healthcare & Sanitation, the key thematic areas supported were (a) prevention, diagnosis & treatment of diseases, (b) transformational surgeries & addressing malnutrition amongst children, (c) safe drinking water & sanitation programmes, and (d) programmes for leprosy, tuberculosis & menstrual hygiene. In Education, the focus was on (a) institutional support for educational institutions and research, (b) holistic development of students, scholarships and retaining children in schools, (c) teacher training & development, and (d) special education for persons with intellectual disabilities. In Skilling & Livelihood, HDFC supported projects that focused on (a) rural livelihoods (b) skilling of construction workers (c) vocational training & skilling of persons with disabilities, and (d) women focussed skilling & livelihood enhancement projects.

The Corporation also supported various programmes pertaining to the welfare of the differently abled and also supported community based, holistic sanitation projects.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?**

   HDFC undertakes a large part of its social welfare activities through the H T Parekh Foundation (a Section 8 company set by HDFC as a CSR initiative) which partners with exemplary NGOs.

3. **Has the company done any impact assessment of its initiative?**

   Yes. The Corporation supports social sector projects that bring about transformative impact on the lives of beneficiaries. The number of beneficiaries who have benefitted, specific case studies and assessment results are analysed in-depth for the Corporation's social initiatives.

4. **What is the company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

   Please refer to the Corporation's Annual Report on Corporate Social Responsibility Activities 2018-19.

   In Financial Year 2018-19, HDFC contributed towards the rebuilding efforts of homes in Kerala that were severely damaged due to the devastating floods in August 2018. HDFC has supported the construction of 75 disaster resilient houses for families belonging to the lower socio economic groups, in the worst affected villages of Kanayannur & Paravoor blocks of Ernakulam District and Kuttanad block of Alleppey District. The project is being implemented through two local partners in consultation with HDFC, local communities, technical consultants and the Panchayat (village local governance) administration.

   HDFC continued to support sustainable, community driven sanitation programmes as well as supporting programmes that provide access to safe drinking water in areas that have water scarcity and high fluoride content. HDFC collaborated with the Ministry of Drinking Water & Sanitation for a project to promote education and behaviour change in rural sanitation practices. HDFC also worked with organisations focussed on waste management and recycling to ensure environmental sustainability.

5. **Has the company taken steps to ensure that this community development initiative is successfully adopted by the community?**

   Yes. Projects are designed based on the needs communicated by the community itself. They regularly monitored through follow-up with the partnering organisation, site visits to monitor the programme, consultations/ feedback from the community and progress reports that includes a description of the activities undertaken by the project. Regular interaction with the partnering organisation and the community has helped in ensuring that best practices are adopted and also addressing any challenges for the successful implementation of such initiatives.

Principle 9 | BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

1. **What percentage of customer complaints/consumer cases are pending as at the end of the financial year?**

   The Corporation has resolved 99.99% of complaints received from customers and 100% of investor complaints received during the year.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks

HDFC has always believed in being transparent with its customers by providing all the relevant details. HDFC also has document such as 'Most Important Terms and Conditions' which is displayed prominently in each office with information on service charges, interest rates, product information, service standards for various transactions and grievance redressal mechanisms.

Further, whenever the interest rates are changed by the Corporation, proper communication informing the said change is sent to all the home loan customers.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof.

Nil

4. Did the company carry out any consumer survey/ consumer satisfaction trends?

HDFC is committed to providing effective and prompt service to its customers. The Corporation has in place, a software called CREAMS to record and redress the grievances/ feedback from the customers which helps in ensuring standard operating procedure and maintaining high service standards.

HDFC also provides for a feedback mechanism on its website to allow stakeholders to leave their comments/queries. Similarly, a response mechanism has been put in place for prompt response to the queries, complaints and service requests of customers received through the social media platforms.

HDFC

WITH YOU, RIGHT THROUGH

Housing Development Finance Corporation Limited

Track Express Limited
CIN:U65910MH1995PLC086600

Ref. No.: TEL/HO/44 Date: 03/07/2019

To,
M/s. Housing Development Finance Corporation Ltd.,
Ramon House, H.T. Parekh Marg,
Churchgate Reclamation,
Mumbai – 400 001.

Kind Attn.: Mr. Ajay Agarwal
Company Secretary

Dear Sir,

Sub.: Dispatch Commencement of Annual reports

We hereby confirm that we have started dispatch of Annual reports of your Corporation today 3rd July, 2019 by Speed Post.

Thanking you

Yours faithfully

For **Track Express Limited**

R. Poojary
Authorised Signatory

TRACK EXPRESS LTD. MUMBAI