

A vibrant illustration on a red background. A large, multi-colored rainbow arches across the right side. Below it are several layers of white, stylized clouds. In the background, there are green mountains with white snow-capped peaks and a small white house with an orange roof nestled between the mountains.

**EVERY DREAM
FINDS A HOME**

Thirty Ninth Annual Report 2015-16



When it comes to fulfilling dreams, we are always at the forefront. As our country is poised for a giant leap forward with relevant policy changes, women empowerment, new age startups and many more firsts coming in, we have resolved to ensure that dreams continue to be nurtured. Nothing gives us more joy than helping you create your own space, whether it is a dream home or a work space. We at HDFC, with over 39 years of experience, understand individual needs and help actualise these dreams.

HDFC is committed to lending its support, expertise and experience to every individual who nourishes a dream. Because for us, it isn't just about home loans, but it's about building relationships. Over the years, HDFC's driving force has been to identify, address and customise products and services to suit an individual's needs. So far we have helped over 5.4 million families fulfill their dreams. And it is our constant endeavour to reach out to every corner of India, till every dream finds a home.



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ANNUAL GENERAL MEETING (AGM)

Day/Date : Wednesday, July 27, 2016 Time: 3.00 pm

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

E-VOTING PERIOD

Commences on: Saturday, July 23, 2016 at 10.00 am

Closes on : Tuesday, July 26, 2016 at 5.00 pm

Financial Highlights

(₹ in Crore)

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Gross Income	5,896	8,196	11,018	11,361	12,878	17,354	21,148	24,198	27,471	30,957
Profit After Tax	1,570	2,436	2,283	2,826	3,535	4,123	4,848	5,440	5,990 ¹	7,093 ¹
Shareholders' Funds	5,551	11,947	13,137	15,198	17,317	19,018	24,830	27,955	30,970	34,121
Loans from Banks and Financial Institutions	24,224	21,200	25,372	32,137	42,490	40,697	17,824	32,952	26,194	42,678
Market Borrowings	22,584	36,655	39,110	41,347	48,296	62,138	89,071	94,443	1,16,317	1,20,845
Deposits	10,384	11,296	19,375	23,081	24,327	36,293	51,933	56,578	66,706	74,670
Loans Under Management ²	59,361	75,949	91,378	1,08,268	1,29,274	1,55,431	1,87,010	2,17,763	2,53,333	2,91,531
Loans Outstanding	56,512	73,328	85,198	97,967	1,17,127	1,40,875	1,70,046	1,97,100	2,28,181	2,59,224
Dividend (%)	220	250	300	360	450	550	625	700	750	850
Book Value per Share (₹) ³	44	84	92	106	118	129	162	179	197	216
Earnings per Share (₹) ³	13	13 ⁴	16	20	24	28	32	35	38	44

1. After impact of Deferred Tax Liability on Special Reserve.

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 FY 2011.

Previous year figures have been adjusted to reflect the revised value.

4. Excluding exceptional income.



DREAMS ARE EVOLVING

We live in exciting times. Everything around us is constantly changing. Government policies and a pragmatic approach by financial institutions have awakened hope in millions of hearts across the country. There is a steady rise in income and many more are aspiring to own their dream home. And, we continue to serve a rising India with our tailor-made products and services for all segments of the society.

DREAMS, FASTER

To reach out to our customers, HDFC is now present on all the prominent digital and social media platforms. A strong customer-centric networked organisation is in place to enable quick and easy dissemination of information about products and services. State-of-the-art technology and security mechanisms make online interfaces convenient, speedy and reliable. Our focus is on enhancing user experience and providing seamless access to all our services.





HER DREAMS MATTER

The woman of today is strong, independent and plays an equal role in decision making. Education, employment and entrepreneurial opportunities have raised the bar for women. Women are now significant contributors to the family income. This shift in perspective has prompted housing finance institutions to design products that are women-centric. Saluting the spirit of modern women, HDFC introduced a customised product for women: Women Power - A home loan for women at a special interest rate.

DREAMS, BIGGER

Entrepreneurial ventures are trending in India as technology startups and e-commerce booms. Growing businesses demand bigger spaces. Believing in their dreams, we partner their aspirations and vision with HDFC's Commercial Premises Loan and other non-housing loan products.




DREAMS ARE EVERYWHERE

Dreams continue to flourish across the length and breadth of the country. HDFC aims to give them wings with customised loan products like Rural Housing Finance and HDFC Reach, coupled with a wide distribution network. The front-line is well-trained to understand and address every individual's loan requirement.





The background is a solid orange color. Scattered across the upper and middle sections are various small, colorful icons: a green house, a yellow house, a green circle, a yellow circle, a green triangle, a yellow zigzag, a green wavy line, a yellow wavy line, a green semi-circle, and a yellow semi-circle. A single green triangle is also located in the lower right quadrant.

As the pioneers in housing finance, HDFC has empowered over 5.4 million families to create their own space. We are overwhelmed to have been a part of their journey. Every dream fulfilled is truly an achievement for Team HDFC. We are focussed and moving ahead, fulfilling every dream along the way.

BOARD OF DIRECTORS

- **Mr. Deepak S. Parekh**
Chairman
- **Mr. B. S. Mehta**
- **Mr. D. M. Sukthankar**
- **Mr. D. N. Ghosh**
- **Dr. S. A. Dave**
- **Dr. Ram S. Tarneja**
(Deceased on August 7, 2015)
- **Mr. Nasser Munjee**
- **Dr. Bimal Jalan**
- **Dr. J. J. Irani**
- **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. He is a Fellow of The Institute of Chartered Accountants in England & Wales. 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, appointed as the Managing Director of the Corporation (designated as 'Chairman') in 1993. He retired as the Managing Director (designated as 'Chairman'), with effect from the close of business hours on December 31, 2009. Mr. Parekh was appointed as a director of the Corporation liable to retire by rotation by the shareholders of the Corporation at the 33rd Annual General Meeting held on July 14, 2010. He is a director on the boards of several prominent companies in India.

Mr. B. S. Mehta (DIN: 00035019) is a graduate in commerce and a Fellow of The Institute of Chartered Accountants of India. Mr. Mehta is a Chartered Accountant in practice dealing with taxation, accountancy and valuation of mergers and acquisitions. He is a director on the boards of several prominent companies in India. He has been a director of the Corporation since 1988. He is also the Chairman of the Nomination & Remuneration Committee of Directors and a member of the Audit Committee of Directors.

Mr. D. M. Sukthankar (DIN: 00034416) was an officer of the Indian Administrative Service and was Secretary, Ministry of Urban Development, Government of India and later Chief Secretary to the Government of Maharashtra. Mr. Sukthankar is recognised as an expert on issues related to urban development and management and has been associated with the housing sector for a number of years. He has been a director of the Corporation since 1989. He is also a member of the Stakeholders Relationship Committee of Directors.

Mr. D. N. Ghosh (DIN: 00012608) holds a Master's degree in economics. He was the former Chairman of the State Bank of India. He is the Chairman Emeritus of ICRA Limited. He has been a director of the Corporation since 1989. He is also a member of the Audit Committee of Directors and Corporate Social Responsibility Committee of Directors.

Dr. S. A. Dave (DIN: 00001480) is a Doctorate in economics and holds a Master's degree in economics

from the University of Rochester, USA. Dr. Dave was the former Chairman of the Securities and Exchange Board of India and the Unit Trust of India. He is the Chairman of Centre for Monitoring Indian Economy and is a director on the boards of several prominent companies in India. He has been a director of the Corporation since 1990. He is also the Chairman of the Audit Committee of Directors, the Stakeholders Relationship Committee of Directors and Risk Management Committee. Dr. Dave is the nominee of the Corporation on the board of HDFC Standard Life Insurance Company Limited.

Mr. Nasser Munjee (DIN: 00010180) holds a Master's degree in economics from the London School of Economics, UK. He is the Chairman of DCB Bank Limited and a director on the boards of several prominent companies in India. He was earlier the Executive Director of the Corporation and had been working with the Corporation from 1978 to 1998. He has been a director of the Corporation since 1993. He is also a member of the Nomination & Remuneration Committee of Directors. He is deeply interested in development and infrastructure issues.

Dr. Bimal Jalan (DIN: 00449491) is a former Governor of the Reserve Bank. He has previously held several positions in the Government including those of Finance Secretary and Chairman of the Economic Advisory Council to Prime Minister. He was also a nominated Member of Parliament from 2003 to 2009. He was associated with a number of public institutions and was the Chairman of Centre for Development Studies, Thiruvananthapuram. He has been a director of the Corporation since 2008.

Dr. J. J. Irani (DIN: 00311104) holds a Doctorate from University of Sheffield, UK. He also holds a Master's degree in science from Nagpur University and M. Met from University of Sheffield, UK. The President of India conferred on him the award of Padma Bhushan in 2007 for his services to trade and industry in India. Queen Elizabeth II conferred on him honorary Knighthood (KBE) for his contribution to Indo-British Trade and Co-operation. He has been a director of the Corporation since 2008. He is also a member of the Nomination & Remuneration Committee of Directors.

Brief Profile of the Directors of the Corporation

Mr. V. Srinivasa Rangan (DIN: 00030248) is the Executive Director of the Corporation. He 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. Mr. Rangan joined the Corporation in 1986 and has served in Delhi Region and was the Senior General Manager – Corporate Planning & Finance function at head office since 2000. He was appointed as the Executive Director of the Corporation, with effect from January 1, 2010. He is responsible for the Treasury, Resources and Accounts functions of the Corporation. Mr. Rangan is also a member of the Stakeholders Relationship Committee of Directors and Risk Management Committee.

Ms. Renu Sud Karnad (DIN: 00008064) is the Managing Director of the Corporation. She holds a Master's degree in economics from the University of Delhi and is a graduate in law from the University of Mumbai. She is a Parvin Fellow – Woodrow Wilson School of International Affairs, Princeton University, USA.

Ms. Karnad joined the Corporation in 1978 and was appointed as the Executive Director of the Corporation in 2000 and was re-designated as the Joint Managing Director of the Corporation in October 2007. She was appointed as the Managing Director of the Corporation, with effect from January 1, 2010. Ms. Karnad is also a member of the Risk Management Committee.

Mr. Keki M. Mistry (DIN: 00008886) is the Vice Chairman & Chief Executive Officer of the Corporation. He is a Fellow of The Institute of Chartered Accountants of India. 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. Mr. Mistry is also a member of the Risk Management Committee.

SENIOR EXECUTIVES

MEMBERS OF EXECUTIVE MANAGEMENT

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

Mr. Gautam Bhagat
CEO - HDFC Sales Pvt. Ltd.

SENIOR GENERAL MANAGERS

Mr. Praveen Kumar Bhalla
Mr. Dipta Bhanu Gupta
Mr. C V Ignatius
Mr. Sudhir Kumar Jha
Mr. K Suresh Kumar
Ms. Sonal Modi
Mr. Subodh Salunke
Mr. Dilip Shetty

ADDITIONAL SENIOR GENERAL MANAGERS

Ms. Mala I Bhojwani
Mr. Nikhil B Dwivedi
Mr. Prosenjit Gupta
Mr. R Sankaranarayan
Mr. S V Shaligram
Mr. H S Shamasundara

GENERAL MANAGERS

Mr. Satrajit Bhattacharya
Mr. S K Chaudhari
Mr. Ankur Gupta
Mr. Arjun Gupta
Mr. Sanjay Joshi
Mr. Vinayak P Parkhi
Mr. T Ravishankar
Mr. Mahesh Shah
Mr. P C Srivastava
Mr. Sujir Udayanand
Mr. K V Vishwanathan

COMPANY SECRETARY

Mr. Ajay Agarwal

DEBENTURE TRUSTEES

IDBI Trusteeship Services Ltd.
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard
Estate, Mumbai 400 001.

Central Bank of India

Debenture Trustee Section
Merchant Banking Division
4th Floor, MMO Building,
55, Mahatma Gandhi Road,
Fort, Mumbai 400 001.

PRINCIPAL BANKERS

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

AUDITORS

Deloitte Haskins & Sells LLP
Chartered Accountants

AUDITORS - DUBAI OFFICE

PKF
Chartered Accountants

SOLICITORS AND ADVOCATES

Wadia Ghandy & Co.
AZB & Partners
Cyril Amarchand Mangaldas
Shardul Amarchand Mangaldas & Co.

INVESTOR SERVICES DEPARTMENT

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

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

The past thirty-nine years, have been an extraordinary journey. In 1977, HDFC was akin to a start-up. We ventured into a business that no one in India had attempted before, setting up the country's first retail mortgage finance company. Over the years, while remaining focused on our mortgage business, we seized every opportunity that came along with the opening up of the Indian financial sector. This enabled us to diversify into an array of financial services under the HDFC umbrella.

We possibly could not have gone so far without the support of our shareholders. In particular, we value shareholders who understand the importance of having a long-term perspective and those who have the wherewithal to tide over market volatility and global uncertainty. No company is immune to irrational swings in the global markets, yet it is in these very times that the true worth of a company is tested.

At HDFC, we have always been conservative in our lending practices. At a time when a large segment of the Indian financial system has gone through the wringer on account of weakening asset quality, HDFC has weathered the storm. Part of the reason for this is the very nature of our business. Our customers are mostly first-time homebuyers. They already have a large equity in their home and the Indian psyche is still debt averse, preferring to pay off their loans ahead of schedule. But this should not undermine the fact that a great deal of hard work and intense follow-up is needed to constantly build high quality assets.

In the recent period, we have often been asked whether we traded growth for asset quality. In normal conditions there should be no trade-off. We consciously opted to be more cautious owing to increased stress in certain sectors. Given the macro-economic stability, we believed this phase would be temporary. Our stance now seems vindicated.

In a sector like real estate where multiple approvals are required, embarking on a digital platform to grant approvals will be a significant game changer for the industry.

We remain committed in weighing our options in favour of the long-term interests of our Corporation. This is not always easy since all companies face pressures of quarterly reporting and the unfortunate consequence of short-termism that goes with it! One hopes that there will be some regulatory rethinking on this front, especially given the immense time that boards and management are now compelled to spend on compliances.

So if FY16 was focused on strengthening our resilience, we look forward to the future with a sense of guarded optimism. We are now more assured that a pick-up in the investment cycle is imminent. We take solace from the fact that the authorities are strongly committed to resolving issues of high non-performing loans within the banking system and concerted efforts are being made to reduce excessive corporate leverage, particularly in the infrastructure and real estate sector.

The other reason for our optimism is the immense support and focus that the government has placed on housing, real estate markets and urbanisation. The enhanced tax benefits for first-time homebuyers is a welcome measure, as were tax incentives to encourage developers to increase the supply of affordable housing.

The biggest breakthrough, however, has been the enactment of the Real Estate (Regulation and Development) Act, 2016. After years of resistance, the real estate regulator may finally see the light of day. The regulator will facilitate standardisation of norms in the real estate sector and will bring in the much-needed consumer protection as well.

How the Act gets implemented in each state is still to be seen and this may take some time. Nevertheless, these are steps in the right direction. It is true that unlike other sectoral regulators, the real estate regulator will neither have price determining powers nor will it have control over the clearances and approvals needed by developers for their projects. Fortunately, the government has recognised that developers cannot be hauled up for not adhering to stipulated timelines if approvals are not granted on time. In this regard, the Ministry of Urban Development has committed to shifting towards online approvals. Timely implementation is now critical.

The present government has completed two years in office. It was a government that came to power on the promise of reducing corruption in the country. There has been good progress with top level, large-scale corruption having been weeded out. Measures like government tendering through e-auctions and government-to-government deals for large procurements instills confidence in the regime. One hopes that this demonstrative effect will quickly percolate down to the state and local authority levels.

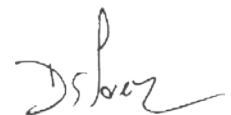
In a sector like real estate where multiple approvals are required, embarking on a digital platform to grant approvals will be a significant game changer for the industry. It will bring in discipline to grant approvals in a time-bound manner and will remove any element of discretion. A regime unshackled from speed money and inordinate delays may be the greatest service rendered to a home buyer.

The other factor that can improve affordability is bringing down the cost of land. Merely reducing interest rates is not sufficient. As banks and housing finance companies are not permitted to fund land transactions, this gap is mainly being met by non-banking financial companies and foreign private equity players who fund these transactions at exorbitant rates.

If the Reserve Bank of India (RBI) were to permit housing finance companies and banks to fund land transactions – at least land that is being used for residential purposes, it could substantially bring down overall costs for the end consumer. This has been a long-standing demand. With sufficient checks and balances by the RBI and permitting more players to fund land transactions responsibly, the government's objective of affordable housing can be fulfilled.

One hopes that regulators will also be more open to ideas of accessing new funding sources. A quarter of the world's economy now has negative interest rates, so savers are keenly searching for higher yielding, safe assets. The time is right to explore ways in which these savings can be tapped to fund specific pools of home loans in India. This is not risky as there is tangible security in terms of the mortgaged properties. While there should be prudent policies, regulators do need to be less timid and allow such cross border transactions.

To conclude, we are excited about working towards listing our fourth entity within the HDFC group. Meanwhile, we will also stay focused on nurturing our fledglings Credila - the education finance company, The HDFC School, HDFC Realty and our real estate portal, HDFC RED. These entities should over time create value for our shareholders. At HDFC, we will continue to review our group entities and see how we can optimally synthesise resources and organisational structures to maximise shareholder returns. As always, we remain steadfast to this commitment.



Directors' Report

TO THE MEMBERS

Your Directors are pleased to present the Thirty-ninth annual report of your Corporation with the audited accounts for the year ended March 31, 2016.

FINANCIAL RESULTS	For the year ended March 31, 2016 (₹ in crore)	For the year ended March 31, 2015 (₹ in crore)
Profit before Tax	10,108.10	8,624.14
Tax Expense (net of Deferred Tax Liability (DTL) on Special Reserve)	2,636.04	2,269.23
Profit after Tax but before DTL on Special Reserve	7,472.06	6,354.91
DTL on Special Reserve	378.96	364.77
Profit after Tax	7,093.10	5,990.14
Appropriations have been made as under:		
Special Reserve No. II	1,095.00	1,054.00
General Reserve	2,385.12	2,003.33
Statutory Reserve (under Section 29C of the National Housing Bank Act, 1987)	325.00	150.00
Shelter Assistance Reserve	150.00	-
Interim and Proposed Dividend (₹ 17 per equity share of ₹ 2 each)	2,685.73	2,362.05
Additional Tax on Interim and Proposed Dividend, net of previous year's adjustments	452.25	420.76
	7,093.10	5,990.14

Dividend

In March 2016, your directors declared an interim dividend of ₹ 3 per equity share of ₹ 2 each compared to ₹ 2 per equity share of ₹ 2 each for the previous year. The interim dividend was paid in April 2016.

Your directors recommend payment of final dividend for the financial year ended March 31, 2016 of ₹ 14 per equity share of ₹ 2 each compared to ₹ 13 per equity share for the previous year.

The total dividend for the year is ₹ 17 per equity share as against ₹ 15

per equity share for the previous year.

The dividend payout ratio for the year ended March 31, 2016 will be 44%.

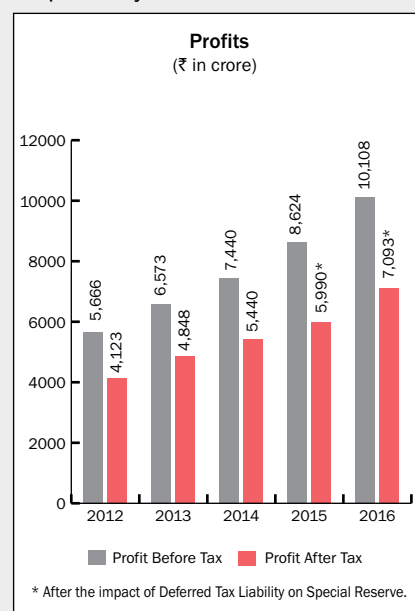
Simultaneous Issue of Warrants and Non-Convertible Debentures on a QIP Basis

Pursuant to the approval of the shareholders of the Corporation at the 38th Annual General Meeting held on July 28, 2015, the Corporation raised ₹ 5,051 crore through the issuance of Warrants simultaneously with Non-Convertible Debentures to domestic Qualified Institutional Buyers on a Qualified Institutions

Placement (QIP) basis, in accordance with the provisions of Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

The Corporation issued and allotted 3.65 crore Warrants at an issue price of ₹ 14 per Warrant with a right exercisable by the Warrant holder to exchange each Warrant for one equity share of face value of ₹ 2 each of 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.

Simultaneously, the Corporation issued and allotted 5,000 Secured Redeemable Non-Convertible Debentures (NCDs) of face value of ₹ 1 crore each due in March 2017, with a coupon of 1.43% per annum, payable annually for cash aggregating to ₹ 5,000 crore. The NCDs were rated by CRISIL and ICRA and were assigned the highest rating of 'CRISIL AAA/Stable' and 'ICRA AAA/Stable' respectively.



The Warrants and NCDs are listed on the respective segments of the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The maximum dilution that could take place in future, if all the Warrants are exchanged for equity shares of the Corporation at the Warrant Exercise Price would be up to 2.2% of the enhanced equity share capital of the Corporation.

Lending Operations

The Government has given an impetus to the housing sector through various flagship schemes such as Housing for All by 2022, Smart Cities Mission and Atal Mission for Rejuvenation and Urban Transformation.

Given the acute shortage of housing, the demand for individual home loans continued to remain healthy during the year. Improved affordability due to rising incomes and enhanced fiscal benefits available on home loans have encouraged first-time buyers to avail of home loans.

Reflecting India's demographic trends, the average age of HDFC's home loan customer is 38 years. In line with increased job opportunities and growing entrepreneurship, the Corporation has seen a healthy demand from both, salaried and self-employed customers.

While most of the demand for home loans is from Tier 1, 2 and 3 cities, the Corporation has made successful in-roads in growing its rural housing portfolio.

Customising home loan products to fulfil the needs of customers remains a priority for the Corporation. To encourage home ownership amongst women, the Corporation launched a housing product for women called 'Women Power' during the year. The product is attractive owing to the

differential interest rate which is exclusively for women customers.

In an effort to further penetrate the home loan market, the Corporation has intensified its efforts to selectively tap into customers from the unorganised sector through its product called 'HDFC Reach'. As different credit assessment techniques and skill sets are required for this segment, the Corporation is steadily building its expertise to cater to self-employed and employed customers in the unorganised sector.

Individual loan disbursements grew by 18% during the year. The average size of individual loans stood at ₹ 25 lac as against ₹ 23.3 lac in the previous year.

Sale of Loans

During the year, the Corporation, under the loan assignment route sold individual loans amounting to ₹ 12,773 crore to HDFC Bank pursuant to the buyback option embedded in the home loan arrangement between the Corporation and HDFC Bank.

As at March 31, 2016, total loans outstanding in respect of loans sold/assigned stood at ₹ 32,307 crore. HDFC continues to service loans and is entitled to the residual interest on the loans sold. The residual interest on the outstanding individual loans sold/assigned is 1.20% per annum and is being accounted for over the life of the underlying loans and not on an upfront basis.

Loan pools which were rated by external rating agencies carry a rating indicating the highest degree of safety.

Loan Book

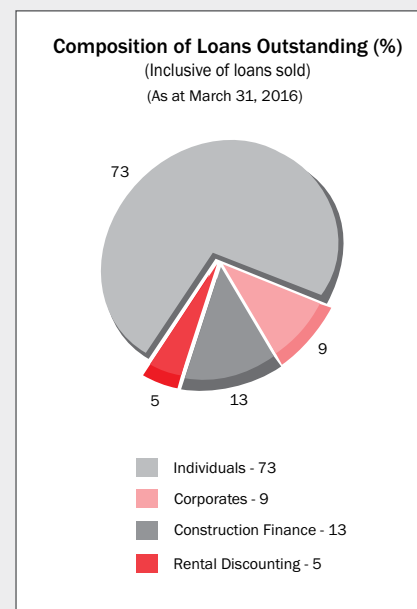
As at March 31, 2016, the loan book stood at ₹ 2,59,224 crore as against

₹ 2,28,181 crore in the previous year. Loans sold to HDFC Bank during the preceding twelve months was significantly higher at ₹ 12,773 crore as against ₹ 8,249 crore in the previous year. Further, the rate of amortisation in the year under review was higher than the previous year as a result of lower interest rates.

The growth in the individual loan book, after adding back loans sold in the preceding twelve months was 24% (16% net of loans). The non-individual loan book grew at 9%. The growth in the total loan book after adding back loans sold was 19% (14% net of loans sold).

On an Assets under Management (AUM) basis, the growth in the individual loan book was 17% and the non-individual loan book was 9%. The growth in the total loan book on an AUM basis was 15%.

Of the total loans on an AUM basis, individual loans comprise 73%. During the year, on an AUM basis, 83% of the incremental growth in the loan book came from individual loans.



Repayments

During the year under review, ₹ 79,718 crore was received by way of scheduled repayment of principal through monthly instalments as well as redemptions ahead of schedule, as compared to ₹ 66,422 crore received last year.

Resource Mobilisation

External Commercial Borrowings

During the year, the Corporation raised an external commercial borrowing (ECB) of USD 500 million in the form of a syndicated loan facility. The ECB was raised under the Low Cost Affordable Housing Scheme of the Reserve Bank of India (RBI).

The proceeds have been utilised for financing prospective owners of low cost affordable housing units. As per the RBI norms, low cost affordable housing units have been defined as units where the property cost is up to ₹ 30 lac, the loan amount is capped at ₹ 25 lac and the carpet area does not exceed 60 square meters.

The ECB was for a tenor of 5 years and the foreign exchange risk on the principal has been hedged in accordance with the guidelines prescribed by the RBI.

During the year, the Corporation also refinanced an existing ECB of USD 300 million raised earlier under the same scheme.

The RBI has recently granted approval to the Corporation to raise a fresh ECB of USD 375 million under the Low Cost Affordable Housing Scheme. As of date, this facility is undrawn.

Subordinated Debt

As at March 31, 2016, the Corporation's outstanding subordinated debt stood at ₹ 5,975

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, 2016, ₹ 5,100 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.

Market Borrowings

During the year, the Corporation issued non-convertible debentures (NCDs) amounting to ₹ 22,276 crore on a private placement basis (excluding NCDs raised through the QIP issue mentioned above). 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'. As at March 31, 2016, NCDs and bonds outstanding stood at ₹ 84,143 crore. The Corporation has been regular in making payments of principal and interest on the NCDs.

The Corporation is in compliance with the provisions of the Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement (NHB) Directions, 2014.

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, 2016, the outstanding issues of commercial paper aggregated to ₹ 25,726 crore.

Term Loans from Banks, Institutions and Refinance from the National Housing Bank (NHB)

As at March 31, 2016, the total loans outstanding from banks, institutions and NHB amounted to ₹ 37,330 crore as compared to ₹ 24,282 crore as at March 31, 2015.

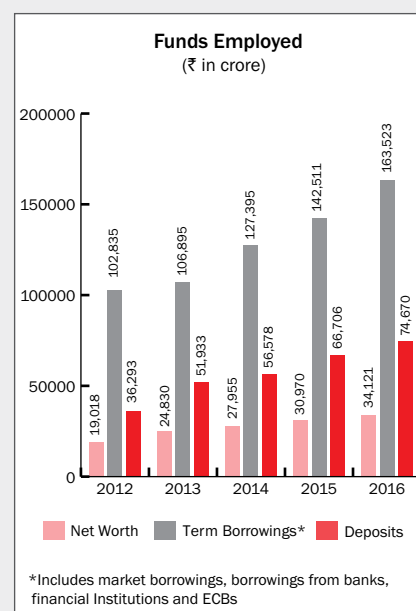
HDFC's long-term and short-term bank loan facilities have been assigned the highest rating by CARE and ICRA, signifying highest safety for timely servicing of debt obligations.

During the year, the Corporation has drawn NHB refinance amounting to ₹ 1,750 crore under the regular refinance scheme and refinance assistance for flood affected areas of Tamil Nadu.

Deposits

Total deposits outstanding increased from ₹ 66,706 crore at the beginning of the financial year to ₹ 74,670 crore as at March 31, 2016. The number of deposit accounts stood at over 18 lac.

For the twenty-first consecutive year, CRISIL and ICRA reaffirmed a



rating of 'CRISIL FAAA/Stable' and 'ICRA MAAA/Stable' respectively, for HDFC's deposits. These ratings represent the highest degree of safety regarding timely servicing of financial obligations and carries the lowest credit risk.

The support of the agents and their commitment to the Corporation has been instrumental in HDFC's deposit products continuing to be a preferred investment for households and trusts.

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.

Unclaimed Deposits

As of March 31, 2016, public deposits amounting to ₹ 528 crore had not been claimed by 43,254 depositors. Since then, 10,040 depositors have claimed or renewed deposits of ₹ 166 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. Accordingly, during the year, an amount of ₹ 1.37 crore has been transferred to the IEPF.

Non-Performing Loans

Gross non-performing loans as at March 31, 2016 amounted to ₹ 1,833

crore. This is equivalent to 0.70% of the loan portfolio (as against 0.67% in the previous year). The non-performing loans of the individual portfolio stood at 0.51% while that of the non-individual portfolio stood at 1.12%.

As per NHB norms, the Corporation is required to carry a total provision of ₹ 1,959 crore of which ₹ 1,341 crore is against standard assets.

The balance in the provision for contingencies account as at March 31, 2016 stood at ₹ 2,695 crore of which ₹ 566 crore is on account of non-performing loans. This balance in the provision for contingencies is equivalent to 1.03% of the loan portfolio.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) has proved to be a useful recovery tool and the Corporation has been able to successfully initiate recovery action under this Act.



Additional One-Time Special Provision

During the year, the Corporation made an additional one-time special provision of ₹ 450 crore. This was done with the objective of further strengthening the Corporation's balance sheet. The Corporation believes that it would be prudent to utilise a part of the exceptional gains (received from the sale of equity shares of HDFC Standard Life Insurance Company Limited) to build an additional buffer against any unexpected risk in the future. This special provision is being done voluntarily and not on account of any regulatory requirement. Further, the provision is on standard assets. The Corporation holds adequate security in respect of all loans.

Regulatory Guidelines

The Corporation has complied with the Housing Finance Companies (NHB) Directions, 2010 prescribed by NHB regarding deposit acceptance, accounting standards, prudential norms for asset classification, income recognition, provisioning, capital adequacy, credit rating, concentration of investments and capital market exposure norms.

During the year, NHB recalibrated risk weights on individual housing loans, based on the loan amount and loan to value ratio, with the lowest risk weight being reduced to 35% compared to 50% earlier.

Capital Adequacy Ratio

The Corporation's capital adequacy ratio (CAR) stood at 16.6%, of which Tier I capital was 13.2% and Tier II capital was 3.4%. Deferred tax liability on Special Reserve and the investment in HDFC Bank has been considered as a deduction in the computation of Tier I and Tier II

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

Marketing and Distribution

During the year, efforts were concentrated on further strengthening the distribution network. The Corporation's distribution network now spans 401 outlets, which includes 116 offices of HDFC's wholly owned distribution company, HDFC Sales Private Limited (HSPL).

To further augment the network, HDFC covers additional locations through its outreach programmes. HDFC has overseas offices in London, Singapore and Dubai. The Dubai office caters to customers across Middle East through its service associates based in Kuwait, Qatar, Oman, Abu Dhabi and Saudi Arabia.

The Corporation's distribution channels which include HSPL, HDFC Bank and third party direct selling associates (DSAs) play an important role in sourcing home loans. In

value terms, HSPL, HDFC Bank and third party DSAs sourced 49%, 26% and 17% of home loans disbursed respectively during the year.

The Corporation has third-party distribution tie-ups with banks 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.

Enhancing digital initiatives for the convenience of new and existing customers remains a key focus area. 'HDFC's Online Home Loans' is an end-to-end origination to approval home loan platform. This platform enables customers to apply, upload documents and get a home loan approval online and seamlessly.

Property fairs across major cities in India were organised. In addition, thematic property fairs focusing on ready to occupy homes were held in Chennai, New Delhi and Hyderabad. To cater to the Indian diaspora, 'India Homes' fairs were held in London, Singapore, Muscat and Dubai where developers were invited by HDFC to show case their properties.

Value Added Services and Cross Selling

HDFC's subsidiary companies have strong synergies with HDFC. This enables the Corporation to provide property related value added services and cross sell products and services under the 'HDFC' brand.

HDFC Realty Limited is a real estate advisory company. It has a presence in 23 locations across India and helps

individuals, government authorities and corporate institutions to buy, sell or lease real estate and also provides valuation services.

HDFCRED.com, is a digital information hub that assists potential home buyers in identifying properties and provides leads for potential home loan customers.

HDFC and HSPL are composite corporate agents for HDFC Standard Life Insurance Company Limited (HDFC Life) and HDFC ERGO General Insurance Company Limited (HDFC ERGO).

International Housing Finance Initiatives

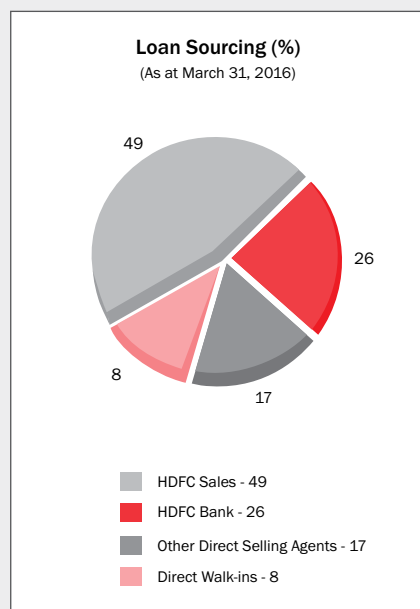
HDFC's expertise in housing finance is well regarded and therefore a number of existing and new housing finance companies are keen to tap the Corporation for training and technical assistance in housing finance.

The Frankfurt School of Finance & Management and HDFC jointly organised the eighth '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.

The Corporation remains committed to sharing its expertise in countries which have nascent mortgage markets. During the year, the Corporation conducted training programmes for housing finance players from Indonesia, Bangladesh and Sri Lanka. The Corporation also entered into an agreement with a leading Indonesian bank to provide training in housing finance.

Corporate Social Responsibility (CSR)

The Corporation contributed directly and through H T Parekh Foundation



to identified social sectors such as education, health and sanitation, rural and urban development, child welfare, support to differently abled persons and environmental sustainability.

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.

Human Resource Development

The Corporation remained focused on 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 training programmes are conducted at the Corporation's training centre and through internally developed online training modules. The key focus areas of training include regulations, customer service, appraisal techniques, fraud and risk mitigation and IT systems. In addition, staff members were nominated for a variety of external training programmes in India and overseas.

Awards and Recognitions

During the year, some of the awards and recognitions received by the Corporation included:

- Ranked amongst the world's top ten consumer financial services firms compiled by Forbes magazine. The Corporation was the only Indian company in the list.
- Awarded 'Best Home Loan Provider of the Decade' by

CNBC Awaaz Real Estate Awards, 2015;

- Ranked amongst the top ten biggest brands in India by Interbrand, an international brand valuation firm;
- Awarded CIBIL Data Quality Award, 2016;
- Gold awards for creative communication for the Corporation's annual report and its wall calendar by the Association of Business Communicators of India.

Subsidiary 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, www.hdfc.com.

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

During the year, the following new subsidiary companies were incorporated:

HDFC Capital Advisors Limited: The company is a wholly owned subsidiary of the Corporation. The objective of the company is to provide financial advisory and related services in the area of real estate.

HDFC International Life and Re Company Limited (HDFC Re), Dubai: The Company was incorporated

as a wholly owned subsidiary of HDFC Standard Life Insurance Company Limited, a subsidiary of the Corporation. The objective of the company is to offer reinsurance capacity to ceding insurers.

Further details of the subsidiary companies incorporated during the year are given elsewhere in this report.

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 has obtained a certificate from its statutory auditors that it is in compliance with the provisions of Foreign Exchange Management Act, 1999 with respect to downstream investments made in/by its subsidiaries and in other companies during the year under review.

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, 2016, advances of HDFC Bank stood at ₹ 4,64,594 crore – an increase of 27% over the previous year. Total deposits stood at ₹ 5,46,424 crore – an increase of 21%. As at March 31, 2016, HDFC Bank's distribution network includes



4,520 branches and 12,000 ATMs in 2,587 locations.

For the year ended March 31, 2016, HDFC Bank reported a profit after tax of ₹ 12,296 crore as against ₹ 10,216 crore in the previous year, representing an increase of 20%. HDFC Bank has recommended a dividend of ₹ 9.50 per share of ₹ 2 each as against ₹ 8 per share for the previous year.

HDFC together with its wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited holds 21.5% of the equity share capital of HDFC Bank.

HDFC Standard Life Insurance Company Limited (HDFC Life)

Gross premium income of HDFC Life for the year ended March 31, 2016 stood at ₹ 16,313 crore as compared to ₹ 14,830 crore in the previous year, reflecting a growth of 10%. The Company has a portfolio of 28 retail products and 8 group products covering saving, investment, protection and retirement needs of its customers, along with 7 optional rider benefits.

The Company has a wide reach with 398 HDFC Life offices and over 9,000 distributor touch-points. HDFC Life has also recently completed the incorporation of its wholly owned subsidiary, HDFC International Life and Re Company Limited in Dubai to offer re-insurance services.

The Company ranked amongst the top three players in the private sector in the individual and group business category. The Company had a market share of 14.7% for individual business, amongst the private industry, in terms of weighted received premium.

HDFC Life has reported a standalone profit after tax of ₹ 818 crore for the year ended March 31, 2016 as against ₹ 786 crore in the previous year.

At the Company level, the pre overrun new business margin for the year ended March 31, 2016 stood at 23.6%. The new business margin based on actual expenses (post overruns) stood at 19.8%.

As at March 31, 2016, the Market Consistent Embedded Value stood at ₹ 10,205 crore (previous year ₹ 8,805 crore).

During the year, HDFC Life paid an interim dividend of ₹ 0.90 per equity share of ₹ 10 each compared to ₹ 0.70 per equity share in the previous year. The solvency ratio of the Company was 198% as at March 31, 2016 as against the minimum regulatory requirement of 150%.

During the year, the Government increased the foreign direct investment limits in the insurance sector from 26% to 49%. In March 2016, pursuant to the receipt of requisite approvals, the Corporation sold 17,95,39,209 equity shares of ₹ 10 each, equivalent to 9% of its equity shares in HDFC Life to Standard Life (Mauritius Holdings) 2006 Limited at a price of ₹ 95 per equity share. The total consideration was ₹ 1,706 crore.

The profit on sale of this investment was ₹ 1,513 crore. As HDFC Life is an unlisted entity, the capital gains tax on the sale of shares was ₹ 300 crore. As a result of the sale of shares, the Corporation's holding in HDFC Life is 61.6%.

The Board of Directors of HDFC Life has approved taking steps to initiate the process for an initial public offer

(IPO). Accordingly, the Corporation has in-principle, agreed to sell up to 10% of its equity stake in HDFC Life through an offer-for-sale in the IPO of HDFC Life, subject to market conditions and the receipt of requisite approvals.

HDFC Asset Management Company Limited (HDFC-AMC)

As at March 31, 2016, HDFC-AMC managed 59 debt, equity, gold exchange traded fund and fund of fund schemes of HDFC Mutual Fund. The average assets under management for the month of March 2016 stood at ₹ 1,82,570 crore (which is inclusive of average assets under discretionary portfolio management/advisory services). HDFC Mutual Fund has been ranked second in the industry on the basis of quarterly average assets under management for the year ended March 31, 2016 and had an overall market share of 12.9%. The number of investor accounts was in excess of 56 lac as at March 31, 2016. HDFC-AMC has 129 investor service centres across the country.

For the year ended March 31, 2016, HDFC-AMC reported a profit after tax of ₹ 478 crore as against ₹ 416 crore in the previous year.

HDFC holds 59.9% of the equity share capital of HDFC-AMC.

HDFC ERGO General Insurance Company Limited (HDFC ERGO)

HDFC ERGO continued to retain its market ranking as the fourth 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 and customised products like property,

marine, aviation and liability insurance in the corporate segment. The Company continues to leverage on the HDFC group's distribution capability to drive its growth and on the technical capability of ERGO in the field of general insurance. The Company had a balanced portfolio mix with the retail segment accounting for 63% of the business.

The gross direct premium (excluding motor and declined risk pool) for the year ended March 31, 2016 stood at ₹ 3,380 crore as against ₹ 3,182 crore in the previous year.

For the year ended March 31, 2016, the profit after tax stood at ₹ 151 crore as against ₹ 104 crore in the previous year – registering a growth of 45%.

During the year, HDFC ERGO paid an interim dividend of ₹ 1.25 per equity share of ₹ 10 each as against ₹ 0.75 per equity share in the previous year.

The combined ratio as at March 31, 2016 stood at 105.6% (after motor and declined risk pool losses). The solvency ratio of the company was 167% as at March 31, 2016 as against the minimum regulatory requirement of 150%.

HDFC holds 73.6% of the equity share capital of HDFC ERGO.

HDFC Property Funds

HDFC Venture Capital Limited (HVCL) is the investment manager to HDFC Property Fund, a registered venture capital fund with the Securities and Exchange Board of India (SEBI).

HDFC Property Fund has two schemes – the first scheme is HDFC India Real Estate Fund (HI-REF), which had an initial corpus of ₹ 1,000 crore. HI-REF has, as on date distributed the entire investment corpus and also

profits to its investors. HI-REF is in the midst of concluding final exits from the balance portfolio. The second scheme, HDFC IT Corridor Fund has been fully exited.

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

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 and HIREF International Fund II Pte Ltd. HIREF International LLC was launched in 2007 and has a corpus of USD 800 million. Exits have commenced and the fund is in the process of exiting the balance investments. HIREF International Fund II Pte Ltd. had its second and final closing in April 2015 with a total corpus of USD 321 million.

HDFC Capital Advisors Limited is in the business of providing investment advisory services for real estate private equity financing. The company was incorporated in May 2015 and is a wholly owned subsidiary of the Corporation. The Company is the investment manager to HDFC Capital Affordable Real Estate Fund 1 (H-CARE 1) and is registered as an Alternative Investment Fund with SEBI.

Against a target fund size of ₹ 5,000 crore, H-CARE 1 has received an initial commitment of ₹ 2,700 crore from global investors and is in the process of raising the balance amount. The primary objective of H-CARE 1 is to provide long-

term, equity oriented capital for the development of housing for middle-income households in India. The fund is a 12-year closed ended fund.

GRUH Finance Limited (GRUH)

GRUH is a housing finance company with a retail network of 179 offices spread across 10 states. As at March 31, 2016, the loan book stood at ₹ 11,115 crore compared to ₹ 8,926 crore in the previous year – an increase of 25%. The gross non-performing loans stood at 0.32% of the total loans outstanding and the net non-performing loans was 0.09%. The average size of loans disbursed during the year was ₹ 8.9 lac.

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

For the year ended March 31, 2016, GRUH reported a profit after tax of ₹ 244 crore as compared to ₹ 204 crore – representing a growth of 20%.

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

HDFC's holding in GRUH currently stands at 58.6%.

HDFC Sales Private Limited (HSPL)

HDFC Sales Private Limited (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 116 locations. During the year under review, HSPL sourced loans accounting for 49% of individual loans disbursed by HDFC.



HSPL is a wholly owned subsidiary of HDFC.

Credila Financial Services Private Limited (Credila)

Credila is India's first dedicated education loan company, providing loans to students pursuing higher education in India and abroad. As on March 31, 2016, Credila had cumulatively disbursed ₹ 3,323 crore to 27,679 customers. The outstanding loan book stood at ₹ 2,402 crore, registering a growth of 42% over the previous year. The average loan amount disbursed was ₹ 17 lac. For the year ended March 31, 2016, Credila reported a profit after tax of ₹ 45 crore as against ₹ 28 crore in the previous year – representing a growth of 61%.

In addition to having its own offices and sourcing applications through the web, Credila capitalises on HDFC's distribution network to source and market education loans. Credila's borrowers are entitled to income tax exemption under Section 80E of the Income Tax Act, 1961.

HDFC holds 89.5% of the share holding in 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 the Corporation entering the education space was to imbibe best practices in education and facilitate innovation, thereby creating a visible impact on the schooling system in the country.

Last year, the Corporation's first school, 'The HDFC School' was inaugurated in Gurugram. The motto

of the school is 'Educate, Excel and Empower'. The school has started the primary wing. The construction of a new building on 5-acre plot owned by HDFC Edu has commenced during the year. Once the construction is completed, the school will shift to the new campus. The second HDFC School is being planned in Bengaluru.

The HDFC Schools are intended to be full-fledged K-12 schools, following the National Curriculum Framework, 2005 and will be affiliated with the Central Board of Secondary Education.

Particulars of Employees

HDFC had 2,196 employees as of March 31, 2016. During the year, 19 employees employed throughout the year were in receipt of remuneration of ₹ 60 lac 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 other particulars of such 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 said rule, the Directors' Report is being sent to all the shareholders of the Corporation excluding the annex. Any shareholder interested in obtaining a copy of the said annex may write to the Corporation.

Further disclosures on managerial remuneration are provided in Annex 1 appended to the Directors' Report.

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

The Corporation has adopted a policy on prevention, prohibition and redressal of sexual harassment

at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder. Members of the Internal Complaints Committee constituted by the Corporation are responsible for reporting and conducting inquiries pertaining to such complaints. During the year under review, no complaints were received by the committee.

Particulars of Loans, Guarantees or Investments

Since the Corporation is a housing finance company, the disclosures regarding particulars of the loans given, guarantee 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 under notes 13 and 17 in the financial statements of the Corporation for the year ended March 31, 2016.

Particulars of Contracts or Arrangements with Related Parties

The particulars of contracts or arrangements with related parties referred to in Section 188(1), as prescribed in Form AOC-2 under Rule 8(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.

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

The particulars regarding foreign exchange earnings and expenditure appear under notes 25.1 and 26.3 in the financial statements. Since HDFC

does not own any manufacturing facility, the other particulars relating to conservation of energy and technology absorption as stipulated in the Companies (Accounts) Rules, 2014, are not applicable.

Employees Stock Option Scheme (ESOS)

Presently, stock options granted to the employees operate under the following schemes; ESOS-07, ESOS-08, ESOS-11 and ESOS-14. There has been no material 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 Regulation 14 of the said regulations have been placed on the website of the Corporation.

Unclaimed Dividend

As at March 31, 2016, dividend amounting to ₹ 19.48 crore had not been claimed by shareholders of the Corporation. The Corporation has been periodically intimating the concerned shareholders, requesting them to encash their dividend before it becomes due for transfer to the IEPF. The Corporation continues to take various initiatives to reduce the quantum of unclaimed dividend.

Unclaimed dividend amounting to ₹ 84 lacs for FY 2007-08 was transferred to the IEPF on September 8, 2015. Further, the unclaimed dividend in respect of FY 2008-09 must be claimed by shareholders by August 28, 2016, failing which it will be transferred to the IEPF within a period of 30 days from the said date.

Unclaimed Shares

Details on unclaimed shares

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

Directors

Dr. Ram S. Tarneja, director of the Corporation expired on August 7, 2015. The Board of Directors, while condoling the demise of Dr. Ram S. Tarneja placed on record its appreciation for the valuable guidance and services rendered by him during his association with the Corporation.

During the year under review, the Board of Directors at its meeting held on October 26, 2015, re-appointed Mr. Keki M. Mistry as the Managing Director of the Corporation (designated as the Vice Chairman & Chief Executive Officer) for a period of 3 years, with effect from November 14, 2015, subject to the approval of the members at the ensuing AGM.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Corporation, Mr. D. M. Sukthankar is liable to retire by rotation at the ensuing AGM. He is eligible for re-appointment.

The necessary resolutions for the re-appointment of Mr. Keki M. Mistry and Mr D. M. Sukthankar and their detailed profiles have been included in the notice convening the ensuing AGM.

All the directors of the Corporation have confirmed that they are not disqualified from being appointed as directors in terms of Section 164(2) of the Companies Act, 2013.

Dr. S. A. Dave is the Corporation's nominee director on the board of HDFC Life. This is in accordance with the SEBI (Listing Obligations

and Disclosure Requirements) Regulations, 2015 (Listing Regulations), which requires the Corporation to nominate at least one of its independent directors on the board of HDFC Life, which is a material unlisted Indian subsidiary company of the Corporation.

The details on 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 37th AGM held on July 21, 2014, the members had appointed Messrs Deloitte Haskins & Sells LLP, Chartered Accountants, having registration number 117366W/W-100018 as the statutory auditors of the Corporation and branch auditors to audit the accounts at the Corporation's branches in India and offices in London and Singapore, for a period of 3 years, to hold office as such until the conclusion of the 40th AGM, subject to them ratifying the said appointment at every AGM.

The Corporation has received a confirmation from Messrs Deloitte Haskins & Sells LLP to the effect that their appointment, if ratified, at the ensuing AGM would be in terms of Sections 139 and 141 of the Companies Act, 2013 and rules made thereunder. The board proposes to the members to ratify the said appointment of Messrs Deloitte Haskins & Sells LLP.

Messrs PKF, Chartered Accountants, having registration number 10 issued by the Ministry of Economy, United Arab Emirates (UAE) was also appointed for a period of 3 years to hold office as such until the conclusion of the 40th AGM, subject

to the members ratifying the said appointment at every AGM. The board proposes to ratify the appointment of Messrs PKF.

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, practising company secretaries in place of Messrs N. L. Bhatia & Associates to undertake the secretarial audit of the Corporation. The Secretarial Audit Report is annexed to this report.

Significant and Material Orders Passed by Regulators

During the year, no significant or material orders were passed by any regulators against the Corporation other than that disclosed separately in the notes of the financial statements and in the Report of the Directors on Corporate Governance.

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 the end of March 31, 2016 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 controls have been laid down to be followed by the Corporation and such internal 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.

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

In accordance with the Listing Regulations, the Management Discussion and Analysis Report 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 prepared and placed on the Corporation's website. Members who wish to receive a physical copy of the BRR are requested to write to the Corporation.

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 MGT-9

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed to this report.

Acknowledgements

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

The directors place on record their gratitude for the support of various regulatory authorities including NHB, RBI, SEBI, IRDA, MCA, Registrar of Companies, Financial Intelligence Unit (India), Foreign Investment Promotion Board, the stock exchanges and the depositories.

While recognising the challenging work environment, 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 2, 2016

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 2016

Name	Designation	Ratio of remuneration to the median employees' remuneration
Mr. Deepak S. Parekh	Chairman	18:1
Mr. D. M. Sukthankar	Non-executive Director	2:1
Mr. B. S. Mehta	Independent Director	3:1
Mr. D. N. Ghosh	Independent Director	3:1
Dr. S. A. Dave	Independent Director	3:1
Mr. Nasser Munjee	Independent Director	2:1
Dr. Bimal Jalan	Independent Director	2:1
Dr. J. J. Irani	Independent Director	2:1
Mr. V. Srinivasa Rangan	Executive Director	54:1
Ms. Renu Sud Karnad	Managing Director	81:1
Mr. Keki M. Mistry	Vice Chairman & CEO	88:1

Percentage increase in the remuneration of each director and key managerial personnel in FY 2016

Name	Designation	Increase in Remuneration (%)
Mr. Keki M. Mistry	Vice Chairman & CEO	15
Ms. Renu Sud Karnad	Managing Director	15
Mr. V. Srinivasa Rangan	Executive Director	19
Mr. Ajay Agarwal	Company Secretary	19

The commission paid to each non-executive director (other than the Chairman of the Corporation) was raised from ₹ 15 lac to ₹ 20 lac in FY 2016, representing an increase of 33%. Commission paid to the Chairman in FY 2016 was ₹ 1.80 crore, which was the same as in the previous year.

Further details are provided in Form MGT- 9.

Explanation on the relationship between the average increase in remuneration and the Corporation's performance

The percentage increase in the median remuneration of employees in FY 2016 stood at 15%. Given below are some key financial parameters which reflected the Corporation's performance. Despite a challenging environment, the Corporation delivered a good financial performance in FY 2015.

Parameter	March 31, 2015 (₹ crore)	March 31, 2014 (₹ crore)	%
Total Income	27,471	24,198	14
Profit Before Tax	8,624	7,440	16
Profit After Tax	6,355*	5,440	17
Total Borrowings	2,08,599	1,83,973	13
Total Outstanding Loan Book (including o/s loans sold)	2,53,333	2,17,763	16
Non-performing loans (%)	0.67	0.69	-3
Book Value per share (₹)	197	179	10
Adjusted Book Value per share (adjusted for unrealised gains on listed investments) (₹)	553	424	30

*Excluding the impact of Deferred Tax Liability on Special Reserve.

Other efficiency parameters included:

The cost to income ratio stood at 7.6% for the year ended March 31, 2015. This is amongst the lowest in the financial sector, even compared to global peers.

The return on equity for FY 2015 was 21.6% (excluding the impact of deferred tax liability on Special Reserve) compared to 20.6% in the previous year.

The total assets per employee in FY 2015 was ₹ 115 crore (PY ₹ 109 crore), while the profit per employee in FY 2015 stood at ₹ 3.05 crore (PY ₹ 2.78 crore).

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 15% in FY 2016. The average increase in remuneration of managerial personnel (i.e. the executive directors) stood at 16% and non-managerial personnel was 15%.

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

remuneration of non-managerial personnel is based on an internal evaluation of key result areas (KRAs), while the remuneration of the managerial personnel is based on the remuneration policy as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors.

The Corporation reiterates that 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. As elucidated above, the Corporation performed well on various financial parameters. In addition, a peer comparison of other housing finance companies reaffirmed the Corporation's steady performance in FY 2015.

Key parameters for any variable component of remuneration availed by the directors

The variable component of the remuneration package to directors comprises payment of commission. The variable component of the remuneration is determined based on the overall performance of the Corporation, whilst also factoring in key principles of prudence and conservatism. Keeping the long-term interests of the Corporation in mind, key risk factors that the Corporation could potentially face are also considered while determining the overall variable component of the remuneration payable to directors.

The non-executive directors collectively endeavour to ensure that the Corporation performs well and hence the Corporation pays an annual commission to them, subject to the approval of the Nomination & Remuneration Committee/Board of Directors.

The executive directors are paid commission as approved by the Nomination & Remuneration Committee.

There were no employees who are not directors who received remuneration in excess of the highest paid director of the Corporation during the year.

Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year

The market capitalisation of the Corporation stood at ₹ 1,74,668 crore as at March 31, 2016 (PY ₹ 2,07,183 crore). The price to earnings ratio was 24.6 times as at March 31, 2016 (PY 34.6 times).

The Corporation's last public offer was made in the year 1992 at a price of ₹ 8 per equity share of ₹ 2 each (for ease of comparison, the face value of ₹ 100 per share has been converted to ₹ 2 per equity share).

The shares of the Corporation closed at ₹ 1,106 on National Stock Exchange of India Limited and the BSE Limited on March 31, 2016, representing an increase of 13820% since the date of last public issue.

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 Sales Pvt. Ltd., Subsidiary company	DSA Commission expense (home loan sourcing)	April 2015 - March 2016	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.	-	-
2	HDFC Asset Management Company Ltd., Subsidiary company	Income related to Advice on Real Estate	April 2015 - March 2016	The Corporation advises HDFC Asset Management Company Ltd. on its Portfolio Management Scheme relating to real estate investment.	-	-
3	HDFC Bank Ltd., Associate company	Sale of Loans/ Assignment fees	April 2015 - March 2016	HDFC Bank has an option to buy 70% of the loans disbursed out of the loans sourced by it for the Corporation. In the event of the purchase being loans which qualify as priority sector for HDFC Bank, the option to buy is restricted to 55% instead of 70%. The loans continue to be serviced by the Corporation, for which it is paid a servicing fee.	-	-
4	HDFC Bank Ltd., Associate company	DSA Commission expense (home loan sourcing)	April 2015 - March 2016	The Corporation pays Direct Sourcing Arrangement (DSA) commission to HDFC Bank for loans sourced at prevailing market rates and based on the volume of loans sourced.	-	-

On behalf of the Board of Directors

MUMBAI
May 2, 2016

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:

The guiding principle of HDFC's CSR activities is that institutional giving should focus on building organisations that will eventually be self-reliant and empower the beneficiaries. Accordingly, HDFC continues to support a range of social interventions and development initiatives (irrespective of the size of the implementing organisation), to facilitate deep and long-term impact for a developed and inclusive society.

Over the past 28 years, HDFC has been making consistent efforts towards supporting the underserved sections of the society. As early as 1988, HDFC established a fund called the Shelter Assistance Reserve (SAR) with the main objective of participating and supporting worthwhile social projects.

The vision for a socially conscious organisation started with its Founder Chairman, Shri H. T. Parekh. Apart from his enormous contribution to the development of housing finance and other financial sectors in India, Shri H. T. Parekh was responsible for establishing several social initiatives that continue even today with their community driven work. To honour his legacy, HDFC formed the H T Parekh Foundation (Foundation) in October 2012 as a Section 25 (now Section 8) company. HDFC has committed to undertake a large part of its CSR activities through the Foundation.

This year, the focus of HDFC's CSR activities has been across 3 thematic areas – healthcare, education and sanitation. Additionally, HDFC supported other social causes, such as maternal & child nutrition, special education and vocational training for the differently abled, urban welfare issues for marginalised & vulnerable groups, rural projects and environmental sustainability. Across all the areas of support, we endeavoured to choose projects keeping in mind the Human Development Index norms.

HDFC's support in the area of healthcare is to make quality & accessible healthcare available to economically deprived persons. Some key areas included cancer care, quality ophthalmologic care for preventable blindness, paediatric focused healthcare and support for rural health initiatives. Facilitating life altering surgeries for under privileged children in the area of heart surgeries, cochlear implants and craniofacial/cleft lip surgeries was done in tie up with established hospitals and experienced surgeons. This year, financial assistance was also provided to public health initiatives for the detection, treatment & rehabilitation of patients suffering from diseases such as tuberculosis (TB) and leprosy.

The United Nations Millennium Development Goals had marked 2015 as the year to achieve universal primary education. However, even today a significant percentage of children in India have either never been to school or struggle to stay in school. In a growing country such as ours, education can be the key tool empowering people to break out of the poverty cycle. During the financial year ended March 31, 2016, HDFC supported students belonging to low income families (from urban and rural areas) with merit based scholarships to help pursue their higher education. It also contributed towards building capacities of educational institutions, committed to the goal of providing quality education to the underserved and underprivileged sections of the society. HDFC provided financial assistance to programmes geared towards promoting holistic development of children through training for key life skills such as financial literacy, self defence, sportsmanship and vocational training for enhanced livelihood opportunities.

A majority of people living today in both urban and rural India defecate in the open, as they do not have access to a toilet. Access to sanitation facilities coupled with education on the health risks associated with poor sanitation, can go a long way in preventing many diseases, reduce health costs, provide dignity for women and ensure that adolescent girls do not drop out of school. In the current year, HDFC continues to support organisations with domain expertise in the area of water & sanitation in both urban slums and rural villages.

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

The programmes supported by us do not merely focus on building the toilet infrastructure, but include a large component of community awareness and behavioural change, necessitating demand for the sanitation facilities from the communities themselves.

Another key area of support included programmes for improving maternal, new born, child and adolescent nutrition. This included mid day meals in schools, programmes for maternal, newborn and child malnourishment in urban slums and nutrition for children of construction workers on the construction sites in various cities. HDFC also provided assistance to organisations for the running of child shelters & orphanages and programmes for child protection.

Considering rural India as a significant contributor to the economy, HDFC supported pilot programmes on rural development in areas such as empowerment of women farmers, improving agricultural productivity, food security and support for rural health. In the urban cities, some of the community welfare issues that HDFC supported included the welfare of women, migrant workers, geriatric care and financial literacy.

HDFC continued its support for differently abled children and adults, through special education, vocational training for livelihood, rehabilitation and institutional support for life care. HDFC also partnered with organisations working on environment sustainability and bio-diversity and promoting Indian athletes in their preparation for global sporting events.

CSR Policy:

The CSR Policy has been approved by the CSR Committee of HDFC and is available on HDFC's website: http://hdfc.com/all_policies/csrpolicy.pdf

2. The Composition of the CSR Committee:

Mr. Deepak S. Parekh (Chairman)

Mr. D. N. Ghosh (Independent Director)

Mr. Keki M. Mistry

Ms. Renu Sud Karnad

Mr. V. Srinivasa Rangan

During the year under review, the committee met twice, on April 29, 2015 and January 27, 2016. All the members of the committee attended both the meetings.

3. Average net profit of the Company for the last three financial years: ₹ 6,962.95 crore

4. Prescribed CSR Expenditure (2% of the amount in Point 3 above): ₹ 139.26 crore

5. Details of CSR spent during the financial year:

a) Total amount spent during the financial year 2015-16: ₹ 85.70 crore

b) Amount unspent, if any: ₹ 53.56 crore*

* HDFC is amongst the few companies that is required to comply with Foreign Contribution Regulation Act, 2010 (FCRA) norms. Thus, the CSR activities of HDFC were restricted. Changes to FCRA have been indicated, post which HDFC will be able to commit & deploy larger funds towards CSR in future years. For further details, please refer Point 6 of the Report.

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

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 ¹	Amount Spent: Direct/ Implementing Agency ²
			District (State)	₹ Crore	₹ Crore	₹ Crore	
1A	Support for the detection, treatment and rehabilitation of unaffording cancer patients, including paediatric cancer	Health (Support for Cancer)	Hyderabad (Telangana); Noida (Uttar Pradesh); Kolkata (West Bengal); Mumbai (Maharashtra)	31.54	23.54	31.54	H T Parekh Foundation & Implementing Agency
1B	Support for specialised medical equipment and infrastructure and provision of ophthalmologic care for preventable blindness	Health (Institutional Support)	Haridwar (Uttarakhand); Hyderabad (Telangana); Mumbai (Maharashtra); Chennai (Tamil Nadu); Surendranagar (Gujarat); Kolkata (West Bengal)	4.52	4.52	4.52	H T Parekh Foundation & Implementing Agency
1C	Support for public health initiatives for the detection, treatment and rehabilitation of persons suffering from tuberculosis (TB) and leprosy	Health (Communicable Diseases)	Vidarbha (Maharashtra); Nashik (Maharashtra); Dhule (Maharashtra); Jalgaon (Maharashtra); Mumbai (Maharashtra); Meerut (Uttar Pradesh)	3.12	3.12	3.12	H T Parekh Foundation & Implementing Agency
1D	Specialised and life altering surgeries for underprivileged children and adolescents, viz. craniofacial & cleft lip & palate, cochlear implants and heart surgeries	Health (Transformative surgeries for children)	Mumbai (Maharashtra); Bangalore (Karnataka); Srinagar (Jammu and Kashmir)	1.89	1.83	1.89	H T Parekh Foundation & Implementing Agency
2A	Merit based scholarships to students from lower income families to pursue higher education	Education (Scholarships)	Bulandshahr (Uttar Pradesh); Sonapat (Haryana); Nilgiris (Tamil Nadu); Mumbai (Maharashtra); Dehradun (Uttarakhand); Bangalore (Karnataka)	12.60	12.60	12.60	H T Parekh Foundation & Implementing Agency
2B	Promoting quality education in urban cities	Education (Urban Initiatives)	Mumbai (Maharashtra); Hyderabad (Telangana); Chennai (Tamil Nadu); Bangalore (Karnataka); Gurgaon (Haryana); New Delhi	3.25	3.25	3.25	H T Parekh Foundation & Implementing Agency
2C	Promoting holistic education support in rural areas	Education (Rural Initiatives)	Khammam (Telangana); Pali (Rajasthan); Sirohi (Rajasthan); Alwar (Rajasthan); Sawai Madhopur (Rajasthan); Chittoor (Andhra Pradesh); Raigad (Maharashtra); Nashik (Maharashtra)	2.04	2.04	2.04	H T Parekh Foundation & Implementing Agency
2D	Programmes imparting life skills to children and adolescents and vocational training for youth	Education (Life Skills and Vocational Skills Training)	Mumbai (Maharashtra); Pune (Maharashtra); Palghar (Maharashtra); Thane (Maharashtra); New Delhi; Ahmedabad (Gujarat); Raipur (Chhattisgarh)	1.85	1.85	1.85	H T Parekh Foundation & Implementing Agency
3A	Support for mid-day meals in schools, nutrition for children on construction sites and addressing maternal/new born nutrition in urban slums	Child Welfare (Prevention of Malnutrition)	Lucknow (Uttar Pradesh); Mathura (Uttar Pradesh); Pune (Maharashtra); Mumbai (Maharashtra); Kolkata (West Bengal); New Delhi	7.68	7.68	7.68	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 ¹	Amount Spent: Direct/ Implementing Agency ²
			District (State)	₹ Crore	₹ Crore	₹ Crore	
3B	Support for running and maintaining child shelters/ foster homes/ orphanages, child protection and holistic development of children	Child Welfare (Child Shelters & Protection)	Mumbai (Maharashtra); Pune (Maharashtra); Aurangabad (Maharashtra); Kamrup (Assam); Nagaon (Assam); Kolkata (West Bengal); Varanasi (Uttar Pradesh); Patna (Bihar); New Delhi	1.35	1.35	1.35	H T Parekh Foundation
4A	Community led water and sanitation programmes in rural areas	Water & Sanitation (Rural)	Villipuram (Tamil Nadu); Trichy (Tamil Nadu); Dahanu (Maharashtra); Pithoragarh (Uttarakhand)	6.24	6.24	6.24	H T Parekh Foundation & Implementing Agency
4B	Support for sanitation programmes in urban slums	Sanitation (Urban)	Mumbai (Maharashtra); Kolhapur (Maharashtra); New Delhi	1.98	1.98	1.98	H T Parekh Foundation
5A	Institutional support for organisations supporting mentally/physically challenged persons	Differently Abled (Institutional Support)	Ernakulam (Kerala); Tirunelveli (Tamil Nadu); Navi Mumbai (Maharashtra); Mumbai (Maharashtra); Raigad (Maharashtra); New Delhi	3.44	3.44	3.44	H T Parekh Foundation & Implementing Agency
5B	Early childhood detection, special education and vocational training for children with learning and other disabilities	Differently Abled (Special Education and Vocational Skills)	Mumbai (Maharashtra)	1.00	1.00	1.00	H T Parekh Foundation
6	Programmes addressing various urban issues including welfare of women, migrant workers, geriatric care and financial literacy	Urban Community Welfare	Mumbai (Maharashtra); Ahmedabad (Gujarat)	3.72	3.72	3.72	H T Parekh Foundation & Implementing Agency
7	Rural initiatives addressing health, hygiene and sanitation, agricultural productivity and food security, and empowerment of women (including farmers)	Rural Upliftment	Nashik (Maharashtra); Wardha (Maharashtra); Thane (Maharashtra); Paschim Medinipur (West Bengal); Anand (Gujarat)	3.14	2.95	3.14	H T Parekh Foundation
8	Programmes to support environmental sustainability, biodiversity and animal protection	Environmental Conservation	Mumbai (Maharashtra); Nashik (Maharashtra); Chandrapur (Maharashtra); South 24 Parganas (West Bengal)	1.68	1.68	1.68	H T Parekh Foundation & Implementing Agency
9	Support for training and development of Indian athletes for global sporting events	Development of Indian Athletes	Chennai (Tamil Nadu); Mumbai (Maharashtra)	0.75	0.75	0.75	H T Parekh Foundation & Implementing Agency
10	Promotion of arts	Art & Culture	Mumbai (Maharashtra); Pune (Maharashtra); Kolkata (West Bengal)	0.65	0.65	0.65	H T Parekh Foundation & Implementing Agency
	Add: Overheads				1.51		
Grand Total				92.44	85.70	92.44	

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

Notes:

1. Includes expenditure on multi-year projects disbursed up to March 31, 2016.
2. Details of Implementing Agencies: HDFC carries out its CSR activities primarily through the H T Parekh Foundation and through other implementing agencies (non-profit organisations). During the current year, grants have been provided to 92 implementing agencies, of which some significant ones are as below:

• ALERT India	(Health)
• Bal Raksha Bharat (Save the Children)	(Child Welfare)
• Charutar Arogya Mandal	(Rural Upliftment)
• Himmotthan Society	(Water and Sanitation)
• Indian Cancer Society	(Health)
• Indian Institute of Human Settlements	(Education)
• International Foundation for Research & Education	(Education)
• OM Creations Trust	(Differently abled)
• National Health & Education Society	(Health)
• Marrow Donor Registry India	(Health)
• Medical Research Foundation	(Health)
• Public Health Foundation of India	(Health)
• Shelter Associates	(Sanitation)
• Shiv Nadar Foundation	(Education)
• Tata Medical Center Trust	(Health)
• Teach to Lead	(Education)
• The Akshaya Patra Foundation	(Child Welfare)
• The Bombay Community Public Trust	(Community Welfare)
• The CHILD's Trust	(Health)
• Wildlife Conservation Trust	(Environmental Conservation)

The complete list of implementing agencies is available for inspection.

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:**

The CSR spend of HDFC has significantly increased in FY 2015-16 compared to the previous year, with the Company having spent 1.23% of its average net profit in the reporting period. The reasons for being unable to spend the prescribed 2% CSR amount are as below:

- Restriction on contribution to organisations under the Foreign Contribution Regulation Act, 2010 (the Act): This restriction continues to be a major deterrent for HDFC, as several small to mid-sized non-profit organisations as well as those in existence for under 3 years, are not registered under FCRA. HDFC was unable to support such organisations due to legal restrictions prevailing under the existing Act.

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

- Limited social organisations operating at scale: With the CSR law being in its second year of implementation, many non-profit organisations in India are still in the process of building their internal capacities and teams. These organisations need to scale up their presence in order to have the ability to absorb the large quantum of CSR funds available to them. The dual challenge of finding organisations that are both aligned with the social objectives of HDFC and that have the ability to scale up operations proved to be a limitation.
- Focus on quality: HDFC has supported many non-profit organisations for the first time in the current year. However, to assess their implementation capability and quality of work, we have chosen to support such organisations in pilot projects requiring small to mid-sized grants. These organisations will be monitored during FY 2016-17 to assess the work done and impact achieved; accordingly we will be able to support them on a larger scale in future years. This method of grant disbursement has consciously been chosen as a strategy, keeping in mind HDFC's long term vision for CSR.

As HDFC's foreign portfolio investors have invested more than 50% in its share capital (in compliance with the FDI policy for the housing finance sector), it is required to comply with FCRA. Accordingly, the Foundation had applied for a prior approval from the Ministry of Home Affairs in order to receive contributions from HDFC. Post receipt of this approval in March 2014, the Foundation had to comply with FCRA norms, which restricts onward contributions to FCRA registered organisations only. The Finance Bill 2016 has indicated certain changes to the FCRA; should this happen, HDFC will be exempt from the applicability of the Act and will be able to commit and deploy larger funds towards CSR in the coming financial year.

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 2, 2016

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, 2016

[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.: +91-22-2281 1205
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 5 th 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 shall be stated:

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	94.51

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	HDFC DEVELOPERS LTD. Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020	U45200MH1981PLC023708	Subsidiary	100	2(87)
2	GRUH FINANCE LTD. "GRUH", Netaji Marg, Nr. Mithakali Six Roads, Ellisbridge, Ahmedabad 380 006	L65923GJ1986PLC008809	Subsidiary	58.6	2(87)
3	HDFC INVESTMENTS LTD. Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020	U65990MH1994PLC083933	Subsidiary	100	2(87)
4	HDFC TRUSTEE CO. LTD. HDFC House, 2 nd Floor, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U65991MH1999PLC123026	Subsidiary	100	2(87)
5	HDFC ASSET MANAGEMENT CO. LTD. HDFC House, 2 nd Floor, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U65991MH1999PLC123027	Subsidiary	60	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
6	HDFC HOLDINGS LTD. Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020	U65993MH2000PLC123680	Subsidiary	100	2(87)
7	HDFC REALTY LTD. Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020	U74140MH2000PLC124897	Subsidiary	100	2(87)
8	HDFC STANDARD LIFE INSURANCE CO. LTD. 13 th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai 400 011	U99999MH2000PLC128245	Subsidiary	61.6	2(87)
9	HDFC ERGO GENERAL INSURANCE CO. LTD. HDFC House, 1 st Floor, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U66010MH2002PLC134869	Subsidiary	73.6	2(87)
10	HDFC SALES PVT. LTD. HDFC House, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U65920MH2004PTC144182	Subsidiary	100	2(87)
11	WINDERMERE PROPERTIES PVT. LTD. HDFC House, CTS 154 & 155, Oshiwara District Centre, Garden Road, Goregaon (West), Mumbai 400 104	U45200MH2004PTC147081	Subsidiary	100	2(87)
12	HADDOCK PROPERTIES PVT. LTD. HDFC House, CTS 154 & 155, Oshiwara District Centre, Garden Road, Goregaon (West), Mumbai 400 104	U70102MH2004PTC148768	Subsidiary	100	2(87)
13	HDFC VENTURES TRUSTEE CO. LTD. HDFC House, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U65991MH2004PLC149329	Subsidiary	100	2(87)
14	HDFC VENTURE CAPITAL LTD. HDFC House, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U65991MH2004PLC149330	Subsidiary	80.5	2(87)
15	GRANDEUR PROPERTIES PVT. LTD. HDFC House, CTS 154 & 155, Oshiwara District Centre, Garden Road, Goregaon (West), Mumbai 400 104	U70100MH2005PTC154232	Subsidiary	100	2(87)
16	PENTAGRAM PROPERTIES PVT. LTD. HDFC House, CTS 154 & 155, Oshiwara District Centre, Garden Road, Goregaon (West), Mumbai 400 104	U70100MH2005PTC154357	Subsidiary	100	2(87)
17	WINCHESTER PROPERTIES PVT. LTD. HDFC House, CTS 154 & 155, Oshiwara District Centre, Garden Road, Goregaon (West), Mumbai 400 104	U70100MH2005PTC154416	Subsidiary	100	2(87)
18	CREDILA FINANCIAL SERVICES PVT. LTD. B - 301, Citi Point, Andheri-Kurla Road, Andheri (East), Mumbai 400 059	U67190MH2006PTC159411	Subsidiary	78.7	2(87)
19	HDFC PROPERTY VENTURES LTD. HDFC House, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U74140MH2006PLC165539	Subsidiary	100	2(87)
20	HDFC PENSION MANAGEMENT CO. LTD. (Through HDFC Standard Life Insurance Co. Ltd.) 14 th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai 400 011	U66020MH2011PLC218824	Subsidiary	61.6	2(87)
21	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)
22	HDFC CAPITAL ADVISORS LTD. Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020	U74999MH2015PLC264030	Subsidiary	100	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
23	GRIHA PTE. LTD. (Through HDFC Investments Ltd.) 9, Battery Road, 15-01 Straits Trading Building, Singapore 049 910	-	Subsidiary	100	2(87)
24	GRIHA INVESTMENTS (Through HDFC Holdings Ltd.) IFS Court, Twenty Eight, Cybercity, Ebene, Mauritius	-	Subsidiary	100	2(87)
25	HDFC INTERNATIONAL LIFE AND RE CO. LTD. (Through HDFC Standard Life Insurance Co. Ltd.) Unit OT 17-30, Level 17, Central Park Offices, Dubai International Financial Centre (DIFC), Dubai, 114603, United Arab Emirates	-	Subsidiary	61.6	2(87)
26	HDFC BANK LTD.* HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013	L65920MH1994PLC080618	Associate	21.5	2(6)
27	MAGNUM FOUNDATIONS PVT. LTD. (Through HDFC Property Ventures Ltd.) No. 3, Mangesh Street, T. Nagar, Chennai 600 017	U45201TN1998PTC039924	Associate	50	2(6)
28	INDIA VALUE FUND ADVISORS PVT. LTD. Suite F9C, Grand Hyatt Plaza, Santacruz (East), Mumbai 400 055	U67190MH2000PTC123712	Associate	21.5	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, 2015)				No. of Shares held at the end of the year (March 31, 2016)				% 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	3,32,46,999	4,750	3,32,51,749	2.11	4,42,56,412	4,750	4,42,61,162	2.80	0.69
(b) Financial Institutions/ Banks	1,74,55,460	7,100	1,74,62,560	1.11	2,21,69,751	7,600	2,21,77,351	1.40	0.29
(c) Central Government/ State Government(s)	10,91,927	-	10,91,927	0.07	13,16,383	-	13,16,383	0.08	0.01

Annex to Directors' Report - 4 (Continued)

Category of shareholder	No. of Shares held at the beginning of the year (April 1, 2015)				No. of Shares held at the end of the year (March 31, 2016)				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
(d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e) Insurance Companies	8,27,62,014	500	8,27,62,514	5.26	9,76,04,048	-	9,76,04,048	6.18	0.92
(f) Foreign Institutional Investors	125,43,10,973	-	125,43,10,973	79.65	122,27,59,094	-	122,27,59,094	77.40	-2.25
(g) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(h) Any Other	-	-	-	-	-	-	-	-	-
FDI - Foreign Institutions	29,80,901	-	29,80,901	0.19	21,41,732	-	21,41,732	0.14	-0.05
Sub-Total (B)(1)	139,18,48,274	12,350	139,18,60,624	88.39	139,02,47,420	12,350	139,02,59,770	88.00	-0.39
(2) Non-institutions									
(a) Bodies Corporate	2,52,09,567	3,50,335	2,55,59,902	1.62	2,47,83,975	3,45,335	2,51,29,310	1.59	-0.03
(b) Individuals -									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.	9,75,98,382	1,48,91,209	11,24,89,591	7.14	10,04,44,299	1,38,72,604	11,43,16,903	7.23	0.09
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	2,66,67,246	2,08,550	2,68,75,796	1.71	2,75,51,332	2,08,550	2,77,59,882	1.76	0.05
(c) Any Other (specify)									
Directors & their relatives	87,54,611	3,900	87,58,511	0.56	82,85,652	3,900	82,89,552	0.52	-0.04
Hindu Undivided Families	12,77,801	-	12,77,801	0.08	13,25,631	-	13,25,631	0.08	-
Foreign Nationals	-	-	-	-	600	-	600	-	-
NRIs	31,19,609	13,000	31,32,609	0.20	35,97,269	13,000	36,10,269	0.23	0.03
OCBs	-	-	-	-	-	-	-	-	-
Clearing Members	16,56,014	-	16,56,014	0.10	43,54,921	-	43,54,921	0.28	0.18
Trusts	30,86,822	-	30,86,822	0.20	47,99,502	-	47,99,502	0.30	0.10
Sub-Total (B)(2)	16,73,70,052	1,54,66,994	18,28,37,046	11.61	17,51,43,181	144,43,389	18,95,86,570	12.00	0.39
Total Public Shareholding (B) = (B)(1)+(B)(2)	155,92,18,326	1,54,79,344	157,46,97,670	100	156,53,90,601	1,44,55,739	157,98,46,340	100	-
TOTAL (A)+(B)	155,92,18,326	1,54,79,344	157,46,97,670	100	156,53,90,601	1,44,55,739	157,98,46,340	100	-
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A) + (B) + (C)	155,92,18,326	1,54,79,344	157,46,97,670	100	156,53,90,601	1,44,55,739	157,98,46,340	100	-

(ii) **Shareholding of Promoters** - Not applicable - The Corporation does not have any promoters.

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

Annex to Directors' Report - 4 (Continued)

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

Top 10 Shareholders account	Shareholding at the beginning of the year (April 1, 2015)		Shareholding at the end of the year (March 31, 2016)	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Oppenheimer Developing Markets Fund*	6,60,55,431	4.19	6,91,50,345	4.38
Europacific Growth Fund*	6,22,75,570	3.95	6,70,66,265	4.25
Life Insurance Corporation of India*	3,26,69,982	2.07	5,41,39,702	3.43
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Fund*	2,83,66,541	1.80	2,41,85,517	1.53
Cophall Mauritius Investment Limited*	2,73,46,035	1.74	2,09,30,873	1.32
Government of Singapore*	2,57,94,327	1.64	3,23,61,466	2.05
Virtus Emerging Markets Opportunities Fund*	2,32,49,077	1.48	2,46,36,497	1.56
Abu Dhabi Investment Authority – Gulab*	2,31,45,834	1.47	1,73,55,366	1.10
Aberdeen Global Indian Equity Limited*	2,27,50,000	1.44	1,71,08,335	1.08
National Westminster Bank PLC As Depository of First State Asia Pacific Leaders Fund A Sub Fund of First State Investments ICVC®	2,18,68,414	1.39	1,31,93,911	0.84
Ishares India Index Mauritius Company#	1,69,61,700	1.08	1,76,42,172	1.12

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, 2015 and March 31, 2016

@ Top 10 shareholders only as on April 1, 2015

Top 10 shareholders only as on March 31, 2016

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

Name of the Director/ Key Managerial Person	Shareholding at the beginning of the year (April 1, 2015)	Number of shares purchased/ allotted pursuant to exercise of stock options during FY 2015-16	Number of shares sold during FY 2015-16	Shareholding at the end of the year (March 31, 2016)	% of total shares of the Company
Mr. Deepak S. Parekh	16,00,000	-	-	16,00,000	0.10
Mr. D. M. Sukthankar	2,65,799	662	1,00,256	1,66,205	0.01
Mr. B. S. Mehta	4,35,000	-	-	4,35,000	0.03
Mr. D. N. Ghosh	1,62,935	-	9,000	1,53,935	0.01
Dr. S. A. Dave	3,70,215	5,000	-	3,75,215	0.02
Dr. Ram S. Tarneja**	4,57,500	-	-	-	-
Mr. Nasser Munjee	5,600	35,000	28,600	12,000	-
Dr. Bimal Jalan	15,000	-	-	15,000	-
Dr. J. J. Irani	65,000	-	-	65,000	-
Mr. V. Srinivasa Rangan	3,82,000	62,250	80,000	3,64,250	0.02
Ms. Renu Sud Karnad	23,01,072	4,14,250	2,00,000	25,15,322	0.16
Mr. Keki M. Mistry	7,00,000	30,000	1,28,265	6,01,735	0.04
Mr. Ajay Agarwal	41,190	2,500	-	43,690	-

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

** Ceased to be a director w.e.f. August 7, 2015 owing to demise.

Annex to Directors' Report - 4 (Continued)

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	1,04,689.70	37,821.30	66,705.96	2,09,216.96
ii) Interest due but not paid	-	-	78.70	78.70
iii) Interest accrued but not due	3,473.58	711.24	2,552.28	6,737.10
Total (i+ii+iii)	1,08,163.28	38,532.54	69,336.94	2,16,032.76
Change in Indebtedness during the financial year				
i) Addition	18,210.62	2,802.32	8,366.90	29,379.84
ii) Reduction	-	-	-	-
Net Change	18,210.62	2,802.32	8,366.90	29,379.84
Indebtedness at the end of the financial year				
i) Principal Amount	1,22,977.11	40,545.90	74,670.24	2,38,193.25
ii) Interest due but not paid	-	-	74.35	74.35
iii) Interest accrued but not due	3,396.79	788.96	2,959.25	7,145.00
Total (i+ii+iii)	1,26,373.90	41,334.86	77,703.84	2,45,412.60

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	3,73,16,241	3,39,06,744	2,26,09,935	9,38,32,920
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961(*)	42,24,945	41,60,798	22,38,236	1,06,23,979
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
2.	Stock Option (*)	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - Others, specify	5,13,00,000	4,68,00,000	3,12,00,000	12,93,00,000
5.	Others, please specify	-	-	-	-
	Total (A)	9,28,41,186	8,48,67,542	5,60,48,171	23,37,56,899
	Ceiling as per the Act	Maximum of ₹ 506,40,75,178 per Whole-time Director			1012,81,50,356

* Excludes value of perquisite on exercise of stock options.

Re-appointed as the Managing Director (designated as Vice Chairman & CEO) of the Corporation for a period of 3 years w.e.f. November 14, 2015, subject to the approval of the Members of the Corporation at the ensuing Annual General Meeting.

Annex to Directors' Report - 4 (Continued)

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	9,50,000	1,80,00,000	-	1,89,50,000
Mr. D. M. Sukthankar	6,00,000	20,00,000	-	26,00,000
Mr. B. S. Mehta	9,50,000	20,00,000	-	29,50,000
Mr. D. N. Ghosh	8,00,000	20,00,000	-	28,00,000
Dr. S. A. Dave	10,50,000	20,00,000	-	30,50,000
Dr. Ram S. Tarneja**	1,50,000	6,99,454	-	8,49,454
Mr. Nasser Munjee	4,50,000	20,00,000	-	24,50,000
Dr. Bimal Jalan	4,50,000	20,00,000	-	24,50,000
Dr. J. J. Irani	6,50,000	20,00,000	-	26,50,000
Total	60,50,000	3,26,99,454	-	3,87,49,454
Overall Ceiling as per the Companies Act, 2013	1,00,000+	-	-	101,28,15,036 [@]

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

** Ceased to be a director w.e.f. August 7, 2015.

+ The sitting fees paid to the non-executive directors for attending meetings of the board was increased to ₹ 1,00,000 from ₹ 50,000 w.e.f. October 26, 2015. The sitting fee for attending meetings of board committees/independent directors is ₹ 50,000.

@ 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 (b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961 (*) (c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	18,11,146 5,52,409 -
2.	Stock Option (*)	-
3.	Sweat Equity	-
4.	Commission - as % of profit - Others, specify...	- -
5.	Others, please specify	-
	Total	23,63,555

* Excludes value of perquisite on exercise of stock options.

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

Secretarial Audit Report

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

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 conducts/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 as specified in Annexure I 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 period covered by our audit, that is to say, from April 1, 2015 to March 31, 2016 (hereinafter referred to as "Audit Period"), 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, 2016, according to the provisions of:

1. The Companies Act, 2013 ("the Act") and Companies Act, 1956 (to the extent applicable) 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. 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 (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 & 2015;
 - d. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - e. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - f. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - g. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agent) Regulations, 1993;
 - h. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') to the extent applicable during the Audit Period;
5. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings;
6. Specific laws applicable as mentioned hereunder:
 - a. National Housing Bank Act, 1987;
 - b. The Housing Finance Companies (NHB) Directions, 2010;
 - c. Guidelines on KYC and ALM Measures;
 - d. Returns to be submitted by HFC;
 - 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. Guidelines on Fair Practices Code (FPC) for all HFCs;

h. Miscellaneous Circulars;

i. Policy Circulars.

We have also examined compliance with the applicable clauses of the following:

a. Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India;

b. The Listing Agreements entered into by the Company with the BSE Limited and National Stock Exchange of India Limited.

We report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, 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 regulation and happening of events etc;

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

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.

We further report that:

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

Adequate notice is given to all directors to schedule the Board 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.

Resolutions have been approved by majority while the dissenting members', if any, views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes

in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit Period, the Company has not incurred any specific event/action listed below that can have a major bearing on the company's compliance responsibilities in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., except as follows:

i. Secured Redeemable Non-Convertible Debentures simultaneously with warrants on Qualified Institutions Placement (QIP) basis:

During the Audit Period, the Company has issued 3.65 crore warrants at an issue price of INR 14 per warrant with a right to exchange the warrant for one equity share of face value of INR 2 each any time before the expiry of period of 3 years from the date of allotment at an exercise price of INR 1475 per equity share. The warrants were issued along with 5000 secured redeemable NCDs of face value of INR 1 crore each.

ii. Private Placement of Non Convertible Debentures:

During the Audit Period, the Company has issued NCDs amounting to INR 23,626 crore from series N-012 to P-004.

For M/s Vinod Kothari & Company
Practising Company Secretaries

Vinita Nair
Partner

MUMBAI
April 15, 2016

Membership No.: A31669
CP No.: 11902

Report of the Directors on Corporate Governance

With global growth continuing to remain fragile, investors have become increasingly discerning. Emerging markets in particular have faced unprecedented challenges in the recent period. In an environment of uncertainty, companies are increasingly differentiated on their corporate governance practices, business ethics, long-term track record and effectiveness in engaging with various stakeholders.

Globally, there is a convergence of trends in corporate governance. Greater emphasis is now placed on how boards are able to navigate through volatile business environments. Changes in regulations have brought in increased transparency through enhanced disclosures. Shareholder engagement has also undergone unprecedented change with greater investor activism. Shareholders are also more cognizant of investing in companies that strive to be good corporate citizens, promote sustainability and are sensitive towards protecting the environment.

In India, recent changes in the corporate governance framework have been introduced through the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) which came into effect from December 1, 2015. The objective of the new listing regulation was to streamline the provisions of the listing agreements for different securities into a single consolidated framework and also align the Listing Regulations with the Companies Act, 2013.

Corporate Governance in HDFC

HDFC believes in nurturing long-term relationships with its borrowers, channel partners, depositors, agents, shareholders and encourages an open dialogue with all its key constituents.

Cultivating long-term, sustainable relationships with its investors has always been a focus area of the Corporation. It is for this reason that senior management devotes considerable time and effort towards engaging constructively with all its investors. The Corporation has always maintained that communicating in a consistent, credible and transparent manner enables investors to appreciate and better understand the long-term strategies of the Corporation.

The board remains committed towards upholding the highest standards of governance through transparency, accountability and integrity. The board has taken cognizance of various regulatory changes in the overall governance framework and remains committed to imbibe the spirit of the regulations.

The Corporation has complied with the applicable provisions of the Listing Regulations and listed below is the status with regards to the same.

Board of Directors

Composition

The Board of Directors comprises eleven members. There are eight 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 eight non-executive directors, six are independent directors. The independent directors have confirmed that they satisfy the criteria prescribed for an independent director as stipulated in Regulation 16(1)(b) of the Listing Regulations and the provisions of Section 149(6) of the Companies Act, 2013. None of the directors of the Corporation are related to each other.

The directors bring to the board a wide range of experience and skills. Brief profiles of the directors are set out elsewhere in the annual report. The composition of the board is in conformity with Regulation 17 of the Listing Regulations and Section 149 of the Companies Act, 2013. During the financial year, no new director was appointed.

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

Sr. No.	Directors	Number of Directorships	Number of Committees	
			Member	Chairperson
1	Mr. Deepak S. Parekh (Chairman)	9	7	3
2	Mr. D. M. Sukthankar	3	2	1
3	Mr. B. S. Mehta	9	9	3
4	Mr. D. N. Ghosh	3	1	0
5	Dr. S. A. Dave	7	8	3
6	Mr. Nasser Munjee	10	6	5
7	Dr. Bimal Jalan	1	0	0
8	Dr. J. J. Irani	3	0	0
9	Mr. V. Srinivasa Rangan (Executive Director)	10	8	0
10	Ms. Renu Sud Karnad (Managing Director)	10	7	1
11	Mr. Keki M. Mistry (Vice Chairman & CEO)	10	8	3

Mr. Deepak S. Parekh is the non-executive Chairman of the Corporation.

Sr. Nos. 3 to 8 are independent directors. Sr. Nos. 9 to 11 are whole-time directors.

The number of directorships includes directorships in HDFC group companies.

Responsibilities

The Board of Directors represent the interests of the Corporation's stakeholders in optimising long-term value by providing the management with guidance and strategic direction on their behalf. 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, ensure regulatory compliance and safeguard 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, aligning the remuneration policy with the long-term interests of the Corporation and its stakeholders and ensuring an orderly plan is in place for effective leadership development and succession.

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 the performance of 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 judgement as they draw on their varied proficiencies in economics, finance, housing, management, accountancy, law, public policy, engineering and corporate strategy. This wide knowledge of both, their field of expertise and boardroom practices helps foster varied, unbiased, independent and experienced perspectives. The Corporation benefits immensely from their inputs in achieving its strategic direction.

The Audit Committee and the Nomination & Remuneration Committee consist entirely of independent directors. The Stakeholders Relationship Committee has a majority of non-executive directors. The Risk Management Committee comprises majority of directors, of which one is an independent director. These committees function within the defined terms of reference in accordance with the Companies Act, 2013 and the Listing Regulations and as approved by the board, from time to time.

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

Appointment of Independent Directors

The independent directors have been appointed for a period of 5 years with effect from July 21, 2014 and shall not be liable to retire by rotation. A formal letter of appointment was issued to the independent directors in terms of the provisions of the Companies Act, 2013 and the erstwhile Listing Agreements. A copy of the letter detailing the terms and conditions of appointment of the independent directors has been placed on the Corporation's website, www.hdfc.com.

Familiarisation Programme

The objective of a familiarisation programme is to ensure 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.

An overview of the familiarisation programme during the year is 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.

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 members of the board have access to all information of the Corporation. The board papers, agenda and other explanatory notes are circulated to the directors well in advance. The members of the board are also free to recommend inclusion of any matter in the agenda for discussion. Senior management is invited to attend the board meetings so as to provide additional inputs to 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 related issues, risk management, the regulatory environment or any other issues which the board wants to be apprised of. The minutes of each board/committee meeting are finalised and recorded in the minute book.

During the year under review, the board met five times. The meetings were held on April 29, 2015, July 28, 2015, October 26, 2015, January 27, 2016 and March 21, 2016. The attendance of the directors at the above-mentioned board meetings and the 38th Annual General Meeting held on July 28, 2015, along with the sitting fees paid to them are listed below:

Directors	Board Meetings		Attendance at the 38 th AGM
	Number of Meetings Attended	Sitting Fees Paid* (₹)	
Mr. Deepak S. Parekh (Chairman)	5	4,00,000	Yes
Mr. D. M. Sukthankar	5	4,00,000	Yes
Mr. B. S. Mehta	5	4,00,000	Yes
Mr. D. N. Ghosh	5	4,00,000	Yes
Dr. S. A. Dave	5	4,00,000	Yes
Dr. Ram S. Tarneja [#]	1	50,000	No
Mr. Nasser Munjee	4	3,00,000	Yes
Dr. Bimal Jalan	4	3,50,000	Yes
Dr. J. J. Irani	5	4,00,000	Yes
Mr. V. Srinivasa Rangan (Executive Director)	5	-	Yes
Ms. Renu Sud Karnad (Managing Director)	5	-	Yes
Mr. Keki M. Mistry (Vice Chairman & CEO)	5	-	Yes

* The sitting fees paid to the non-executive directors for attending meetings of the board was increased to ₹ 1,00,000 from ₹ 50,000 with effect from October 26, 2015.

[#]Cessation of directorship w.e.f. August 7, 2015 owing to demise.

Leave of absence was granted to the concerned directors who could not attend the respective board meetings.

The board met on May 2, 2016, to *inter alia* approve the audited annual financial results of the Corporation and the audited consolidated financial results for the year ended March 31, 2016.

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.

During the year under review, the board constituted various committees of directors to consider, review and approve the simultaneous issue of Warrants and Non-Convertible Debentures and the stake sales in HDFC Standard Life Insurance Company Limited and HDFC ERGO General Insurance Company Limited.

Audit Committee

The Audit Committee solely comprises independent directors. The members of the committee are Dr. S. A. Dave (Chairman), Mr. B. S. Mehta and Mr. D. N. Ghosh. 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 *inter alia* include overseeing the Corporation's financial reporting process and disclosures of financial information. The responsibility of the committee *inter alia* is to review with the management, the consolidated and standalone quarterly/annual 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 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 and periodic review of the functioning of the whistle blower mechanism of the Corporation.

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 debt securities on a private placement basis, management of assets and liabilities of the Corporation, foreign currency and derivative positions, performance of the loan portfolio, statement of related party transactions and the Management Discussion and Analysis Report. The committee reviewed the investments made by the unlisted subsidiary companies of the Corporation and their annual financial statements. The committee reviewed other matters as mandated under Section 177 of the Companies Act, 2013 and Regulation 18(3) of the Listing Regulations. The committee also reviewed the status of compliance under Fair Practices Code adopted by the Corporation and recommended the same to the board for its approval.

During the year, the committee granted an omnibus approval for related party transactions entered into by the Corporation in terms of the Policy on Related Party Transactions of the Corporation.

The committee on a quarterly basis discussed and reviewed with the statutory auditors of the Corporation, the key highlights of the limited review of the unaudited financial results (standalone) of the Corporation and the unaudited consolidated financial results before recommending the same to the board for its approval.

It is the committee's prerogative to invite senior executives of the Corporation whom it considers appropriate to be present at the meetings. Senior management and auditors are invited to participate in the meetings of the committee as and when necessary. The Corporation affirms that no employee has been denied access to the Chairman of the committee.

During the year, the committee met five times. The meetings were held on April 29, 2015, July 28, 2015, October 26, 2015, January 27, 2016 and March 21, 2016. The Chairman of the committee was present at the 38th 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 Attended	Sitting Fees Paid (₹)
Dr. S. A. Dave (Chairman)	5	2,50,000
Mr. B. S. Mehta	5	2,50,000
Mr. D. N. Ghosh	5	2,50,000

The committee met on May 2, 2016 to *inter alia* review the audited annual financial results of the Corporation and the audited consolidated financial results for the year ended March 31, 2016 and recommended the same to the board for its approval.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee solely comprises independent directors. The members of the Committee are Mr. B. S. Mehta (Chairman), Mr. Nasser Munjee and Dr. J. J. Irani.

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 independent directors and the board as a whole.

The committee's function includes identifying persons who are qualified to become directors of the Corporation, recommending their appointment to the board, ensuring that such persons meet the relevant criteria prescribed under applicable laws and 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 under these schemes.

The annual compensation of executive directors has been approved by the committee and is within the overall limits as approved by the shareholders.

The committee met three times during the year under review. The meetings were held on April 29, 2015, October 26, 2015 and March 21, 2016.

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

Members	Number of Meetings Attended	Sitting Fees Paid (₹)
Mr. B. S. Mehta (Chairman)	3	1,50,000
Mr. Nasser Munjee	2	1,00,000
Dr. J. J. Irani	3	1,50,000

Leave of absence was granted to the concerned directors who could not attend the meetings.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises a majority of non-executive directors. During the year, the committee was reconstituted. The members of the committee are Dr. S. A. Dave (Chairman), Mr. D. M. Sukthankar and Mr. V. Srinivasa Rangan.

The company secretary of the Corporation, in his capacity as compliance officer, is responsible for expediting the share transfer formalities.

The terms of reference of the committee *inter alia* include reviewing mechanisms adopted by the Corporation to redress shareholder, depositor and debenture holder complaints, 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 21, 2015, July 14, 2015, November 17, 2015 and January 22, 2016. The details of the attendance of the members of the committee along with sitting fees paid are listed below:

Members	Number of Meetings Attended	Sitting Fees Paid (₹)
Dr. Ram S. Tarneja (Chairman) [#]	2	1,00,000
Dr. S. A. Dave (Chairman w.e.f. November 17, 2015)	4	2,00,000
Mr. D. M. Sukthankar [@]	2	1,00,000
Mr. V. Srinivasa Rangan	3	-

[#] Ceased to be a member w.e.f. August 7, 2015.

[@] Inducted as a member of the committee w.e.f. October 26, 2015.

Leave of absence was granted to the concerned directors who could not attend the respective meetings.

Risk Management Committee

With the objective of ensuring that the risks impacting the business of the Corporation are identified and appropriate measures are taken to mitigate the same, the Corporation has formulated and adopted a 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 reviewing the risk profile of their respective region/function on a quarterly basis, which is reviewed by the internal risk management committee.

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

The Risk Management Committee (RMC) consists of a majority of directors, including an independent director, in accordance with the Listing Regulations. The internal risk management committee appraises the RMC on key risks associated with the business, its root causes and measures taken to mitigate the same. The RMC in turn appraises the board which endorses and approves the overall risk management strategy of the Corporation. The RMC met twice during the year under review, on January 21, 2016 and March 21, 2016. The details of the attendance of the members of the committee along with sitting fees paid are listed below:

Members	Number of Meetings Attended	Sitting Fees Paid (₹)
Dr. S. A. Dave (Chairman)	2	1,00,000
Mr. Keki M. Mistry	2	-
Ms. Renu Sud Karnad	2	-
Mr. V. Srinivasa Rangan	2	-
Mr. Conrad D'Souza*	2	-
Ms. Madhumita Ganguli*	1	-
Mr. Suresh Menon*	2	-

* Member of Executive Management

Leave of absence was granted to the concerned directors/members who could not attend the meetings.

Meetings of Independent Directors

The independent directors convene separate meetings to discuss the various issues at their discretion, as and when required.

During the year, the independent directors held meetings to reassess and review the criteria to evaluate directors of the Corporation, the Chairman, the board as a whole and the committees of the board.

The independent directors also assessed the quality, quantity and timeliness of flow of information between the Corporation's management and the board which enables the board to effectively and reasonably perform its duties.

The independent directors met twice during the year. The meetings were held on January 27, 2016 and March 21, 2016. The details of the attendance of the independent directors along with sitting fees paid are listed below:

Independent Directors	Number of Meetings Attended	Sitting Fees Paid (₹)
Mr. B. S. Mehta	2	1,00,000
Mr. D. N. Ghosh	2	1,00,000
Dr. S. A. Dave	2	1,00,000
Mr. Nasser Munjee	1	50,000
Dr. Bimal Jalan	2	1,00,000
Dr. J. J. Irani	2	1,00,000

Leave of absence was granted to the concerned directors who could not attend the meetings.

Remuneration Policy

The remuneration policy, including the criteria for remunerating non-executive directors is recommended by the Nomination & Remuneration Committee and approved by the board. The key objective of the remuneration policy is to ensure that it 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 the non-executive directors is based on the performance of the Corporation. The commission payable to the non-executive directors is approved by the board and is within the overall limits as approved by the shareholders of the Corporation.

During the year under review, in accordance with provisions of Companies Act, 2013, the sitting fees payable to non-executive directors for attending meetings of the Board of Directors of the Corporation was increased from the existing limit of ₹ 50,000 to ₹ 1,00,000 per board meeting, with effect from October 26, 2015. The sitting fees for attending the meetings of committee of Board of Directors and the meeting of independent directors is ₹ 50,000 per meeting.

Details of the remuneration and shareholding of non-executive directors is provided in Form MGT-9 given elsewhere in the annual report.

Executive Directors

The executive directors of the Corporation have been appointed on a contractual basis, in terms of the resolutions passed by the shareholders at the AGMs, for tenures of up to 5 years. The elements of the remuneration package of executive directors comprise salary, perquisites (equivalent to their respective annual salary), other benefits and allowances which include use of the Corporation's car with a driver, telephones for the Corporation's business (expenses whereof would be borne and paid by the Corporation), house maintenance allowance, house rent allowance, leave travel allowance, 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 & Remuneration Committee, from time to time and all other benefits as are provided to the whole-time directors or senior employees of the Corporation and commission which is decided by the Nomination & Remuneration Committee is 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 & 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.

Details of remuneration paid/payable to the whole-time directors during the year under review is provided in Form MGT-9.

The whole-time directors are directors on the boards of certain subsidiary companies of the Corporation and accordingly are paid sitting fees. During the year, Mr. Keki M. Mistry received an amount of ₹ 40.84 lac, Ms. Renu Sud Karnad received ₹ 34.59 lac and Mr. V. Srinivasa Rangan received ₹ 27.55 lac towards fees from subsidiary companies.

Evaluation of the Board and Directors

During the year, the Nomination & Remuneration Committee reassessed the methodology and criteria to evaluate the performance of the board and its committees as well as the performance of each director individually.

The Nomination & Remuneration Committee sought feedback from the directors through structured questionnaires.

As regards the evaluation of the board as a whole, the questionnaire covered criteria such as the board composition, cohesiveness at the board meetings, role of the Chairman, non-executive directors and other senior management, assessment of the timeliness and quality of the flow of information by the Corporation to the board and adherence to compliance and other regulatory issues, amongst other issues.



The questionnaire for evaluation of individual directors focused on attendance, participation in shaping the board's strategy, exercise of independent judgement and contributions in terms of domain expertise.

Mr. B. S. Mehta, independent director and the Chairman of the Nomination & Remuneration Committee evaluated the feedback and communicated the outcome of the evaluation to the Chairman and the Nomination & Remuneration Committee.

The independent directors also reviewed the performance of the non-executive directors, the Chairman and the board as a whole.

Subsequently, at the meeting of the Board of Directors, the consolidated summary report of the evaluation of the board was tabled. The board reviewed the performance of each director of the Corporation and the board as a whole and expressed its satisfaction on the same.

Investor Grievances

In accordance with the Listing Regulations, the Board of Directors appointed Mr. Ajay Agarwal, company secretary, as the Compliance Officer of the Corporation.

At the beginning of the financial year, there were no investor complaints that were unresolved. During the year, the Corporation received 18 investor complaints, 17 of which were resolved to the satisfaction of shareholders. Complaints are treated as resolved only when SEBI disposes or closes the same in the SEBI Complaints Redress System (SCORES). As at March 31, 2016, one investor complaint was pending as the complainant had not submitted the requisite documents to the Corporation.

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

Subsidiary Companies

In terms of the provisions of Listing Regulations, the Corporation is required to nominate at least one of its independent directors on the board of HDFC Standard Life Insurance Company Limited (HDFC Life) which is a material non-listed Indian subsidiary company. Accordingly, Dr. S. A. Dave continues as the nominee of the Corporation on the board of HDFC Life.

The Audit Committee, every quarter, reviews the investments made by the unlisted subsidiary companies of the Corporation. The committee also reviews the annual financial statements of the unlisted 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 on a quarterly basis.

Code of Conduct

With the objective of enhancing the standards of governance, the Corporation adopted two separate codes -- one which is applicable to the non-executive directors and the other for the whole-time directors and members of senior management of the Corporation. The said codes are in conformity with the requirements of the Listing Regulations and are placed on the website of the Corporation.

For the year under review, directors and members of senior management have affirmed their adherence to the provisions of the respective codes.

Share Dealing Code

SEBI (Prohibition of Insider Trading) Regulations, 2015 became effective in May 2015. Accordingly, the Board of Directors adopted a revised Share Dealing Code, in line with the new regulations.

The code prescribes detailed procedures and guidelines to be adopted while dealing in the securities of the Corporation. The code is applicable to all directors, employees, their immediate relatives and connected persons. The said persons are prohibited from dealing 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 securities of the Corporation.

Further, other than the exercise of stock options, directors, employees and connected persons who buy and sell any number of securities of the Corporation are prohibited from entering into a contra trade i.e. sell or buy any number of securities during the next six months following the prior transaction and from taking positions in derivative transactions in the equity shares of the Corporation.

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

Both the Share Dealing Code and the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information deal with the adequate and timely disclosure of information and events of the Corporation in the interest of the stakeholders.

The board also approved the Investor Relations Policy of the Corporation which *inter alia* lays out the procedures and systems to facilitate disclosure of material unpublished information in a timely, fair and transparent manner.

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

Transactions with Non-Executive Directors

As at March 31, 2016, deposits held by non-executive directors in the Corporation amounted to ₹ 11.53 crore. The cost and the terms and conditions of the deposits are the same as applicable to public deposits. The non-executive directors of the Corporation do not have any other 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

During the year, consequent to certain amendments to the applicable laws, the Board of Directors on the recommendation of the Audit Committee approved the revised Policy on Related Party Transactions. 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 statement. The details of material related party transactions that require approval of the shareholders of the Corporation have been mentioned in the notice convening the ensuing AGM.

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

Whistleblower Policy

The Corporation has a board approved Whistleblower Policy and 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.

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. The policy is placed on the website of the Corporation.

During the year, no personnel was denied access to the audit committee for expressing his concerns or reporting grievances under the Whistleblower Policy and/or vigil mechanism.

Strictures and Penalties

The Supreme Court of India by way of an order dated July 22, 2015, directed the Corporation to pay a penalty of ₹ 75,000 to SEBI for an inadvertent delay in filing a report under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. This pertained to the acquisition of equity shares on a preferential basis of Hindustan Oil Exploration Company Limited in 1997, which resulted in the Corporation holding 10.92% of the voting rights of the company. The Corporation has paid the penalty and thus settled the issue.

Barring the above, during the year, no penalties or strictures have been 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 Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006. The financial statements for the year have been prepared in accordance with and in compliance of the revised Schedule VI notified by the Ministry of Corporate Affairs.

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 issued secured redeemable non-convertible debentures (NCDs) aggregating to ₹ 22,276 crore on a private placement basis, in various tranches. The Corporation also raised ₹ 5,051 crore through the issuance of Warrants simultaneously with NCDs on a Qualified Institutions Placement (QIP) basis. Further details of the private placement issues are provided in the Directors' Report.

As specified in the respective offer documents, the funds raised from NCDs were utilised for financing/refinancing the housing finance business requirements of the Corporation. The net proceeds received from the QIP issue were used for augmenting the long-term resources of the Corporation for the purpose of on lending for housing finance and its future capital requirements. Details of these issues and the end use were provided to the Audit Committee and the board.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of the Directors' Report.

Shareholders

The Corporation has 2,19,192 shareholders as at March 31, 2016. The main channel of communication to the shareholders is through the annual report which *inter alia* includes the Chairman's Statement, the Directors' Report, the Report of the Board of Directors on Corporate Governance, Management Discussion and Analysis Report, the Auditors' Report, the Consolidated Group financial statements with the Auditors' Report, Business Responsibility Report, Corporate Social Responsibility Report and Shareholders' Information.

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 communicates with its institutional shareholders through meetings with analysts and discussions between fund managers and management. The Corporation also participates at investor conferences 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 said website.

Regular communication with shareholders ensures that the Corporation’s strategy is being clearly understood. 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 published in leading publications such as Business Standard, Business Line and Navshakti. The Corporation also communicates the quarterly financial results by e-mail to shareholders who have registered their e-mail address either with the Corporation or their Depository Participants.

To expedite the process of share transfers, the board has delegated the power of share transfers to the Investor Services Committee, comprising the company secretary and senior officers of the Secretarial Department. The committee attends to the share transfer formalities on a weekly basis.

A brief profile of the directors to be re-appointed at the 39th AGM is provided as an annex to the notice convening the said AGM. A section on “Shareholders’ Information” with information as required under the Listing Regulations 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 (AGM)

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

Financial Year	Meeting	Date	Time	Number of Special Resolutions passed
2012-13	36 th AGM	July 19, 2013	3.00 p.m.	-
2013-14	37 th AGM	July 21, 2014	3.00 p.m.	3
2014-15	38 th AGM	July 28, 2015	3.00 p.m.	4

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

There were no resolutions passed through postal ballot during the year ended March 31, 2016.

Compliance

The Corporation has complied with the mandatory requirements as stipulated under the Listing Regulations. The Corporation has submitted the quarterly compliance report on corporate governance to the stock exchanges within the prescribed time limit.

Messrs N. L. Bhatia & Associates, practising company secretaries, have certified that the Corporation has complied with the mandatory requirements as stipulated under the Listing Regulations. The certificate is annexed to the Directors’ Report and will be submitted to the stock exchanges and the Ministry of Corporate Affairs along with the annual report.

**Non-Mandatory Requirements**

The Corporation is in compliance with all 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 Committee was taken on record at the board meeting convened for approval of the audited financial results 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 2, 2016

DEEPAK S. PAREKH
Chairman

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 2, 2016

KEKI M. MISTRY
Vice Chairman & CEO

Compliance Certificate on Corporate Governance

TO THE MEMBERS OF HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

We have examined all the relevant records of HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED (“the Corporation”) for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreements with the Stock Exchanges for the period from April 1, 2015 to November 30, 2015 and the Chapter IV to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) from the period December 1, 2015 to March 31, 2016. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation process adopted by the Corporation for ensuring the compliance of the conditions of the Corporate

Governance. This certificate is neither an audit nor an expression of opinion on the financial statement of the Corporation.

In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Corporation has complied with all the conditions of Corporate Governance as stipulated in the said Listing Agreements/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 N. L. Bhatia & Associates
Company Secretaries
UINO: S1996MH016600

MUMBAI
May 2, 2016

N. L. Bhatia
FCS: 1176
CP No.: 422

Management Discussion and Analysis Report

Macroeconomic Overview

Global economic growth continued to be slow and fragile. Falling global demand, volatile commodity prices and a synchronised slowdown across developed and emerging market economies remained key concerns.

Despite uncertainties in the global economy, India's macro-economic indicators remained favourable. This was driven by a narrowing current account deficit, firm commitment towards fiscal consolidation, falling interest rates, lower inflation and strong forex reserves. This helped India stand in good stead compared to its peers. The current account deficit for FY 16 is estimated at ~ 1% of GDP, considerably lower compared to three years ago. The government has maintained the fiscal deficit at 3.9% of GDP. Structural reforms and further liberalisation of foreign direct investment have had a positive impact on the economy. With GDP growth for FY 16 estimated at ~7.6%, India remains the fastest growing major economy in the world.

Corporate earnings in India continued to remain subdued and private sector investment did not pick up. Rural demand was also tepid owing to two consecutive years of poor rainfall. However, a softening interest rate environment, continued public sector capex, the impending Seventh Pay Commission and the forecast of a good monsoon ahead bodes well for the Indian economy.

Market Scenario

Retail mortgage growth remained healthy on the back of continued strong demand for housing. Rising disposable incomes, affordable interest rates, improved affordability and tax incentives on home loans

were key drivers of growth for individual home loans.

Flagship government schemes such as 'Housing for All' by the year 2022, Smart Cities Mission and Atal Mission for Rejuvenation and Urban Transformation will help satiate housing demand and improve urban infrastructure.

Another significant development was the introduction of the Real Estate (Regulation & Development), Act, 2016. This will be applicable for residential and commercial real estate projects. The objective of the act is to bring in transparency and enhance disclosures of project information, thereby enabling consumers to be better informed of the properties they are buying into. While implementation of real estate regulators at the state levels may take time, over the longer term, it will bring in the much-needed efficiencies in the Indian real estate markets.

Interest Rate Scenario

Inflation remained largely contained during the year due to lower oil and commodity prices. With inflation being reined in, the Reserve Bank of India (RBI) embarked on a lower interest rate regime by reducing key policy interest rates. During the year, interest rate transmission was relatively slow and did not keep pace with the reduction in policy rates by the RBI.

Liquidity conditions tightened in the last quarter of the year under review. However, proactive liquidity management by the RBI alleviated pressure on money market rates.

With consumer price inflation at under 5% in March 2016 and with fiscal discipline being maintained, the RBI has recently put in place

various mechanisms to facilitate faster monetary transmission within the financial system.

Financial Performance

For the year ended March 31, 2016, HDFC made a profit before tax of ₹ 10,108 crore as against ₹ 8,624 crore in the previous year -- an increase of 17%.

After providing ₹ 2,636 crore (PY ₹ 2,269 crore) for tax, the net profit before adjustment of Deferred Tax Liability (DTL) on Special Reserve was ₹ 7,472 crore as compared to ₹ 6,355 crore in the previous year, representing a growth of 18%.

After providing ₹ 379 crore (PY ₹ 365 crore) for DTL on Special Reserve, the profit after tax for the year ended March 31, 2016 stood at ₹ 7,093 crore as compared to ₹ 5,990 crore, representing a growth of 18%.

Deferred Tax Liability on Special Reserve

Vide its circular dated May 27, 2014, the National Housing Bank (NHB) had directed Housing Finance Companies (HFCs) to provide for 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.

The balance in the Special Reserve as at April 1, 2014 was ₹ 6,467 crore. Vide NHB's circular dated August 22, 2014, NHB has permitted HFCs to create the Deferred Tax Liability in respect of the balance in Special Reserve on April 1, 2014 over a period of three years, in a phased manner in the ratio of 25:25:50.

Accordingly, the Corporation has created 25% of deferred tax liability of ₹ 560 crore (previous year:

₹ 560 crore) on the balance of the accumulated Special Reserve as at April 1, 2014 by debiting the general reserve. The balance amount of DTL of ₹ 1,119 crore will be created in the next financial year.

The deferred tax liability on the amount of Special Reserve appropriated out of the profits of HDFC for the current financial year was ₹ 379 crore (PY ₹ 365 crore). This has been taken into account in determining the effective tax rate which has been used in determining the tax charge on the income of the Corporation for the year ended March 31, 2016. After taking this into account, the effective tax rate for the year stood at 29.8% (PY 30.5%).

The regulator NHB, as a matter of abundant prudence requires HFCs to create DTL on the amount appropriated to Special Reserve. Special Reserve will never be utilised for payment of dividend or any other purpose and HDFC has adequate other reserves for meeting any such requirements if so needed at a later stage. Management is of the view that as Special Reserve will never be utilised the tax liability on the Special Reserve will not materialise.

Lending Operations

HDFC has cumulatively financed 5.4 million housing units. The average size of individual loans stood at ₹ 25 lac as compared to ₹ 23.3 lac in the previous year.

Assignment/Sale of Loans

HDFC and HDFC Bank have entered into an arrangement wherein HDFC Bank has the right, but not the obligation to purchase up to 70% of the fully disbursed home loans sourced by the bank either through the issue of mortgage-backed pass

through certificates or by a direct assignment of loans.

During the year, the Corporation, under the loan assignment route sold individual loans amounting to ₹ 12,773 crore to HDFC Bank, of which ₹ 2,733 crore qualified as priority sector advances for the bank.

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. Further, despite the loans being off the balance sheet, the Corporation continues to receive a monthly income, thereby generating a stream of income in the future years on the loans sold.

As at March 31, 2016, total loans outstanding in respect of all loans sold/assigned stood at ₹ 32,307

crore. HDFC continues to service these loans and is entitled to the residual interest on the loans sold/assigned.

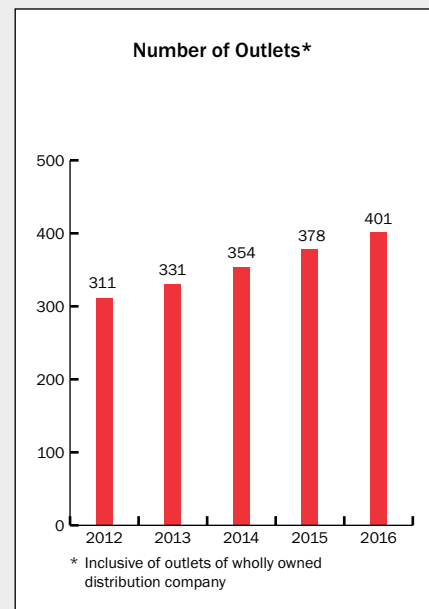
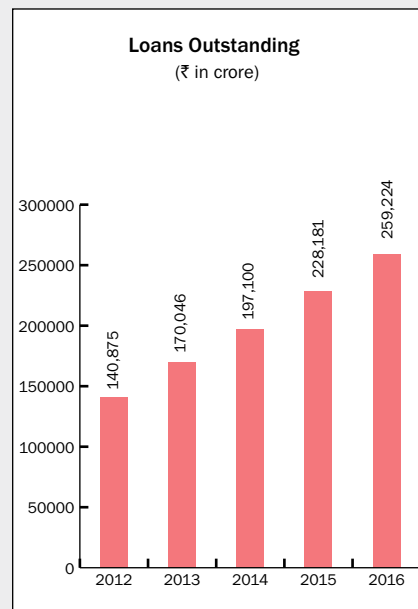
The residual interest on the outstanding individual loans sold/assigned is 1.20% per annum. The residual income on these loans is being recognised over the life of the underlying loans and not on an upfront basis.

Loan pools which were rated by external rating agencies carry a rating indicating the highest degree of safety.

Loan Portfolio

The loan approval process of HDFC is decentralised, with varying approval limits. HDFC has a three tiered committee of management structure with varying approval limits. Larger proposals, as appropriate, are referred to the Board of Directors.

During the year, HDFC's loan book increased to ₹ 2,59,224 crore from ₹ 2,28,181 crore in the previous year. In addition, loans securitised



and/or assigned by the Corporation and outstanding as at March 31, 2016 amounted to ₹ 32,307 crore.

The net increase in the loan book (after removing loans that have been sold) was ₹ 31,043 crore which has been determined after taking into account loan repayments of ₹ 79,718 crore (previous year ₹ 66,422 crore) and loans written off during the year amounting to ₹ 37 crore (previous year ₹ 28 crore).

Loans sold to HDFC Bank during the preceding twelve months was significantly higher at ₹ 12,773 crore as against ₹ 8,249 crore in the previous year. Further, the rate of amortisation in the current year was higher than the previous year as a result of lower interest rates.

The growth in the individual loan book, after adding back loans sold in the preceding twelve months was 24% (16% net of loans sold). The non-individual loan book grew at 9%. The growth in the total loan book after adding back loans sold was 19% (14% net of loans sold).

On an Assets under Management (AUM) basis, the growth in the individual loan book was 17% and the non-individual loan book was 9%. The growth in the total loan book on an AUM basis was 15%.

Of the total loans on an AUM basis, individual loans comprise 73%. During the year, on an AUM basis, 83% of the incremental growth in the loan book came from individual loans.

Marketing and Distribution

HDFC's distribution network spans 401 outlets, which include 116 offices of the wholly owned distribution company, HDFC Sales Private Limited (HSPL). In addition, HDFC covers

several locations through outreach programmes.

In value terms, HSPL, HDFC Bank and third party DSAs sourced 49%, 26% and 17% of home loans disbursed respectively during the year. Thus total loans sourced from distribution channels accounted for 92% of individual loans disbursed by HDFC in value terms. The commission paid to the agents in respect of loans retained by the Corporation is charged to the Statement of Profit and Loss upfront and is not amortised over the life of the loan. The total commission payable to distribution channels amounting to ₹ 442 crore has been charged to the Statement of Profit and Loss against fee income.

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, 2016, the investment portfolio stood at ₹ 15,345 crore. The proportion of investments to total assets was 5%.

Housing Finance Companies (HFCs) are required to maintain a statutory liquidity ratio (SLR) in respect of public deposits raised. Currently the SLR requirement is 12.5% of public deposits. As at March 31, 2016, HDFC had ₹ 2,168 crore in bank deposits and National Housing Bank

(NHB) bonds and ₹ 5,315 crore in government securities.

As at March 31, 2016, the treasury portfolio (excluding investments in equity shares) had an average balance period to maturity of 41 months. The average yield on the non-equity treasury portfolio for the year was 9.13% per annum on an annualised basis.

HDFC has classified its investments into current and long-term investments. The current investments have been entirely 'marked to market'. In respect of long-term investments, provisions have been made to reflect any permanent diminution in the value of investments. The aggregate provision on account of such current and long-term investments amounts to ₹ 91 crore. After considering the opening balance of ₹ 78 crore in the diminution in the value of investments account and the write back of provisions on account of investments sold, an incremental provision of ₹ 13 crore has been made for diminution in value of investments in the Statement of Profit and Loss.

As at March 31, 2016, the market value of quoted investments was higher by ₹ 57,651 crore as compared to the value at which these investments are reflected in the balance sheet. This unrealised gain includes appreciation in the market value of investments held by HDFC's wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited. It, however, excludes the unrealised gains on the unlisted investments, such as HDFC Standard Life Insurance Company Limited (HDFC Life) and HDFC ERGO General Insurance Company Limited (HDFC ERGO), amongst others.

Subsidiaries and Associates

Though housing remains the core business, HDFC has continued to make investments in its subsidiary and associate companies. These investments are made in companies where there are strong synergies with HDFC. HDFC 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.

During the year, HDFC made gross investments in the equity share capital of its subsidiary companies – HDFC Education and Development Services Private Limited (₹ 15 crore), HDFC Developers Limited (₹ 3 crore), HDFC Realty (₹ 2 crore) and HDFC Capital Advisors (₹ 2 crore).

In addition, during the year HDFC made investments in optionally convertible debentures in HDFC Education and Development Services Private Limited (₹ 25 crore), HDFC Developers (₹ 10 crore) and HDFC Sales (₹ 10 crore).

During the year, the Government increased the foreign direct investment limits in the insurance sector from 26% to 49%. In March 2016, pursuant to the receipt of requisite approvals, the Corporation sold 17,95,39,209 equity shares of ₹ 10 each, equivalent to 9% of its equity shares in HDFC Life to Standard Life (Mauritius Holdings) 2006 Limited at a price of ₹ 95 per equity share. The total consideration was ₹ 1,706 crore. As a result of the sale of shares, the Corporation's holding in HDFC Life is 61.6%.

The Board of Directors of HDFC Life has approved taking steps to initiate the process for an initial public offer (IPO). Accordingly, the Corporation

has in-principle, agreed to sell up to 10% of its equity stake in HDFC Life through an offer-for-sale in the IPO of HDFC Life, subject to market conditions and the receipt of requisite approvals.

During the year, the Corporation also entered into an agreement to sell 12,33,57,262 equity shares of ₹ 10 each, equivalent to 22.9% of its shareholding in HDFC ERGO to ERGO International AG, Dusseldorf, at a price of ₹ 90.97 per equity share. The total consideration is ₹ 1,122 crore. As of date, the Corporation is awaiting necessary approvals to execute the transaction.

During the year, the Corporation booked profit on sale of investments amounting to ₹ 1,648 crore (Previous year ₹ 441 crore). Profit on sale of investments includes an amount ₹ 1,513 crore on account of sale of shares of HDFC Life as mentioned above. As HDFC Life is an unlisted entity, the capital gains tax on the sale of HDFC Life shares was ₹ 300 crore.

Recoveries

Gross non-performing loans outstanding amounted to ₹ 1,833 crore as at March 31, 2016, constituting 0.70% of the loan portfolio. The principal outstanding in respect of individual loans where the instalments were in arrears constituted 0.51% of the individual portfolio and the corresponding figure was 1.12% in respect of the non-individual portfolio. HDFC has written off loans aggregating to ₹ 37 crore during the year. These loans have been written off pursuant to one-time settlements, where HDFC will continue making efforts to recover the money. HDFC has, since inception, written off loans (net of subsequent

recovery) aggregating to ₹ 260 crore. Thus as at March 31, 2016, the total loan write offs continues to stand at less than 4 basis points of cumulative disbursements since inception of the Corporation.

Provision for Contingencies

During the year, the Corporation made a provision for contingencies of ₹ 715 crore (previous year ₹ 165 crore) through a charge to the Statement of Profit and Loss. The break-down comprised a one-time special provisioning on standard assets of ₹ 450 crore, regulatory provisioning on new assets created of ₹ 170 crore and other provisioning of ₹ 95 crore.

The one-time special provision of ₹ 450 crore is against standard assets and other contingencies. This was done with the objective of further strengthening the Corporation's balance sheet. The Corporation believes that it would be prudent to utilise a part of the exceptional gains (received from the sale of equity shares of HDFC Standard Life Insurance Company Limited) to build an additional buffer against any unexpected risk in the future. This additional provision is being done voluntarily and not on account of any regulatory requirement. Further, the provision is on standard assets. The Corporation holds adequate security in respect of all loans.

As per NHB norms, the Corporation is required to carry a total provision of ₹ 1,959 crore of which ₹ 1,341 crore is against standard assets.

During the year, HDFC has utilised ₹ 54 crore (net) out of the balance in provision for contingencies primarily on account of provision in diminution of value of investments and loan

write offs. After taking into account the transfers as well as the net utilisation, the balance in provision for contingencies as at March 31, 2016 stood at ₹ 2,695 crore (inclusive of provision for non-performing loans of ₹ 566 crore). This balance in the provision for contingencies is equivalent to 1.03% of the loan portfolio. The provision coverage ratio stood at 147%.

Fixed Assets

Net fixed assets as at March 31, 2016 amounted to ₹ 665 crore (previous year ₹ 677 crore).

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

Pursuant to the approval of the shareholders of the Corporation at the 38th Annual General Meeting held on July 28, 2015, the Corporation raised ₹ 5,051 crore through the issuance of Warrants simultaneously with Non-Convertible Debentures to domestic Qualified Institutional Buyers on a Qualified Institutions Placement (QIP) basis, in accordance with the provisions of Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

The Corporation issued and allotted 3.65 crore Warrants at an issue price of ₹ 14 per Warrant with a right exercisable by the Warrant holder to exchange each Warrant for one equity share of face value of ₹ 2 each of 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.

Simultaneously, the Corporation issued and allotted 5,000 Secured

Redeemable Non-Convertible Debentures (NCDs) of face value of ₹ 1 crore each due in March 2017, with a coupon of 1.43% per annum payable annually for cash aggregating to ₹ 5,000 crore. The NCDs were rated by CRISIL and ICRA and were assigned the highest rating of 'CRISIL AAA/Stable' and 'ICRA AAA/Stable' respectively.

The Warrants and NCDs are listed on the respective segments of the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The maximum dilution that could take place in future, if all the Warrants are exchanged for equity shares of the Corporation at the Warrant Exercise Price would be up to 2.2% of the enhanced equity share capital of the Corporation.

Subordinated Debt

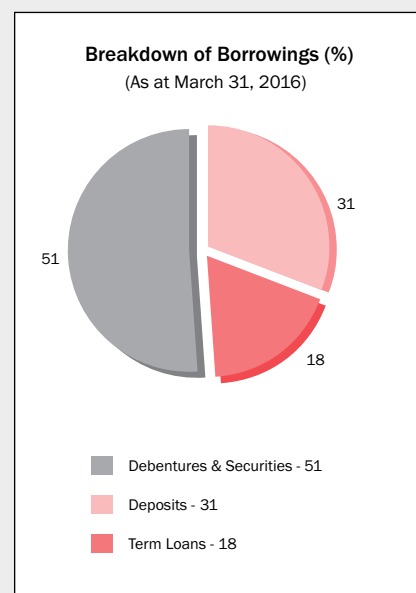
As at March 31, 2016, the Corporation's outstanding subordinated debt stood at ₹ 5,975 crore. The debt is subordinated to present and future senior indebtedness of the Corporation and has been assigned the highest rating of 'CRISIL AAA/Stable' and 'ICRA AAA/Stable' by CRISIL and ICRA respectively. The Corporation did not issue any subordinated debt during the year.

Based on the balance term to maturity, as at March 31, 2016, ₹ 5,100 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, 2016 amounted to ₹ 2,38,193 crore as against ₹ 2,09,217 crore in the previous year - an increase of 14%.

Borrowings constituted 82% of funds employed as at March 31, 2016. Of the total borrowings, debentures and securities constituted 51%, deposits 31% and term loans 18%.



Foreign Currency Borrowings

The outstanding foreign currency borrowings constitute borrowings from FCNR (B) loans from commercial banks (USD 601 million), Asian Development Bank under the Housing Finance Facility Project (USD 47 million) and External Commercial Borrowing (ECB) under RBI's Low Cost Affordable Housing Scheme (USD 800 million).

External Commercial Borrowings

During the year, the Corporation raised an external commercial borrowing (ECB) of USD 500 million in the form of a syndicated loan facility. The ECB was raised under the Low Cost Affordable Housing Scheme of the Reserve Bank of India (RBI).

The proceeds have been utilised for financing prospective owners of low cost affordable housing units. As per

the RBI norms, low cost affordable housing units have been defined as units where the property cost is up to ₹ 30 lac, the loan amount is capped at ₹ 25 lac and the carpet area does not exceed 60 square meters.

The ECB was for a tenor of 5 years and the foreign exchange risk on the principal has been hedged in accordance with the guidelines prescribed by the RBI.

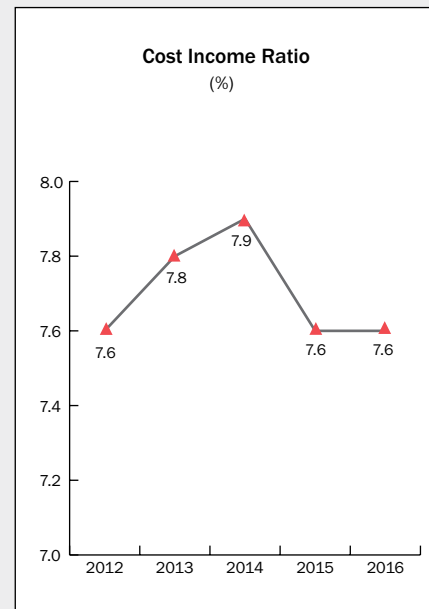
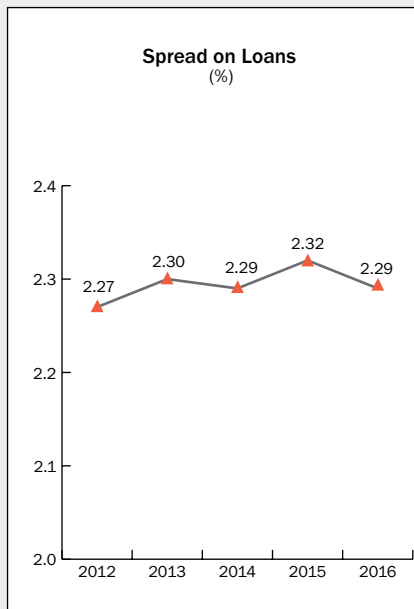
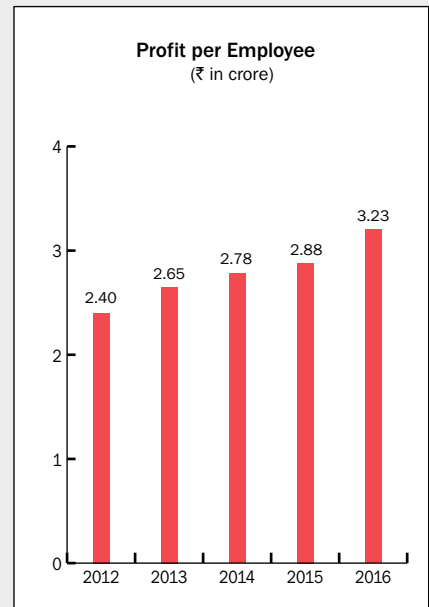
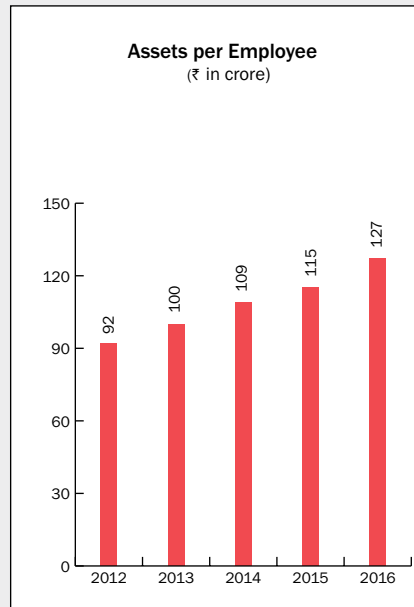
During the year, the Corporation also refinanced an existing ECB of USD 300 million raised earlier under the same scheme.

The RBI has recently granted approval to the Corporation to raise a fresh ECB of USD 375 million under the Low Cost Affordable Housing Scheme. As of date, this facility is undrawn.

Deposits

As at March 31, 2016, total outstanding deposits stood at ₹ 74,670 crore compared to ₹ 66,706 crore in the previous year. The number of deposit accounts stood at over 18 lac. CRISIL and ICRA have for the twenty-first 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.

HDFC pays brokerage to agents who mobilise retail deposits. The brokerage is linked to the amount and the period of deposit, is paid up-front for the full term of the deposit and charged to the Statement of Profit and Loss upfront. In addition, agents who achieve certain collection targets are paid an incentive every year. The incentive brokerage on deposits is amortised over the period of the deposit.



Term Loans from Banks, Institutions and Refinance from NHB

As at March 31, 2016 the total loans outstanding from banks, institutions and NHB amounted to ₹ 37,330 crore as compared to ₹ 24,282 crore as at March 31, 2015.

Market Borrowings

During the year, the Corporation issued non-convertible debentures (NCDs) amounting to ₹ 22,276 crore on a private placement basis (excluding NCDs raised through the QIP issue mentioned above). 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'. As at March 31, 2016, NCDs and bonds outstanding stood at ₹ 84,143 crore. The Corporation has been regular in making payments of principal and interest on the NCDs.

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.

HDFC has made investments in shares of its subsidiaries and associate companies. Under Indian GAAP this results in a mismatch if the cost is debited to the Statement of the Profit and Loss without a corresponding credit (credit being only in the form of dividend).

As indicated in the past, to offset this mismatch, the Corporation has raised Zero Coupon Debentures (ZCDs). The premium on the ZCDs is payable on the maturity of the ZCD.

The proportionate premium on these ZCDs for the year (net of deferred tax) amounting to ₹ 459 crore (previous year ₹ 415 crore) has been debited to the Securities Premium Account in accordance with Section 52 of the Companies Act, 2013.

As at March 31, 2016, the outstanding ZCDs amounted to ₹ 7,090 crore as against an investment of ₹ 8,567 crore in subsidiaries and associate companies (including convertible preference shares and optionally convertible debentures).

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, 2016, the outstanding issues of commercial paper aggregated to ₹ 25,726 crore.

Financial Risk Management

The Financial Risk Management and Hedging Policy as approved by the Audit Committee sets limits for exposures on currency and

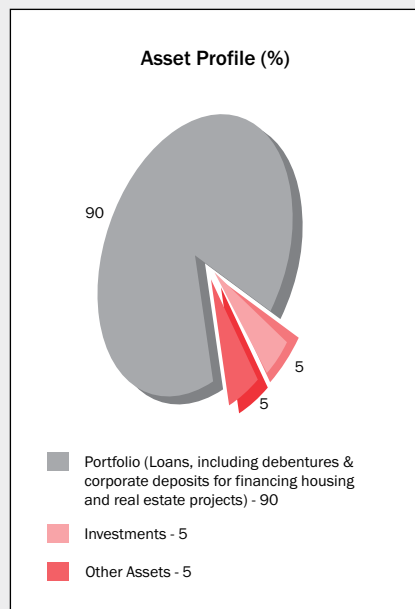
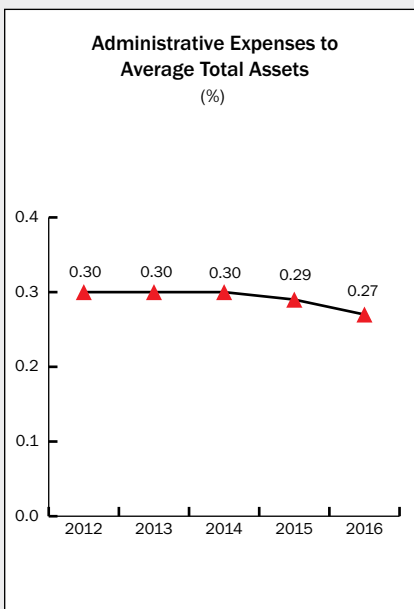
other parameters. HDFC manages its interest rate and currency risk in accordance with the guidelines prescribed. The risk management strategy has been to protect against foreign exchange risk, whilst at the same time exploring any opportunities for an upside, so as to keep the maximum all-in cost on the borrowing in line with or lower than the cost of a borrowing in the domestic market for a similar maturity.

HDFC 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.

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

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

In addition, HDFC has entered into cross currency swaps of a notional amount of USD 243 million



equivalent wherein it has converted its rupee liabilities into foreign currency liabilities and the interest rate is linked to benchmarks of the respective currencies. The total net foreign currency exposure on cross currency swaps is USD 81 million. The open position is at 0.23% of the total borrowings of HDFC.

As a part of asset liability management and on account of the predominance of HDFC's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, HDFC has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of ₹ 19,935 crore as at March 31, 2016 for varying maturities into floating rate liabilities linked to various benchmarks. Further, interest rate swaps on a notional amount of USD 70 million equivalent are outstanding and have been undertaken to hedge the interest rate risk on the foreign currency borrowings.

Revaluation of Foreign Currency Assets and Liabilities

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

Cross Currency Interest Rate Swaps are recorded by marking the foreign currency component to spot rate.

The net loss/gain on translation of long-term monetary assets and liabilities in foreign currencies is

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

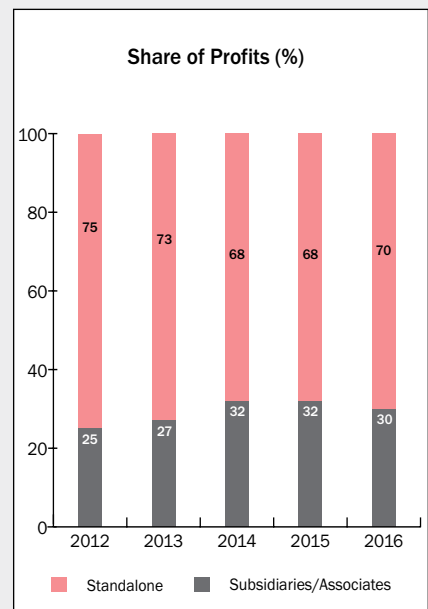
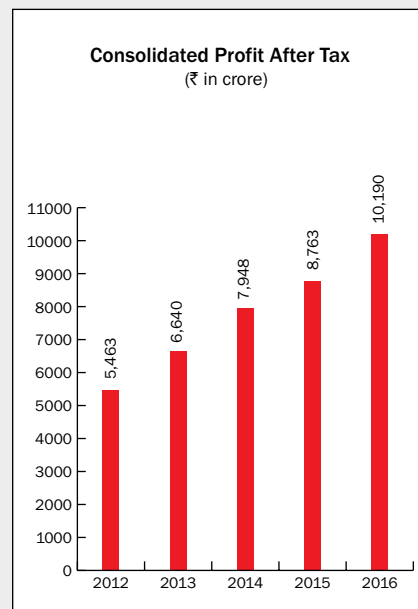
As on March 31, 2016, an amount of ₹ 122 crore (net of future tax benefit of ₹ 42 crore) is carried forward in the foreign currency monetary item translation difference account. This amount is to be amortised over the period of the monetary assets/liabilities.

The Institute of Chartered Accountants of India (ICAI) has issued a guidance note on Accounting for Derivative Contracts which would be effective from April 1, 2016. The guidance note requires all derivative contracts and their underlying to be marked to market and tested for hedge

effectiveness and the ineffective portion if any would be charged to the Statement of Profit and Loss. There would be a one-time adjustment to the reserves on all such outstanding contracts as at April 1, 2016 i.e. the transition date. Thereafter the charge/credit to the Statement of Profit and Loss will depend upon the changes in the mark to market based on the actual exchange rates prevalent at each quarter end. The exchange difference on the long-term foreign currency monetary assets and liabilities which are not covered by derivative contracts (such as dollar denominated loans) would continue to be amortised over the life of the contracts.

Asset-Liability Management (ALM)

Under Schedule III of the Companies Act, 2013, the classification of assets and liabilities into current and non-current is based on their contracted maturities. However, the estimates based on past trends in respect of 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 HDFC 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, 2016, assets and liabilities with maturity up to 1 year amounted to ₹ 70,902 crore and ₹ 78,325 crore respectively. Asset and liabilities with maturity greater than one year and up to 5 years amounted to ₹ 1,30,976 crore and ₹ 1,37,186 crore respectively and assets and liabilities with maturity beyond 5 years amounted to ₹ 86,875 crore and ₹ 73,242 crore respectively.

HDFC'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 current year due to an uncertain economic environment, short term rates remained higher than the long term rates through most parts of the year. This resulted in the cost of floating rate liabilities post the interest rate swap being higher than fixed rate liabilities. Hence, HDFC did not convert a part of its liabilities into floating rate basis to avoid the negative carry. HDFC 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, 2016, 88% of the assets and 74% of the liabilities were on a floating rate basis.

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

Internal Audit and Control

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 Committee. The Audit Committee comprises three independent directors. The committee met five times during the financial year under review.

Statement of Profit and Loss Account

Key elements of the statement of profit and loss account for the year ended March 31, 2016 are:

- Profit before tax grew by 17%.
- Profit after tax grew by 18%.
- Net Interest Income grew by 10% during the year.
- Net Interest Margin for the year was 3.9%.
- Pre-tax return on average assets was 3.9% and the post-tax return on average assets was 2.8%.
- Return on equity (after considering the impact of DTL on Special Reserve) was 21.8% in the current year as compared to 20.3% in the previous year.

- HDFC's cost to income ratio was 7.6 % for the year ended March 31, 2016 – the same as in the previous year. HDFC's cost income ratio continues to be among the lowest in the financial sector in Asia.
- Administrative expenses as a percentage of average assets stood at 0.27% as at March 31, 2016 compared to 0.29% in the previous year.
- In March 2016, the board declared an interim dividend of ₹ 3 per equity share of ₹ 2 each. The board recommended a final dividend of ₹ 14 per equity share. The total dividend for the year is ₹ 17 per equity share as against ₹ 15 per equity share in the previous year.
- The dividend payout ratio will be 44%.

Spread on Loans

The average yield on loan assets during the year was 11.22% per annum compared to 11.78% in the previous year. The average all-inclusive cost of funds was 8.93% per annum as compared to 9.46% per annum in the previous year. The spread on loans over the cost of borrowings for the year was 2.29% per annum as against 2.32% per annum in the previous year. Spread on individual loans for the year was 1.94% and on non-individual loans was 3.10%.

Capital Adequacy Ratio

As at March 31, 2016, the risk weighted assets stood at around ₹ 2,08,800 crore.

The Corporation's capital adequacy ratio (CAR) stood at 16.6%, of which Tier I capital was 13.2% and Tier II capital was 3.4%. Deferred tax liability on Special Reserve and 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.

Human Resources

Human resources are HDFC's most valuable assets. The efficiency of HDFC's staff is evident from the fact that the number of offices increased from 41 in 1998 to 285 (excluding offices of HSPL) currently as against the number of employees which increased from 806 to 2,196 during the same period.

Total assets per employee as at March 31, 2016 stood at ₹ 127 crore as compared to ₹ 115 crore in the previous year and net profit per employee as at March 31, 2016 was ₹ 3.2 crore as compared to ₹ 2.9 crore in the previous year.

Audited Consolidated Accounts

In accordance with the accounting standards prescribed by the Institute of Chartered Accountants of India, the consolidated financial statements comprise the individual 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, 2016 the profit before tax was ₹ 11,613 crore as compared to ₹ 10,117 crore in the

previous year representing a growth of 15%.

After providing ₹ 3,639 crore (PY ₹ 3,166 crore) for tax, the profit for the year was ₹ 7,974 crore as compared to ₹ 6,951 crore in the previous year.

After adjusting for share of profit of minority interest ₹ 528 crore (PY ₹ 483 crore) and for net share of profit from associates of ₹ 2,745 crore (PY ₹ 2,294 crore), the profit after tax attributable to the group was ₹ 10,190 crore as compared to ₹ 8,763 crore in the previous year representing a growth of 16%.

Analysis of Profits

The increase in the consolidated profit after tax for the year ended March 31, 2016 is attributed to the increase in profits of the Corporation and some of its key subsidiary and associate companies.

For the year ended March 31, 2016, HDFC Bank's (consolidated) profit after tax stood at ₹ 12,801 crore as against ₹ 10,689 crore in the previous year, representing an increase of 20%.

HDFC Life reported a profit after tax of ₹ 818 crore for the year ended March 31, 2016 as against ₹ 786 crore in the previous year. The back book is generating sufficient profits to offset the new business strain incurred in writing of new policies. During the year, the Corporation received dividend of ₹ 127 crore from HDFC Life.

HDFC Asset Management reported a profit after tax of ₹ 478 crore for the year ended March 31, 2016 as against ₹ 416 crore in the previous year – growth of 15%. During the year,

the Corporation received dividend of ₹ 121 crore from HDFC Asset Management.

HDFC ERGO reported a profit after tax for the year stood at ₹ 151 crore as against ₹ 104 crore in the previous year. During the year, the Corporation received dividend of ₹ 50 crore from HDFC ERGO.

GRUH Finance Limited reported a profit after tax of ₹ 244 crore for the year ended March 31, 2016 as against ₹ 204 crore in the previous year, representing a growth of 20%. During the year, the Corporation received dividend of ₹ 43 crore from GRUH Finance.

Consolidated Share of Profits

The standalone HDFC profit after tax increased from ₹ 5,990 crore in the previous year to ₹ 7,093 crore in the year ended March 31, 2016. The consolidated profits of the subsidiaries and the net share of profits from associates (equity method) stood at ₹ 3,097 crore compared to ₹ 2,773 crore in the previous year. Thus the profit after tax attributable to the group was ₹ 10,190 crore as compared to ₹ 8,763 crore in the previous year representing a growth of 16%.

For the year ended March 31, 2016, the share of the profit from subsidiaries and associates in the consolidated profit after tax was 30%.

The post tax return on assets for the consolidated group accounts for the year ended March 31, 2016 was 2.7%. The return on equity stood at 20.7%. The basic and diluted earnings per share (on a face value of ₹ 2 per share) for the group was ₹ 64.07 and ₹ 63.59 respectively.

STANDALONE FINANCIAL STATEMENTS

Independent Auditor's Report

TO THE MEMBERS OF

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (the "Corporation"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the returns for the year ended on that date audited by the branch auditor of the Corporation's branch at Dubai.

Management's Responsibility for the Standalone Financial Statements

The Corporation's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Corporation in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were

operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143 (11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant

to the Corporation's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Corporation's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Corporation as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We refer to Note 3.2 to the financial statements, which describes the accounting treatment used by the Corporation in creating the Deferred Tax Liability on Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 as at 1st April, 2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated August 22, 2014.

Our opinion is not modified in respect of this matter.

Other Matter

We did not audit the financial statements of a branch included in the standalone financial statements of the Corporation whose financial statements reflect total assets of ₹ 0.60 crore as at March 31, 2016 (Previous Year ₹ 0.90 crore) and total revenues of ₹ 2.07 crore for the year ended on that date (Previous Year ₹ 2.09 crore), as considered in the standalone financial statements. The financial statements of this branch has been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of that branch, is based solely on the report of such branch auditor.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Corporation so far as it appears from our examination of those books and proper returns adequate for the purposes of our

audit have been received from Dubai branch not visited by us.

(c) The reports on the accounts of Dubai branch of the Corporation audited under Section 143 (8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

(d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from Dubai branch not visited by us.

(e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.

(f) On the basis of the written representations received from the directors which were taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Corporation and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Corporation's internal financial controls over financial reporting.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Corporation has disclosed the impact of pending litigations on its financial position in its financial statements;

ii. The Corporation has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts as at year end;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Corporation.

2. As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

MUMBAI
2nd May, 2016

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

Report on Internal Financial Controls Over Financial Reporting

Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(g) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (“the Corporation”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Corporation for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Corporation’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (“Guidance Note”) issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Corporation’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an

opinion on the Corporation’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Corporation’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process

designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporation; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Corporation are being made only in accordance with authorisations of management and directors of the Corporation; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Corporation’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Corporation has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Corporation considering the essential

components of internal control stated in the Guidance Note.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a branch, is based on the corresponding report of the auditor of the branch.

Our opinion on the adequacy and operating effectiveness of internal

financial controls over financial reporting is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

MUMBAI
May 2, 2016

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) According to the information and explanations given to us, the Corporation has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds/transfer deeds/conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Corporation as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on

lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Corporation, where the Corporation is the lessee in the agreement.

(ii) According to the information and explanations given to us, the Corporation does not have any inventory and hence reporting under Clause 3(ii) of the Order is not applicable.

(iii) According to the information and explanations given to us, the Corporation has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships and other parties covered in the register maintained under Section 189 of the Act, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Corporation's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount

remaining outstanding as at the year end.

(iv) The Corporation has not granted any loans, made investments or provide guarantees under the provisions of Sections 185 and 186 of the Act and hence reporting under Clause 3(iv) of the Order is not applicable.

(v) As per the Ministry of Corporate Affairs notification dated March 31, 2014, the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Corporation and hence reporting under Clause 3(v) of the Order is not applicable.

(vi) To the best our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, in respect of the services rendered by the Corporation.

(vii) According to the information and explanations given to us, in respect

of statutory dues:

(a) The Corporation has generally been regular in depositing undisputed statutory dues, including Income-tax, Sales Tax, Work Contract Tax, Value Added Tax, Service Tax, Cess, Provident Fund, Employees' State Insurance and other material statutory dues applicable to it to the appropriate authorities. There were no amounts payable in respect of Customs Duty and Excise Duty.

(b) There were no undisputed amounts payable in respect of Income-tax, Sales Tax, Value Added Tax, Service Tax, Cess, Provident Fund, Employees' State Insurance and other material statutory dues in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable.

(c) Details of dues of Wealth Tax, Interest on Lease Tax and Employees' State Insurance which have not been deposited as on 31st March, 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved ₹ in crore	Amount Unpaid ₹ in crore
The Wealth Tax Act, 1957	Wealth Tax	Assistant Commissioner of Wealth Tax	1998-1999	0.12	0.12
Maharashtra Sales Tax on the Transfer of the Right to use any Goods for any Purpose Act, 1985	Interest on Lease Tax	Commissioner of Sales Tax (Appeals)	1999-2000	0.02	0.02
Employees State Insurance Act, 1948	Payment towards Employer's Contribution to ESIC	Assistant/ Deputy Director - ESIC	2010-2011	0.01	0.01

(viii) In our opinion and according to the information and explanations given to us, the Corporation has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to

debenture holders. The Corporation has not taken loans or borrowings from government.

(ix) In our opinion and according to the information and explanations given to us, the money raised by way of the term loans have been applied by the Corporation during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. The Corporation has not raised moneys by way of initial public offer/further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Corporation and no material fraud on the Corporation by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Corporation has paid/provided managerial remuneration in accordance with

the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) The Corporation is not a Nidhi Company and hence reporting under Clause 3(xii) of the Order is not

applicable.

(xiii) In our opinion and according to the information and explanations given to us the Corporation is in compliance with Sections 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has made private placement of debentures which were issued with convertible warrants during the year under review. In respect of the above issue, we further report that :

a) the requirement of Section 42 of the Act, as applicable, have been complied with; and

b) the amounts raised have been applied by the Corporation during the year for the purposes for which the funds were raised, other than temporary deployment pending application.

(xv) In our opinion and according to the information and explanations given to us, during the year the Corporation has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Act are not applicable.

(xvi) The Corporation is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

MUMBAI
May 2, 2016

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

Balance Sheet as at March 31, 2016

	Notes	₹ in Crore	₹ in Crore	March 31, 2015 ₹ in Crore
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share capital	2	315.97		314.94
Reserves and surplus	3	33,753.99		30,655.03
Money received against warrants	3.10	<u>51.10</u>		-
			34,121.06	<u>30,969.97</u>
NON-CURRENT LIABILITIES				
Long-term borrowings	4	1,09,184.45		97,602.34
Deferred tax liability (Net)	14	902.21		200.67
Other long-term liabilities	5	1,613.39		2,436.81
Long-term provisions	6	<u>2,127.34</u>		<u>1,550.88</u>
			1,13,827.39	<u>1,01,790.70</u>
CURRENT LIABILITIES				
Short-term borrowings	7	41,502.68		33,257.71
Trade payables	8	122.92		87.80
Other current liabilities	9			
- Borrowings		86,952.03		77,738.98
- Others		9,389.68		7,467.60
Short-term provisions	10	<u>2,837.08</u>		<u>2,638.90</u>
			1,40,804.39	<u>1,21,190.99</u>
			2,88,752.84	<u>2,53,951.66</u>
ASSETS				
NON-CURRENT ASSETS				
Fixed assets				
(i) Tangible assets	11	660.20		671.84
(ii) Intangible assets	12	4.33		5.12
Non-current investments	13	14,837.84		13,691.70
Long-term loans and advances	15			
- Loans		2,32,870.54		2,01,680.43
- Others		2,668.73		2,564.72
Other non-current assets	16	<u>739.73</u>		<u>2,763.11</u>
			2,51,781.37	<u>2,21,376.92</u>
CURRENT ASSETS				
Current investments	17	507.59		602.64
Trade receivables	18	144.66		46.18
Cash and bank balances	19	5,304.69		3,364.65
Short-term loans and advances	20			
- Loans		25,787.70		26,019.69
- Others		2,526.04		1,966.28
Other current assets	21	<u>2,700.79</u>		<u>575.30</u>
			36,971.47	<u>32,574.74</u>
			2,88,752.84	<u>2,53,951.66</u>

See accompanying notes forming part of the financial statement
As per our report attached.

Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

Deepak S. Parekh
Chairman
(DIN: 00009078)

Nasser Munjee
(DIN: 00010180)
B. S. Mehta
(DIN: 00035019)

D. M. Sukthankar
(DIN: 00034416)
J. J. Irani
(DIN: 00311104)

Sanjiv V. Pilgaonkar
Partner

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

D. N. Ghosh
(DIN: 00012608)
Bimal Jalan
(DIN: 00449491)

S. A. Dave
(DIN: 00001480)

MUMBAI, May 2, 2016

Renu Sud Karnad
Managing Director
(DIN: 00008064)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(ACS: 13257)



Statement of Profit and Loss for the year ended March 31, 2016

	Notes	₹ in Crore	Previous Year ₹ in Crore
INCOME			
Revenue from Operations	23	29,257.31	26,959.88
Profit on Sale of Investments	24	1,647.81	441.28
Other Income	25	51.45	69.70
Total Revenue		30,956.57	27,470.86
EXPENSES			
Finance Cost	26	19,374.51	17,975.09
Staff Expenses	27	349.09	328.46
Establishment Expenses	28	84.19	85.76
Other Expenses	29	271.40	262.63
Depreciation and Amortisation	11 & 12	54.28	29.78
Provision for Contingencies	30	715.00	165.00
Total Expenses		20,848.47	18,846.72
PROFIT BEFORE TAX		10,108.10	8,624.14
Tax Expense			
- Current Tax		2,873.00	2,363.00
- Deferred Tax	14	142.00	271.00
PROFIT FOR THE YEAR		7,093.10	5,990.14
EARNINGS PER SHARE (Face Value ₹ 2)	31		
- Basic		44.43	38.13
- Diluted		44.10	37.78

See accompanying notes forming part of the financial statement

As per our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

MUMBAI, May 2, 2016

Deepak S. Parekh
Chairman
(DIN: 00009078)

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

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

Nasser Munjee
(DIN: 00010180)

B. S. Mehta
(DIN: 00035019)

D. N. Ghosh
(DIN: 00012608)

Bimal Jalan
(DIN: 00449491)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

D. M. Sukthankar
(DIN: 00034416)

J. J. Irani
(DIN: 00311104)

S. A. Dave
(DIN: 00001480)

Ajay Agarwal
Company Secretary
(ACS: 13257)

Cash Flow Statement for the year ended March 31, 2016

	Notes	₹ in Crore	Previous Year ₹ in Crore
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		10,108.10	8,624.14
Adjustments for:			
Depreciation and Amortisation	11 & 12	54.28	29.78
Provision for Contingencies	30.2	715.00	165.00
Interest Expense	26	19,183.49	17,864.71
Net Loss/(Gain) on translation of foreign currency monetary assets and liabilities	26.2	52.00	(19.95)
Interest Income	23	(27,761.16)	(25,605.58)
Utilisation of Shelter Assistance Reserve	3	(85.31)	(0.79)
Profit on Sale of Investments		(1,647.81)	(441.28)
Dividend Income	23	(806.88)	(688.28)
Profit on Sale of Investment in Properties		(1.48)	(6.37)
Surplus from deployment in Cash Management Schemes of Mutual Funds	23	(307.87)	(364.55)
Profit on Sale of Fixed Assets (Net)		(2.35)	(27.34)
Operating Profit before Working Capital changes		(499.99)	(470.51)
Adjustments for:			
Current and Non-Current Assets		(1,968.08)	21.38
Current and Non-Current Liabilities		(155.11)	(48.74)
Cash generated from Operations		(2,623.18)	(497.87)
Interest Received		27,643.13	25,499.64
Interest Paid		(18,755.92)	(17,787.00)
Premium Paid on Redemption of Debentures		(100.86)	(192.80)
Dividend Received		806.88	688.28
Taxes Paid		(2,945.50)	(2,707.81)
Net cash from Operations		4,024.55	5,002.44
Loans disbursed (net)		(30,879.71)	(30,964.16)
Corporate Deposits (net)		(425.65)	492.49
Net cash used in operating activities		(27,280.81)	(25,469.23)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(37.38)	(451.77)
Sale of Fixed Assets		3.16	56.83
		(34.22)	(394.94)
Investments in Subsidiaries		(22.04)	(60.01)
Investment in Cash Management Schemes of Mutual Funds		(3,46,702.00)	(3,08,896.00)
Other Investments		(1,916.35)	(1,743.60)
Proceeds on Sale of Investments:			
- in a Subsidiary Company		1,784.62	297.31
- in Cash Management Schemes of Mutual Funds		3,47,009.87	3,09,260.55
- in other Companies and Properties		729.68	1,733.33
Net cash from investing activities		849.56	196.64
C. CASH FLOW FROM FINANCING ACTIVITIES			
Share Capital - Equity	2.1	1.03	2.84
Securities Premium	3	345.30	681.45
Money received against warrants		51.10	-
Deposits, Commercial Papers and other Short Term Borrowings (Net)		7,747.21	26,887.75
Proceeds from other borrowings		66,009.90	48,555.01
Repayment of other borrowings		(45,379.01)	(50,866.15)
Dividend paid - Equity Shares		(2,050.29)	(2,502.57)
Tax paid on Dividend		(416.53)	(366.33)
Net cash from financing activities		26,308.71	22,392.00
Net (Decrease)/Increase in cash and cash equivalents [A + B + C]		(122.54)	(2,880.59)
Add: Cash and cash equivalents as at the beginning of the year	19	2,756.93	5,634.72
Add: Exchange difference on bank balance		3.71	2.80
Cash and cash equivalents as at the end of the year	19	2,638.10	2,756.93
Earmarked balances with banks:			
- Unclaimed Dividend Account		493.44	20.47
- Towards Guarantees Issued by Banks		0.06	0.13
- Other Against Foreign Currency Loans		7.99	7.10
Short-term bank deposits		2,165.10	580.02
Cash and Bank balances at the end of the year	19	5,304.69	3,364.65

See accompanying notes forming part of the financial statement

As per our report attached.

Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

Deepak S. Parekh
Chairman
(DIN: 00009078)

Nasser Munjee
(DIN: 00010180)
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Executive Director
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Ajay Agarwal
Company Secretary
(ACS: 13257)

MUMBAI, May 2, 2016

Notes forming part of the standalone financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

These financial statements have been prepared in accordance with historical cost convention, applicable Accounting Standards specified under Section 133 of the Companies Act, 2013, the relevant provisions of the Companies Act, 2013 and the guidelines issued by the National Housing Bank to the extent applicable.

Accounting policies applied have been consistent with previous year except where different treatment is required as per new pronouncements made by the regulatory authorities. The management evaluates, all recently issued or revised accounting pronouncements, on an ongoing basis.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

1.2 SYSTEM OF ACCOUNTING

The Corporation adopts the accrual concept in the preparation of the financial statements.

The Balance Sheet and the Statement of Profit and Loss of the Corporation are prepared in accordance with the provisions contained in Section 129 of the Companies Act, 2013, read with Schedule III.

1.3 INFLATION

Assets and liabilities are recorded at historical cost to the Corporation. These costs are not adjusted to reflect the changing value in the purchasing power of money.

1.4 OPERATING CYCLE

Based on the nature of its activities, the Corporation has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

1.5 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Corporation are segregated based on the available information.

1.6 CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term deposits with banks (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.7 LOANS AND RECEIVABLES AND CREDIT LOSS ALLOWANCES

Loans are initially recorded at the disbursed principal amounts and are subsequently adjusted for recoveries and any unearned income. Loans are carried net of the allowances for credit losses.

A loan is recognised as non-performing ("NPA") or as a "doubtful" or as a "loss" asset based on the period for which the repayment instalment or interest has remained in arrears as prescribed under the Housing Finance Companies (NHB) Directions, 2010, (the "NHB Directions") as updated from time to time. Allowances for credit losses are made on an individual basis at rates prescribed under the NHB Directions unless, the management estimates that a higher individual allowance is required to reduce the carrying value of loan asset, including accrued interest, to its estimated realisable amount. The fair value of the underlying security is taken into consideration to estimate the realisable amount of the loan. When a loan is identified as a "Loss Asset" that is adversely affected by a potential threat of non-recoverability, the outstanding balance is fully written off or fully provided for.

Notes forming part of the standalone financial statements (Continued)

1.8 INTEREST INCOME ON LOANS

Repayment of housing loans is generally by way of Equated Monthly Instalments (EMIs) comprising principal and interest. EMIs commence generally once the entire loan is disbursed. Certain customers request for commencement of regular principal repayments even before the entire loan is disbursed, especially when the projects are of long gestation. A recalculated EMI based on Principal Outstanding is offered in such cases. Pending commencement of EMIs, pre-EMI interest is payable every month. Interest on loans is computed either on an annual rest or on a monthly rest basis on the principal outstanding at the beginning of the relevant period.

Interest income is allocated over the contractual term of the loan by applying the committed interest rate to the outstanding amount of the loan. Interest income is accrued as earned with the passage of time.

Interest on loan assets classified as “non-performing” is recognised only on realisation.

1.9 DIVIDEND

Dividend income is recognised when the right to receive has been established.

1.10 FEES AND OTHER REVENUE

Fees, charges and other revenue is recognised after the service is rendered to the extent that it is probable that the economic benefits will flow to the Corporation and that the revenue can be reliably measured, regardless of when the payment is being made.

1.11 INCOME FROM LEASES

Leases of assets under which substantially all of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. The Corporation has let out portions of its buildings to its subsidiaries/associates under operating lease arrangements. Income is recognised over the period over which the property is used by the lessee based on the lease terms as the arrangements are cancellable and do not contain any minimum lease payment or contingent rent payments.

1.12 INCOME FROM INVESTMENTS

The gain/loss on account of Investments in Preference Shares, Debentures/Bonds and Government Securities held as long-term investments and acquired at a discount/premium, is recognised over the life of the security on a pro-rata basis. Interest income is accounted on accrual basis.

The gain/losses on sale of investments are recognised in the Statement of Profit and Loss on the trade date. Gain or loss on Sale of investment is determined after consideration of cost on a weighted average basis.

1.13 BORROWING AND BORROWING COSTS

The Corporation borrows funds, primarily in Indian Rupees, and carry a fixed rate or floating rate of interest. As a part of its risk management strategy, the Corporation converts such borrowings into floating rate or foreign currency borrowings by entering into interest rate swaps or cross currency interest rate swaps having the same notional amount and maturity as the underlying borrowings and holds these instruments till maturity. At each reporting date these liabilities are restated at the closing rate.

Borrowing costs include interest, amortised brokerage on deposits and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary costs in connection with long-term external commercial borrowings are amortised to the Statement of Profit and Loss over the tenure of the loan. Issue expenses of certain securities are charged to the securities premium account.

1.14 TRANSLATION OF FOREIGN CURRENCY

Initial recognition

Transactions in foreign currencies entered into by the Corporation are accounted at the exchange rates prevailing on the date of the transaction.

Measurement at the Balance Sheet date

Assets and liabilities in foreign currencies are converted at the rates of exchange prevailing at the year-end, where not covered by forward contracts. Wherever the Corporation has entered into a forward contract or an

Notes forming part of the standalone financial statements (Continued)

instrument that is, in substance, a forward exchange contract, the difference between the forward rate and the exchange rate on the date of the transaction is recognised as income or expense over the life of the contract. Monetary items represented by currency swap contracts are recorded at closing rate.

The net loss/gain on translation of long-term monetary assets and liabilities in foreign currencies is amortised over the maturity period of such monetary assets and liabilities and charged to the Statement of Profit and Loss. The unamortised exchange difference is carried in the Balance Sheet as "Foreign Currency Monetary Item Translation Difference Account". The net loss/gain on translation of short-term monetary assets and liabilities in foreign currencies is recorded in the Statement of Profit and Loss.

1.15 **BROKERAGE AND INCENTIVE ON DEPOSITS**

Brokerage and incentive brokerage on deposits is amortised over the period of the deposit.

1.16 **OPERATING LEASES**

Payments under a non-cancellable operating lease arrangement, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are charged to the Statement of Profit and Loss on a straight-line basis over the lease term, unless another systematic basis is more appropriate.

1.17 **INVESTMENTS**

Investments are capitalised at cost inclusive of brokerage and stamp charges and are classified into two categories, viz. Current or Long-Term. Long-term investments (excluding investment in properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Provision for diminution in the value of investments is made in accordance with the guidelines issued by the National Housing Bank and the Accounting Standard (AS) 13 on 'Accounting for Investments', and is recognised through the Provision for Contingencies Account. Investment in properties acquired as part of the debt asset settlement are recorded at the fair value on the date of the transfer. Investment in properties are carried individually at cost less accumulated depreciation and impairment, if any.

1.18 **TANGIBLE FIXED ASSETS**

Fixed Assets (including such assets which have been leased out by the Corporation) are capitalised at cost inclusive of legal and/or installation expenses.

1.19 **INTANGIBLE ASSETS**

Intangible Assets comprising of system software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, less accumulated amortisation. Any expenses on such software for support and maintenance payable annually are charged to the Statement of Profit and Loss.

1.20 **DEPRECIATION AND AMORTISATION**

Tangible Fixed Assets

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Computers and data processing equipment - 4 years

Vehicles - 5 years

Leasehold land is amortised over the duration of the lease.

Intangible Assets

Intangible assets are amortised over their estimated useful life on straight-line method as follows:

Computers Software - 4 years

Notes forming part of the standalone financial statements (Continued)

Investment In Properties

Depreciation on Investment in Properties is provided on a pro-rata basis from the date of acquisition.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

1.21 PROVISIONS AND CONTINGENCIES

A provision is recognised when the Corporation has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding employee benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognised nor disclosed in the financial statements.

1.22 PROVISION FOR CONTINGENCIES AND NON-PERFORMING ASSETS

The Corporation's policy is to carry adequate amounts in the Provision for Non-Performing Assets Account and the Provision for Contingencies account to cover the amount outstanding in respect of all non-performing assets and standard assets respectively as also all other contingencies. All loans and other credit exposures where the instalments, interest are overdue for ninety days and more are classified as non-performing assets in accordance with the prudential norms prescribed by the National Housing Bank (NHB). The provision for non-performing assets is deducted from loans and advances. The provisioning policy of the Corporation covers the minimum provisioning required as per the NHB Guidelines.

1.23 STANDARD ASSET PROVISIONING (COLLECTIVE ALLOWANCES)

Provisions are established on a collective basis against loan assets classified as "Standard" to absorb credit losses on the aggregate exposures in each of the Corporation's loan portfolios based on the NHB Directions. A higher standard asset provision may be made based upon an analysis of past performance, level of allowance already in place and Management's judgement. This estimate includes consideration of economic and business conditions. The amount of the collective allowance for credit losses is the amount that is required to establish a balance in the Provision for Standard Assets Account that the Corporation's management considers adequate, after consideration of the prescribed minimum under the NHB Directions, to absorb credit related losses in its portfolio of loan items after individual allowances or write offs.

1.24 EMPLOYEE BENEFITS

Employee Stock Option Scheme ('ESOS')

The Employee Stock Option Scheme ('the Scheme') provides for the grant of options to acquire equity shares of the Corporation to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The Corporation follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the exercise price as determined under the option plan. The market price is the closing price on the stock exchange where there is highest trading volume on the working day immediately preceding the date of grant. Compensation cost, if any, is amortised over the vesting period.

Defined contribution plans

The Corporation's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made. These funds and the schemes thereunder are recognised by the Income-tax authorities and administered by various trustees. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Corporation.

Notes forming part of the standalone financial statements (Continued)

Defined benefit plans

For defined benefit plans in the form of gratuity fund and post retirement pension scheme for whole-time Directors, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes. In the case of Dubai branch of the Corporation, the provision for gratuity is made in accordance with the prevalent local laws.

Short-term employee benefits

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

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

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

1.25 EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

1.26 TAXES ON INCOME

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

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets are recognised for timing differences of items other than unabsorbed

Notes forming part of the standalone financial statements (Continued)

depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets.

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

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

1.27 SERVICE TAX INPUT CREDIT

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilising the credits.

1.28 SECURITISED LOANS AND SECURITISATION LIABILITIES

The Corporation periodically transfers pools of mortgages. Such assets are derecognised, if and only if, the Corporation loses control of the contractual rights that comprise the corresponding pools or mortgages transferred.

Transfers of pools of mortgages under the current programs involve transfer of proportionate shares in the pools of mortgages. Such transfers result in de-recognition only of that proportion of the mortgages as meet the de-recognition criteria. The portion retained by the Corporation continue to be accounted for as loans as described above.

On de-recognition, the difference between the book value of the securitised asset and consideration received is recognised as gain arising on securitisation in the Statement of Profit and Loss over the balance maturity period of the pool transferred. Losses, if any, arising from such transactions, are recognised immediately in the Statement of Profit and Loss.

2. SHARE CAPITAL

	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
AUTHORISED		
170,00,00,000 Equity Shares of ₹ 2 each (Previous Year 162,50,00,000 Equity Shares of ₹ 2 each)	340.00	325.00
	340.00	325.00
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
157,98,46,340 Equity Shares of ₹ 2 each (Previous Year 157,46,97,670 Equity Shares of ₹ 2 each)	315.97	314.94
	315.97	314.94

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	₹ in Crore	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	157,46,97,670	314.94	156,05,32,605	312.10
Shares allotted pursuant to exercise of stock options	51,48,670	1.03	1,41,65,065	2.84
Equity shares outstanding as at the end of the year	157,98,46,340	315.97	157,46,97,670	314.94

Notes forming part of the standalone financial statements (Continued)

- 2.2 There were no shareholder holding more than 5 percent shares in the Corporation as at March 31, 2016. Details of shareholders' holding more than 5 percent shares in the Corporation as at March 31, 2015 are given below:

Particulars	As on March 31, 2015	
	Number	Percentage of shares held to total Shares
Aberdeen Asset Management Asia Ltd. (on behalf of funds advised/managed)	8,00,17,312	5.08%

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

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

As at March 31, 2016 - **8,19,25,500 shares** (Previous Year 5,05,74,170 shares) were reserved for issuance as follows:

- a) **4,54,25,500 shares** of ₹ 2 each (Previous Year 5,05,74,170 shares of ₹ 2 each) towards outstanding Employees Stock Options granted/available for grant, including lapsed options [Refer Note 2.4].
- b) **3,65,00,000 shares** of ₹ 2 each (Previous Year Nil) towards outstanding warrants [Refer Note 3.10].

- 2.4 Under Employees Stock Option Scheme - 2014 (ESOS - 14), the Corporation had on October 8, 2014, granted **62,73,064 options** at an exercise price of ₹ 5,073.25 per option representing 3,13,65,320 equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS-14, the options would vest over a period of 1-3 years from the date of grant, but not later than October 7, 2017, depending upon options grantee completing continuous service of three years with the Corporation. Accordingly, during the year **59,58,841 options** (Previous Year NIL options) were vested. In the current year **51,427 options** (Previous Year 49,045 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2011 (ESOS - 11), the Corporation had on May 23, 2012, granted **61,02,475 options** at an exercise price of ₹ 3,177.50 per option representing 3,05,12,375 equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 11, the options would vest over a period of 1-3 years from the date of grant, but not later than May 22, 2015, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, during the year **36,043 options** (Previous Year 1,80,438 options) were vested. In the current year **2,884 options** (Previous Year 13,263 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Notes forming part of the standalone financial statements (Continued)

Under Employees Stock Option Scheme – 2008 (ESOS – 08), the Corporation had on November 25, 2008, granted **57,90,000 options** at an exercise price of ₹ 1,350.60 per option representing 57,90,000 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 08, the options would vest over a period of 1-3 years from the date of grant, but not later than November 24, 2011, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. In the current year **NIL options** (Previous Year 97 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme – 2007 (ESOS – 07), the Corporation had on September 12, 2007, granted **54,56,835 options** at an exercise price of ₹ 2,149 per option representing 54,56,835 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 07, the options would vest over a period of 1-3 years from the date of grant, but not later than September 11, 2010, depending upon option grantee completing continuous service of three years with the Corporation. All the options have been vested in the earlier years. In the current year **628 options** (Previous Year 882 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Method used for accounting for share based payment plan:

The Corporation has used intrinsic value method to account for the compensation cost of stock options to employees of the Corporation. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Since the options under ESOS-14, ESOS-11, ESOS-08 and ESOS-07 were granted at the market price, the intrinsic value of the option is Nil. Consequently the accounting value of the option (compensation cost) is also Nil.

Movement in the options under ESOS-14, ESOS-11, ESOS-08 and ESOS-07:

Particulars	ESOS-14	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	62,24,019	-
Granted during the year	-	62,73,064
Vested during the year	59,58,841	-
Exercised during the year	1,00,921	-
Lapsed during the year	51,427	49,045
Outstanding at the end of the year	60,71,671	62,24,019
Unvested at the end of the year	2,22,048	62,24,019
Exercisable at the end of the year	58,49,623	-
Weighted average price per option	₹ 5,073.25	

Notes forming part of the standalone financial statements (Continued)

Particulars	ESOS-11	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	37,45,586	54,06,415
Granted during the year	-	-
Vested during the year	36,043	1,80,438
Exercised during the year	9,28,751	16,47,566
Lapsed during the year	2,884	13,263
Outstanding at the end of the year	28,13,951	37,45,586
Unvested at the end of the year	-	36,043
Exercisable at the end of the year	28,13,951	37,09,543
Weighted average price per option	₹ 3,177.50	

Particulars	ESOS-08	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	5,102	11,82,357
Granted during the year	-	-
Vested during the year	-	-
Exercised during the year	-	11,77,158
Lapsed during the year	-	97
Outstanding at the end of the year	5,102	5,102
Unvested at the end of the year	-	-
Exercisable at the end of the year	5,102	5,102
Weighted average price per option	₹ 1,350.60	

Particulars	ESOS-07	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	5,977	15,148
Granted during the year	-	-
Vested during the year	-	-
Exercised during the year	62	8,289
Lapsed during the year	628	882
Outstanding at the end of the year	5,287	5,977
Unvested at the end of the year	-	-
Exercisable at the end of the year	5,287	5,977
Weighted average price per option	₹ 2,149.00	

With effect from August 21, 2010, the nominal face value of equity shares of the Corporation was sub-divided from ₹ 10 per share to ₹ 2 per share. Accordingly, each option exercised after August 21, 2010 is entitled to 5 equity shares of ₹ 2 each.

Notes forming part of the standalone financial statements (Continued)

Fair Value Methodology:

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

The key assumptions used in Black-Scholes model for calculating fair value under ESOS-2014, ESOS-2011, ESOS-2008 and ESOS-2007 as on the date of grant viz. October 8, 2014, May 23, 2012, November 25, 2008 and September 12, 2007, are as follows:

Particulars	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Risk-free interest rate (p.a.)	8.28%	8.06%	6.94%	7.70%
Expected life	Upto 3 years	Upto 2 years	Upto 2 years	Upto 2 years
Expected volatility of share price	15%	15%	29%	19%
Expected growth in dividend (p.a.)	20%	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 1,035.91	₹ 474.56	₹ 238.79	₹ 307.28

Since all the stock options granted under ESOS-2011, ESOS-2008 and ESOS-2007 have been vested, the stock based compensation expense determined under fair value based method is ₹ Nil (Previous Year ₹ Nil). Accordingly there is no change in the reported and pro-forma net profit and Basic and Diluted EPS.

However, had the compensation cost for the stock options granted under ESOS-14 and ESOS-11 been determined based on the fair value approach, the Corporation's net profit and earnings per share would have been as per the pro-forma amounts indicated below:

Particulars	₹ in Crore	
	Current Year	Previous Year
Net Profit (as reported)	7,093.10	5,990.14
Less: Stock-based compensation expenses determined under fair value based method, net of tax: [Gross ₹ 338.50 crore (Previous Year ₹ 300.92)] (pro-forma)	221.35	198.64
Net Profit (pro-forma)	6,871.75	5,791.50
Less: Amounts utilised out of Shelter Assistance Reserve	85.31	10.83
Net Profit considered for computing EPS (pro-forma)	6,786.44	5,780.67

Particulars	Amount in ₹	
	Current Year	Previous Year
Basic earnings per share (as reported)	44.43	38.13
Basic earnings per share (pro-forma)	43.03	36.86
Diluted earnings per share (as reported)	44.10	37.78
Diluted earnings per share (pro-forma)	42.70	36.52

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

Notes forming part of the standalone financial statements (Continued)

3. RESERVES AND SURPLUS

	₹ in Crore	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
SPECIAL RESERVE No. I [Refer Notes 3.1 & 3.2]		51.23	51.23
SPECIAL RESERVE No. II [Refer Notes 3.1 & 3.2]			
Opening Balance	7,469.95		6,415.95
Add: Transfer from Statement of Profit and Loss [Refer Note 3.3]	<u>1,095.00</u>		<u>1,054.00</u>
		8,564.95	7,469.95
GENERAL RESERVE			
Opening Balance	9,541.55		8,097.76
Less: Utilised towards Deferred Tax Liability for Special Reserve [Refer Note 3.2]	<u>(559.54)</u>		<u>(559.54)</u>
Add: Transfer from Statement of Profit and Loss	<u>2,385.12</u>		<u>2,003.33</u>
		11,367.13	9,541.55
STATUTORY RESERVE (As per Section 29C of The National Housing Bank Act, 1987)			
Opening Balance	3,279.42		3,129.42
Add: Transfer from Statement of Profit and Loss [Refer Note 3.3]	<u>325.00</u>		<u>150.00</u>
		3,604.42	3,279.42
SECURITIES PREMIUM			
Opening Balance	10,256.81		9,990.42
Add: Received during the year	<u>345.30</u>		<u>681.45</u>
	<u>10,602.11</u>		<u>10,671.87</u>
Less: Utilised during the year (Net) [Refer Note 3.4] [Net of tax effect of ₹ 247.84 crore (Previous Year ₹ 213.72 crore)]	<u>468.29</u>		<u>415.06</u>
		10,133.82	10,256.81
SHELTER ASSISTANCE RESERVE			
Opening Balance	89.78		100.61
Add: Transfer from Statement of Profit and Loss	<u>150.00</u>		<u>-</u>
	<u>239.78</u>		<u>100.61</u>
Less: Utilised during the year [Refer Note 36]	<u>85.31</u>		<u>10.83</u>
		154.47	89.78
CAPITAL RESERVE		0.04	0.04
FOREIGN CURRENCY MONETARY ITEMS TRANSLATION DIFFERENCE ACCOUNT (Debit Balance) [Refer Note 3.5]			
Opening Balance (Debit)	(33.75)		(142.34)
Add/(Less): Effect of foreign exchange rate variations during the year	<u>(199.39)</u>		<u>35.33</u>
Add/(Less): Amortisation for the year [Refer Note 3.6]	<u>111.07</u>		<u>73.26</u>
Closing balance - (Debit)		(122.07)	(33.75)

Notes forming part of the standalone financial statements (Continued)

	₹ in Crore	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
SURPLUS IN THE STATEMENT OF PROFIT AND LOSS:			
Opening Balance	-		-
Profit for the year	7,093.10		5,990.14
Amount available for appropriations	7,093.10		5,990.14
Appropriations:			
Special Reserve No. II [Refer Note 3.3]	1,095.00		1,054.00
General Reserve	2,385.12		2,003.33
Statutory Reserve (As per Section 29C of The National Housing Bank Act, 1987) [Refer Note 3.3]	325.00		150.00
Shelter Assistance Reserve	150.00		-
Interim Dividend [Refer Note 3.7] [Dividend ₹ 3.00 per equity share of ₹ 2 each (Previous Year ₹ 2.00 per equity share of ₹ 2 each)]	473.95		314.94
Tax on Interim Dividend	10.48		12.10
Proposed Dividend [Dividend ₹ 14.00 per equity share of ₹ 2 each (Previous Year ₹ 13.00 per equity share of ₹ 2 each)]	2,211.78		2,047.11
Tax on Proposed Dividend	450.27		416.74
Tax on Dividend credit taken [Refer Note 3.8]	(11.14)		(18.59)
Dividend including tax of ₹ 0.45 crore (Previous Year ₹ 1.53 crore) pertaining to previous year paid during the year [Refer Note 3.9]	2.64		10.51
		33,753.99	30,655.03

- 3.1 Special Reserve has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961, out of the distributable profits of the Corporation. Special Reserve No. I relates to the amounts transferred upto the Financial Year 1996-97, whereas Special Reserve No. II relates to the amounts transferred thereafter.
- 3.2 Vide circular NHB(ND)/DRS/Pol. 62/2014 dated May 27, 2014, the National Housing Bank (NHB) had directed Housing Finance Companies (HFCs) to provide for deferred tax liability in respect of the balance in the "Special Reserve" created under Section 36(1)(viii) of the Income-tax Act, 1961. Vide circular NHB(ND)/DRS/Pol. 65/2014 dated August 22, 2014, NHB has permitted HFCs to create the Deferred Tax Liability over a period of 3 years, in a phased manner in the ratio of 25:25:50. Accordingly, the Corporation has created 25 percent of deferred tax liability of ₹ 559.54 crore (Previous Year ₹ 559.54 crore) on the balance of accumulated Special Reserve as on April 1, 2014 by debiting the General Reserve. The balance amount of deferred tax liability of ₹ 1,119.08 crore will be created in the next financial year [Refer Note 14].
- 3.3 As per Section 29C of The National Housing Bank Act, 1987 (the "NHB Act"), the Corporation is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Corporation under Section 36(1)(viii) of the Income-tax Act, 1961 is considered to be an eligible transfer. The Corporation has transferred an amount of ₹ 1,095 crore (Previous Year ₹ 1,054 crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of ₹ 325 crore (Previous Year ₹ 150 crore) to "Statutory Reserve (As per Section 29C of The NHB Act)".

Notes forming part of the standalone financial statements (Continued)

In terms of requirement of NHB's Circular No. NHB(ND)/DRS/Pol.Circular.61/2013-14 dated April 7, 2014 following information on Reserve Fund under Section 29C of the NHB Act is provided:

Particulars	₹ in Crore	
	Current Year	Previous Year
Balance at the beginning of the year		
a) Statutory Reserve under Section 29C of The NHB Act	3,279.42	3,129.42
b) Amount of Special Reserve under Section 36 (1)(viii) of the Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act		
Special Reserve No. II	7,167.95	6,113.95
	10,447.37	9,243.37
Addition/Appropriation/Withdrawal during the year		
Add:		
a) Amount transferred under Section 29C of the NHB Act	325.00	150.00
b) Amount of Special Reserve under Section 36 (1)(viii) of the Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act		
Less:		
a) Amount appropriated from Statutory Reserve under Section 29C of the NHB Act	-	-
b) Amount withdrawn from Special Reserve under Section 36 (1) (viii) of the Income Tax Act, 1961 which has been taken into account for the purpose of provision under Section 29C of the NHB Act	-	-
	11,867.37	10,447.37
Balance at the end of the year		
a) Statutory Reserve under Section 29C of the NHB Act	3,604.42	3,279.42
b) Amount of Special Reserve under Section 36 (1)(viii) of the Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act		
Special Reserve No. II	8,262.95	7,167.95
	11,867.37	10,447.37

- 3.4 During the year, the Corporation utilised ₹ **468.29 crore** (net of tax effect of ₹ **247.84 crore**) [(Previous Year ₹ 415.06 crore (net of tax effect of ₹ 213.72 crore))] in accordance with Section 52 of the Companies Act 2013, towards the proportionate premium payable on redemption of Zero Coupon Secured Redeemable Non-Convertible Debentures and issue expenses in respect of secured redeemable non-convertible debenture simultaneously with the issue of Warrants.
- 3.5 Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation has exercised the option as per Para 46A inserted in the Standard for all long-term monetary assets and liabilities. Consequently, an amount of ₹ **122.07 crore** (without considering future tax benefit of ₹ **42.25 crore**) [(Previous Year ₹ 33.75 crore) (without considering future tax benefits of ₹ 11.47 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2016. This amount is to be amortised over the corresponding period of the monetary assets/liabilities ranging upto 5 years.

Notes forming part of the standalone financial statements (Continued)

- 3.6 During the year, there was a net addition of ₹ **88.32 crore** (Previous Year net reduction ₹ 108.59 crore) in the Foreign Currency Monetary Items Translation Difference Account as under :

Particulars	₹ in Crore	
	Current Year	Previous Year
Net Revaluation of monetary assets & liabilities	(140.32)	128.54
Net Debit/(Credit) to the Statement of Profit & Loss on account of repayments during the year	(59.07)	(93.21)
Net amortisation Debit/(Credit) during the year	111.07	73.26
Net (addition)/reduction during the year	(88.32)	108.59

- 3.7 The Board of Directors of the Corporation at its meeting held on March 21, 2016, *inter alia*, has approved the payment of an interim dividend of ₹ 3 per equity share of face value of ₹ 2 each of the Corporation, for the financial year 2015-16.
- 3.8 Additional Tax on dividend FY 2014-15 credit taken, ₹ **11.14 crore** (Previous Year ₹ 18.59 crore for FY 2013-14), pertains to the dividend tax paid by the subsidiary companies of the Corporation on the dividend paid to the Corporation as per Section 115-0(1A) of the Income-tax Act, 1961.
- 3.9 In respect of equity shares issued pursuant to exercise of stock option under the ESOS schemes, the Corporation paid dividend of ₹ **2.19 crore** for the year 2014-15 (₹ 8.98 crore for the year 2013-14) and tax on dividend of ₹ **0.45 crore** (Previous Year ₹ 1.53 crore) as approved by the shareholders at the Annual General Meeting held on July 28, 2015.
- 3.10 The Corporation has on October 5, 2015 issued 3,65,00,000 Warrants, convertible into 3,65,00,000 equity share of face value of ₹ 2 each at a conversion price of ₹ 1,475.00 each, simultaneously with the issue of 5,000 secured redeemable non-convertible debentures of face value of ₹ 1,00,00,000 each, to eligible qualified institutional buyers by way of a qualified institutions placement in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and Section 42 and 71 of the Companies Act, 2013 and the rules made thereunder. An amount of ₹ 51.10 crore was received towards subscription of warrants. The warrants may be converted into equivalent number of shares on payment of the conversion price at any time on or before October 5, 2018. In the event the warrants are not converted into shares within the said period, the Company is eligible to forfeit the amounts received towards the warrants.

4. LONG-TERM BORROWINGS

Particulars	₹ in Crore	
	As at March 31, 2016	As at March 31, 2015
Bonds and Debentures [Refer Notes 4.3 & 4.10]	63,267.20	60,192.20
Term Loans:		
- Banks [Refer Note 4.10]	5,415.69	6,378.01
- External Commercial Borrowing - Low Cost Affordable Housing [Refer Notes 4.5 & 4.10]	5,318.40	1,884.00
- Others [Refer Note 4.10]	1,996.86	1,300.15
	75,998.15	69,754.36
Deposits [Refer Note 4.3]	33,186.30	27,847.98
Total	1,09,184.45	97,602.34

Notes forming part of the standalone financial statements (Continued)

4.1 Long-term borrowings are further sub-classified as follows :

₹ in Crore

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
	Secured: [Refer Note 4.2]		
a)	Bonds and Debentures		
	- Bonds	40.50	46.50
	- Non-Convertible Debentures	57,726.70	54,170.70
	Sub-Total	57,767.20	54,217.20
b)	Term Loans from Banks		
	- Scheduled Banks	4,731.81	4,899.81
	Sub-Total	4,731.81	4,899.81
c)	Term Loans from other parties		
	- Asian Development Bank [Refer Note 4.4]	205.11	232.09
	- National Housing Bank	1,791.75	1,065.06
		1,996.86	1,297.15
	Total Secured	64,495.87	60,414.16
	Unsecured:		
a)	Bonds and Debentures		
	- Non-Convertible Subordinated Debentures [Refer Note 4.9]	5,500.00	5,975.00
b)	Term Loans from Banks		
	- Scheduled Banks	683.88	1,478.20
c)	External Commercial Borrowing - Low Cost Affordable Housing	5,318.40	1,884.00
d)	Term Loans from other parties		
	- Under a line from Kreditanstalt für Wiederaufbau	-	3.00
e)	Deposits [Refer Note 4.8]	33,186.30	27,847.98
	Total Unsecured:	44,688.58	37,188.18
	Total	1,09,184.45	97,602.34

- 4.2 All secured long-term borrowing are secured by negative lien on the assets of the Corporation and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under Section 29B of the National Housing Bank Act, 1987.
- 4.3 Non-Convertible Debentures includes ₹ 676.00 crore (Previous Year ₹ 785.00 crore) and Deposits includes ₹ 0.01 crore (Previous Year ₹ 2.38 crore) from related parties [Refer Note 35].
- 4.4 The Corporation has availed a loan of USD 100 million from the Asian Development Bank (Loan II). In respect of tranches 1 and 2 aggregating to USD 60 million, as per the agreements with a scheduled bank, the Corporation has handed over the dollar funds to the bank overseas and has obtained rupee funds in India amounting to ₹ 200 crore by way of a term loan and ₹ 100 crore through the issue of bonds which have been subscribed by the bank.

Notes forming part of the standalone financial statements (Continued)

In respect of tranche 3 of USD 40 million, as per the agreement with a financial institution, the Corporation has handed over the dollars to the Bank of India, Cayman Island and under a back-to-back arrangement obtained rupee funds in India. All payments in foreign currency are the responsibility of the financial institution. In terms of the agreements, the Corporation's foreign exchange liability is protected.

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

- 4.5 The Corporation had availed an External Commercial Borrowing (ECB) of **USD 300 million** for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India ("RBI") guidelines dated December 17, 2012. The borrowing has a maturity of five years. In terms of the RBI guidelines, these borrowings had been swapped into rupees for the entire maturity by way of principal only swaps. The unamortised charges for raising of the ECB have been written off in the current year.

During the financial year, the Corporation has refinanced the said ECB of **USD 300 million** for the balance tenure for a lower interest rate, thereby resulting in a reduction in the interest cost. The said refinanced ECB is swapped into rupees for the entire balance maturity by way of principal only swaps. The charges towards refinance of the ECB has been amortised over the tenure of the ECB.

During the financial year, the Corporation has availed an ECB of **USD 500 million** for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India ("RBI") guidelines dated December 17, 2012. The borrowing has a maturity of five years. In terms of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps. The charges for raising of the aforesaid ECB has been amortised over the tenure of the ECB.

- 4.6 As on March 31, 2016, the Corporation has foreign currency borrowings of **USD 1,447.36 million equivalent** (Previous Year USD 1013.01 million equivalent). The Corporation has undertaken currency swaps, options and forward contracts on a notional amount of **USD 1,295.81 million equivalent** (Previous Year USD 495.81 million equivalent) to hedge the foreign currency risk. As on March 31, 2016, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD Nil** (Previous Year USD Nil).

Further, interest rate swaps on a notional amount of **USD 70 million equivalent** (Previous Year USD 330 million equivalent) are outstanding, which have been undertaken to hedge the interest rate risk on the foreign currency borrowings.

As a part of asset liability management on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of **₹ 19,935 crore** (Previous Year ₹ 15,240 crore) as on March 31, 2016 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, the Corporation has entered into currency swaps of a notional amount of **USD 243.11 million equivalent** (Previous Year USD 408.69 million equivalent) through which it has converted its rupee liabilities into foreign currency liabilities and the interest rate is linked to the benchmarks of respective currencies.

- 4.7 Monetary assets and liabilities (including those in respect of currency swap contracts) denominated in foreign currencies are revalued at the rate of exchange prevailing at the year end.

Notes forming part of the standalone financial statements (Continued)

For forward contracts or instruments that are in substance, forward exchange contracts, the exchange differences on such contracts are being amortised over the life of contracts. The amount of exchange difference in respect of such contracts to be recognised as expense in the Statement of Profit and Loss over subsequent accounting periods is ₹ **84.98 crore** (Previous Year ₹ Nil).

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

4.9 As at March 31, 2016, the Corporation's outstanding subordinated debt is ₹ **5,975 crore** (Previous Year ₹ 6,475 crore). These debentures are subordinated to present and future senior indebtedness of the Corporation and qualify as Tier II capital under National Housing Bank (NHB) guidelines for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2016, **85.36%** (Previous Year 84.86%) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.

4.10 Terms of redemption of bonds and debentures and for repayment terms of term loans:

A) BONDS & DEBENTURES

Previous Year figures are in (brackets)

₹ in Crore

Bonds & Debentures - Secured					
Maturities -		1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest					
7.6% - 8%		500.00 (800.00)	- -	- -	500.00 (800.00)
8.01% - 10%		25,515.70 (24,206.00)	13,536.00 (8,174.70)	8,895.00 (10,795.00)	47,946.70 (43,175.70)
10.01% - 11.95%		5,320.00 (2,205.00)	- (4,200.00)	- -	5,320.00 (6,405.00)
Zero Coupon		1,960.00 (2,990.00)	2,000.00 (800.00)	- -	3,960.00 (3,790.00)
Variable Rate - Linked to G Sec		13.15 (12.30)	14.95 (14.10)	12.40 (20.10)	40.50 (46.50)
TOTAL SECURED	A	33,308.85	15,550.95	8,907.40	57,767.20
	A	(30,213.30)	(13,188.80)	(10,815.10)	(54,217.20)
Bonds & Debentures - Unsecured					
Maturities -		1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest					
8.65% - 9.6%		- (475.00)	1,500.00 (500.00)	4,000.00 (5,000.00)	5,500.00 (5,975.00)
TOTAL UNSECURED	B	-	1,500.00	4,000.00	5,500.00
	B	(475.00)	(500.00)	(5,000.00)	(5,975.00)
TOTAL (SECURED & UNSECURED)	A+B	33,308.85	17,050.95	12,907.40	63,267.20
	A+B	(30,688.30)	(13,688.80)	(15,815.10)	(60,192.20)

Notes forming part of the standalone financial statements (Continued)

B) TERM LOANS FROM BANKS

Previous Year figures are in (brackets)

₹ in Crore

Term Loans from Banks - Secured				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
Term Loans from Scheduled Banks - Rupee				
8.5% - 9%	32.00	-	300.00	332.00
	-	-	-	-
9.01% - 10.15%	2,900.00	100.00	1,000.00	4,000.00
	(3,400.00)	(100.00)	(1,000.00)	(4,500.00)
Term Loans from Scheduled Banks - Foreign Currency				
USD LIBOR +150- 200 bps	399.81	-	-	399.81
	(399.81)	-	-	(399.81)
TOTAL SECURED	A	3,331.81	100.00	1,300.00
	A	(3,799.81)	(100.00)	(1,000.00)
				4,731.81
				(4,899.81)
Term Loans from Banks - Unsecured				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
Term Loans from Scheduled Banks - Rupee				
9.25% - 9.85%	285.00	-	-	285.00
	(285.00)	-	-	(285.00)
Term Loans from Scheduled Banks - Foreign Currency				
USD LIBOR + 200 - 325 bps	398.88	-	-	398.88
	(1,193.20)	-	-	(1,193.20)
TOTAL UNSECURED	B	683.88	-	-
	B	(1,478.20)	-	-
				683.88
				(1,478.20)
TOTAL (SECURED & UNSECURED)	A + B	4,015.69	100.00	1,300.00
	A + B	(5,278.01)	(100.00)	(1,000.00)
				5,415.69
				(6,378.01)

C) EXTERNAL COMMERCIAL BORROWING - LOW COST AFFORDABLE HOUSING - UNSECURED

Previous Year figures are in (brackets)

₹ in Crore

Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
USD LIBOR + 107 - 175 bps				
	1,994.40	-	-	1,994.40
	-	(1,884.00)	-	(1,884.00)
USD LIBOR + 120 bps				
	-	3,324.00	-	3,324.00
	-	-	-	-
TOTAL UNSECURED	1,994.40	3,324.00	-	5,318.40
	-	(1,884.00)	-	(1,884.00)



Notes forming part of the standalone financial statements (Continued)

D) TERM LOANS FROM OTHER PARTIES

Previous Year figures are in (brackets)

₹ in Crore

Term Loans from Other parties - Secured				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
Asian Development Bank				
USD LIBOR + 40 bps	17.53 (15.57)	19.82 (17.61)	16.55 (25.28)	53.90 (58.46)
Variable linked to Bank PLR	26.37 (24.80)	29.82 (28.04)	24.89 (40.26)	81.08 (93.10)
Variable linked to G Sec	22.81 (21.45)	25.79 (24.25)	21.53 (34.83)	70.13 (80.53)
National Housing Bank				
6% - 8%	180.43 (225.80)	77.73 (112.81)	108.05 (127.45)	366.21 (466.06)
8.01% - 9.95%	1,334.32 (422.87)	91.22 (153.32)	- (22.81)	1,425.54 (599.00)
TOTAL SECURED	A A	1,581.45 (710.49)	244.38 (336.03)	171.03 (250.63)
1,996.86				1,297.15
Term Loans from Other parties - Unsecured				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
Kreditanstalt für Wiederaufbau				
6%	- (3.00)	- -	- -	- (3.00)
TOTAL UNSECURED	B B	- (3.00)	- -	- (3.00)
TOTAL (SECURED & UNSECURED)	A + B A + B	1,581.45 (713.49)	244.38 (336.03)	171.03 (250.63)
1,996.86				1,300.15

5. OTHER LONG-TERM LIABILITIES

₹ in Crore

Particulars	March 31, 2016	March 31, 2015
Amounts payable on swaps [Refer Note 4.7]	-	397.09
Interest accrued but not due on borrowings	974.58	772.20
Premium payable on redemption of Debentures	557.38	1,160.26
Security and other deposits received	6.63	9.50
Income received in advance	66.47	81.78
Accrued Redemption Loss on Investments	8.33	15.98
TOTAL	1,613.39	2,436.81

Notes forming part of the standalone financial statements (Continued)

6. LONG-TERM PROVISIONS

₹ in Crore

Particulars	March 31, 2016	March 31, 2015
Provision for Employee Benefits [Refer Note 27.3]	49.87	49.44
Provision for Contingencies [Refer Notes 6.1 & 6.2]	2,077.47	1,501.44
Total	2,127.34	1,550.88

- 6.1 Provision for Contingencies includes provisions for standard assets and all other contingencies. As per National Housing Bank Circular No. NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012 and NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013, in addition to provision for non-performing assets, all housing finance companies are required to carry a general provision. (i) at the rate of 1% of Standard Assets in respect of Commercial Real Estate ("CRE") other than Residential Housing, (ii) at the rate of 0.75% Commercial Real Estate - Residential Housing and (iii) at the rate of 0.40% of the total outstanding amount of loans which are Standard Assets other than (i) & (ii) above. Loans to Individuals for 3rd dwelling units onwards are treated as CRE exposure.

Accordingly, the Corporation is required to carry a minimum provision of ₹ **1,341.03 crore** (Previous Year ₹ 1,170.92 crore) towards standard assets. [Refer Note 30.1]

- 6.2 Movement in Provision for Contingencies Account during the year is as under: [Refer Note 32.1]

₹ in Crore

Particulars	Current Year	Previous Year
Opening Balance	1,501.44	1,309.04
Additions during the year (Net) [Refer Note 30.2]	629.58	202.44
Utilised during the year - towards Diminution in Value of Investments [Refer Note 30.3]	(17.02)	(10.04)
Utilised during the year - towards loans written off	(36.53)	-
Closing Balance	2,077.47	1,501.44

7. SHORT-TERM BORROWINGS

₹ in Crore

Particulars	March 31, 2016	March 31, 2015
Loans repayable on demand:		
From Banks - Unsecured	-	116.46
Deposits - Unsecured [Refer Notes 7.2 & 4.8]	3,786.19	2,822.05
Other loans and advances:		
Scheduled Banks - Secured [Refer Note 7.1]	10,800.00	4,660.00
Scheduled Banks - Unsecured	1,190.00	-
Commercial Papers - Unsecured [Refer Note 7.3]	25,726.49	25,659.20
	37,716.49	30,319.20
Total	41,502.68	33,257.71

- 7.1 All secured short-term borrowing are secured by negative lien on the assets of the Corporation and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under Section 29B of the National Housing Bank Act, 1987.
- 7.2 Deposits includes ₹ **0.50 crore** (Previous Year ₹ 16.84 crore) from related parties [Refer Note 35].

Notes forming part of the standalone financial statements (Continued)

- 7.3 Commercial papers of the Corporation have a maturity value of ₹ **26,650.00 crore** (Previous Year ₹ 26,665.00 crore).

8. TRADE PAYABLES

₹ in Crore

Particulars	March 31, 2016	March 31, 2015
Trade Payables	122.92	87.80
Total	122.92	87.80

- 8.1 Trade Payables include ₹ **0.15 crore** (Previous Year ₹ 0.07 crore) payable to “Suppliers” registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid/payable by the Corporation during the year to the “Suppliers” covered under the Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to inquiries made by the Corporation for this purpose.
- 8.2 As required under Section 125 of the Companies Act 2013, the Corporation has transferred ₹ **2.22 crore** (Previous Year ₹ 2.18 crore) to the Investor Education and Protection Fund (IEPF) during the year. As of March 31, 2016, no amount was due for transfer to the IEPF.
- 8.3 Trade Payables includes ₹ **25.19 crore** (Previous Year ₹ 23.08 crore) due to related parties [Refer Note 35].

9. OTHER CURRENT LIABILITIES

₹ in Crore

Particulars	March 31, 2016	March 31, 2015
Current maturities of long-term borrowings	86,952.03	77,738.98
Interest accrued but not due on borrowings	5,553.58	5,409.65
Premium payable on redemption of Debentures	1,349.77	136.54
Interest accrued and due on matured deposits	74.35	78.70
Income and other amounts received in advance	339.77	271.60
Unclaimed dividend	19.48	16.94
Interim Dividend Payable	473.95	3.53
Unclaimed matured deposits	554.09	617.92
Other payables		
- Statutory Remittances	148.59	147.37
- Financial Assistance received from Kreditanstalt für Wiederaufbau	7.78	7.78
- Amounts payable - Securitised Loans	580.87	567.73
- Amounts payable on swaps [Refer Note 4.7]	211.79	172.57
- Accrued redemption loss on Investments	6.77	-
- Others	68.89	37.27
	9,389.68	7,467.60
Total	96,341.71	85,206.58

Notes forming part of the standalone financial statements (Continued)

9.1 Current maturities of Long-term borrowings are further sub-classified as under:

₹ in Crore

Sr. No.	Particulars	March 31, 2016	March 31, 2015
	Secured [Refer Notes 9.2 & 9.3]		
(i)	Bonds and Debentures		
	- Bonds	6.00	5.75
	- Non-Convertible Debentures	31,370.00	29,959.60
(ii)	Term Loans from Banks		
	- Scheduled Banks	15,524.59	9,230.40
(iii)	Term Loans from other parties		
	- Asian Development Bank	30.40	28.18
	- National Housing Bank	750.25	391.61
	Total Secured	47,681.24	39,615.54
	Unsecured		
(i)	Bonds and Debentures [Refer Note 4.9]	475.00	500.00
(ii)	Term Loans from Banks		
	- Scheduled Banks	1,649.13	2,191.00
(iii)	Term Loans from other parties		
	- Under a line from Kreditanstalt für Wiederaufbau	3.00	14.44
(iv)	Deposits [Refer Notes 4.8 & 9.3]	37,143.66	35,418.00
	Total Unsecured	39,270.79	38,123.44
	Total	86,952.03	77,738.98

9.2 Secured current maturities of long-term borrowings are secured by negative lien on the assets of the Corporation and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under Section 29B of the National Housing Bank Act, 1987.

9.3 Current maturities of Non-Convertible Debentures includes ₹ **141.00 crore** (Previous Year ₹ 116.00 crore) and Deposits includes ₹ **2.48 crore** (Previous Year ₹ 0.98 crore) from related parties [Refer Note 35].

10. SHORT-TERM PROVISIONS

₹ in Crore

Particulars	March 31, 2016	March 31, 2015
Provision for Employee benefits [Refer Note 27.3]	113.09	110.52
Provision for Tax (Net of Advance Tax)	61.94	64.53
Proposed Dividend	2,211.78	2,047.11
Additional Tax on Dividend	450.27	416.74
Total	2,837.08	2,638.90

Notes forming part of the standalone financial statements (Continued)

11. TANGIBLE ASSETS:

Previous Year figures are in (brackets)
₹ in Crore

	GROSS BLOCK				DEPRECIATION AND AMORTISATION					NET BLOCK		
	As at March 31, 2015	Additions	Adjustment	Deductions	As at March 31, 2016	As at March 31, 2015	For the Year	Adjustment	Deductions	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Land:												
Freehold	15.70	-	-	0.03	15.67	-	-	-	-	-	15.67	15.70
	(15.70)	-	-	-	(15.70)	-	-	-	-	-	(15.70)	(15.70)
Leasehold	370.25	-	-	-	370.25	2.94	8.88	-	-	11.82	358.43	367.31
	(3.45)	(366.80)	-	-	(370.25)	(0.65)	(2.29)	-	-	(2.94)	(367.31)	(2.80)
Buildings:												
Own Use	228.16	9.90	2.51	0.47	240.10	39.35	4.34	0.41	0.13	43.97	196.13	188.81
	(205.78)	(59.40)	-	(37.02)	(228.16)	(44.41)	(3.08)	-	(8.14)	(39.35)	(188.81)	(161.37)
Leasehold Improvements	55.96	4.62	-	0.42	60.16	27.76	12.91	-	0.41	40.26	19.90	28.20
	(55.07)	(2.17)	-	(1.28)	(55.96)	(16.22)	(12.81)	-	(1.27)	(27.76)	(28.20)	(38.85)
Computer Hardware	77.89	6.90	-	5.93	78.86	58.63	8.48	-	5.93	61.18	17.68	19.26
	(66.91)	(12.99)	-	(2.01)	(77.89)	(56.43)	(4.21)	-	(2.01)	(58.63)	(19.26)	(10.48)
Furniture and Fittings:												
Own Use	59.27	4.63	-	0.67	63.23	37.25	3.96	-	0.60	40.61	22.62	22.02
	(61.11)	(2.49)	-	(4.33)	(59.27)	(42.81)	1.39	-	(4.17)	(37.25)	(22.02)	(18.30)
Under Operating Lease	-	-	-	-	-	-	-	-	-	-	-	-
	(0.71)	-	-	(0.71)	-	(0.63)	(0.06)	-	(0.69)	-	-	(0.08)
Office Equipment etc.:												
Own Use	56.68	3.78	-	1.51	58.95	32.81	4.96	-	1.35	36.42	22.53	23.87
	(57.11)	(3.22)	-	(3.65)	(56.68)	(33.57)	(2.54)	-	(3.30)	(32.81)	(23.87)	(23.54)
Under Operating Lease	-	-	-	-	-	-	-	-	-	-	-	-
	(0.79)	-	-	(0.79)	-	(0.67)	(0.12)	-	(0.79)	-	-	(0.12)
Vehicles	13.18	3.37	-	2.54	14.01	6.51	2.60	-	2.34	6.77	7.24	6.67
	(11.73)	(2.88)	-	(1.43)	(13.18)	(7.21)	(0.66)	-	(1.36)	(6.51)	(6.67)	(4.52)
Leased Assets:												
Plant & Machinery*	129.18	-	-	-	129.18	129.18	-	-	-	129.18	-	-
	(129.18)	-	-	-	(129.18)	(129.18)	-	-	-	(129.18)	-	-
Vehicles*	16.37	-	-	-	16.37	16.37	-	-	-	16.37	-	-
	(16.37)	-	-	-	(16.37)	(16.37)	-	-	-	(16.37)	-	-
Total	1,022.64	33.20	2.51	11.57	1,046.78	350.80	46.13	0.41	10.76	386.58	660.20	671.84
Previous Year	(623.91)	(449.95)	-	(51.22)	(1,022.64)	(348.15)	(24.38)	-	(21.73)	(350.80)	(671.84)	(275.76)

*Assets held for disposal

11.1 Depreciation charge for the financial year above, excludes ₹ 5.28 crore (Previous Year ₹ 3.98 crore) being depreciation charge on Investment in Properties.

12. INTANGIBLE ASSETS

Previous Year figures are in (brackets)
₹ in Crore

	GROSS BLOCK				DEPRECIATION AND AMORTISATION					NET BLOCK		
	As at March 31, 2015	Additions	Adjustment	Deductions	As at March 31, 2016	As at March 31, 2015	For the Year	Adjustment	Deductions	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Computer Software Licences (Acquired)	15.84	2.08	-	-	17.92	10.72	2.87	-	-	13.59	4.33	5.12
	(14.02)	(1.82)	-	-	(15.84)	(9.30)	(1.42)	-	-	(10.72)	(5.12)	(4.72)
Total	15.84	2.08	-	-	17.92	10.72	2.87	-	-	13.59	4.33	5.12
Previous Year	(14.02)	(1.82)	-	-	(15.84)	(9.30)	(1.42)	-	-	(10.72)	(5.12)	(4.72)

Notes forming part of the standalone financial statements (Continued)

13. NON-CURRENT INVESTMENTS (AT COST)

	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
Trade Investments :		
Equity Shares - Subsidiaries and Associate Companies	8,080.01	8,250.18
Preference Shares - Convertible - Subsidiary Company	67.00	67.00
Debentures - Redeemable - Subsidiary Company	-	79.00
Debentures - Convertible - Subsidiary Company	310.18	-
Venture Funds	121.26	223.49
Non Trade Investments :		
Equity Shares	633.12	552.70
Preference Shares - Convertible	0.50	0.50
Preference Shares - Cumulative Redeemable	5.99	5.99
Debentures and Bonds - Redeemable - for Financing Real Estate Projects	63.33	63.33
Debentures and Bonds - Convertible - Others *	0.00	-
Debentures and Bonds - Redeemable - Others	25.00	-
Pass Through Certificates and Security Receipts - for Financing Real Estate Projects	35.51	37.10
Security Receipts - Others	11.73	8.11
Government Securities	5,087.40	4,087.64
Mutual Funds	-	10.00
Venture Funds	103.22	110.08
Properties [Net of Depreciation of ₹ 19.97 crore (Previous Year ₹ 15.11 crore)]	377.42	270.93
	14,921.67	13,766.05
Less : Provision for other than temporary Diminution in Value of Investments	83.83	74.35
	14,837.84	13,691.70
* Amount less than ₹ 50,000		
	Book Value ₹ in Crore	Market Value ₹ in Crore
Aggregate of Quoted Investments	5,817.40	47,397.58
<i>Previous Year</i>	5,806.92	45,661.78
Aggregate of Investments listed but not quoted	5,150.73	
<i>Previous Year</i>	4,150.97	
Aggregate of Investments in Unquoted Mutual Funds (Refer note 2 below)	-	-
<i>Previous Year</i>	10.00	10.20
Aggregate of Unquoted Investments (Others)	3,492.29	
<i>Previous Year</i>	3,452.88	
Properties	377.42	
<i>Previous Year</i>	270.93	
	14,837.84	13,691.70
<i>Previous Year</i>	13,691.70	



Notes forming part of the standalone financial statements (Continued)

Trade Investments :

	Number of Shares	Face Value per Share ₹	As at March 31, 2016 ₹ in Crore	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore
Equity Shares - Subsidiaries and Associate Companies (fully paid)						
Subsidiaries						
Credila Financial Services Pvt. Ltd.	4,22,72,003	10	47.97	4,22,72,003	10	47.97
GRUH Finance Ltd. * (Refer Note 1)	21,30,77,850	2	60.74	21,30,77,850	2	60.74
HDFC Asset Management Co. Ltd.	1,50,96,600	10	235.89	1,50,96,600	10	235.88
HDFC Developers Ltd.	59,90,000	10	5.99	30,50,000	10	3.05
HDFC Education and Development Services Pvt. Ltd.	3,02,00,000	10	30.20	1,51,00,000	10	15.10
HDFC ERGO General Insurance Co. Ltd.	39,66,08,250	10	644.96	39,66,08,250	10	644.96
HDFC Holdings Ltd.	18,00,070	10	102.40	18,00,070	10	102.40
HDFC Investments Ltd.	2,66,70,500	10	66.15	2,66,70,500	10	66.15
HDFC Property Ventures Ltd.	10,00,000	10	1.00	10,00,000	10	1.00
HDFC Capital Advisors Ltd.	19,97,660	10	2.00	-	-	-
HDFC Realty Ltd.	97,50,070	10	9.31	77,50,070	10	7.31
HDFC Sales Pvt. Ltd.	40,10,000	10	4.02	40,10,000	10	4.02
HDFC Standard Life Insurance Co. Ltd.	122,97,60,125	10	1,316.56	140,92,99,334	10	1,508.78
HDFC Trustee Co. Ltd.	1,00,000	10	0.10	1,00,000	10	0.10
HDFC Venture Capital Ltd.	4,02,500	10	0.40	4,02,500	10	0.40
HDFC Ventures Trustee Co. Ltd.	50,000	10	0.05	50,000	10	0.05
			2,527.74			2,697.91
Associate Companies						
HDFC Bank Ltd. *	39,32,11,100	2	5,549.74	39,32,11,100	2	5,549.74
India Value Fund Advisors Pvt. Ltd.	9,75,002	4	0.03	9,75,002	4	0.03
RuralShores Business Services Pvt. Ltd.	4,76,351	10	2.50	4,76,351	10	2.50
			5,552.27			5,552.27
			8,080.01			8,250.18
* listed shares						
Preference Shares - Convertible						
- Subsidiary Company (fully paid)						
0.01% Credila Financial Services Pvt. Ltd. (Compulsorily Fully Convertible)	6,69,99,956	10	67.00	6,69,99,956	10	67.00
			67.00			67.00
Debentures - Redeemable						
- Subsidiary Company (fully paid)						
	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2016 ₹ in Crore	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2015 ₹ in Crore
12.75% Credila Financial Services Pvt. Ltd.	-	-	-	100	10,00,000	10.00
12.75% Credila Financial Services Pvt. Ltd.	-	-	-	100	10,00,000	10.00
12.75% Credila Financial Services Pvt. Ltd.	-	-	-	100	10,00,000	10.00
12.75% Credila Financial Services Pvt. Ltd.	-	-	-	100	10,00,000	10.00
12.75% Credila Financial Services Pvt. Ltd.	-	-	-	100	10,00,000	10.00
12.75% Credila Financial Services Pvt. Ltd.	-	-	-	90	10,00,000	9.00
12.75% Credila Financial Services Pvt. Ltd.	-	-	-	100	10,00,000	10.00
12.75% Credila Financial Services Pvt. Ltd.	-	-	-	50	10,00,000	5.00
12.75% Credila Financial Services Pvt. Ltd.	-	-	-	50	10,00,000	5.00
						79.00

Notes forming part of the standalone financial statements (Continued)

	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2016 ₹ in Crore	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2015 ₹ in Crore
Debentures - Convertible						
- Subsidiary Companies						
Debentures - Convertible - Subsidiary Companies - for Financing Real Estate Projects						
- Redeemable (fully paid)*						
6.40% Haddock Properties Pvt. Ltd.	6,981	100,000	56.39	-	-	-
9.00% Pentagram Properties Pvt. Ltd.	5,532	100,000	54.47	-	-	-
6.50% Winchester Properties Pvt. Ltd.	3,912	100,000	39.12	-	-	-
7.70% Windermere Properties Pvt. Ltd.	11,520	100,000	115.20	-	-	-
			<u>265.18</u>	-	-	-
* received in specie distribution						
Debentures - Convertible - Subsidiary Companies - Others						
- Redeemable (fully paid)						
0.00% HDFC Sales Pvt. Ltd.	1,00,00,000	10	10.00	-	-	-
0.00% HDFC Developers Ltd.	1,00,00,000	10	10.00	-	-	-
0.00% HDFC Education and Development Services Pvt. Ltd.	2,50,00,000	10	25.00	-	-	-
			<u>45.00</u>	-	-	-
			<u>310.18</u>	-	-	-
Venture Funds						
HDFC Investment Trust			-			172.35
HDFC Investment Trust II			121.26			51.14
			<u>121.26</u>			<u>223.49</u>

Non - Trade Investments:

	Number of Shares	Face Value per Share ₹	As at March 31, 2016 ₹ in Crore	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore
Equity Shares (fully paid)						
Unlisted :						
AEC Cements and Constructions Ltd.	2,80,000	10	0.28	2,80,000	10	0.28
Asset Reconstruction Co. (India) Ltd.	75,41,137	10	46.37	75,41,137	10	46.37
Computer Age Management Services Pvt. Ltd.	54,06,680	10	1.51	54,06,680	10	1.51
Citrus Processing India Pvt Ltd. (Refer Note 1)	11,51,234	10	34.09	11,51,234	10	34.09
CL Educate Ltd.	5,94,233	10	35.08	5,94,233	10	35.08
Feedback Infra Pvt. Ltd. (Erstwhile Feedback Ventures Pvt. Ltd.)	7,53,114	10	24.93	18,10,515	10	8.97
GVFL Ltd.	1,50,000	10	0.27	1,50,000	10	0.27
Goods & Services Tax Network	10,00,000	10	1.00	10,00,000	10	1.00
IDFC Infra Debt Fund Ltd. (Refer Note 1)	6,00,00,000	10	60.00	-	-	-
Idhasoft Ltd.	4,71,06,525	1	8.21	4,71,06,525	1	8.21
INCAB Industries Ltd.	76,188	10	0.23	76,188	10	0.23
Infrastructure Development Corporation (Karnataka) Ltd.	1,50,000	10	0.15	1,50,000	10	0.15



Notes forming part of the standalone financial statements (Continued)

	Number of Shares	Face Value per Share ₹	As at March 31, 2016 ₹ in Crore	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore
Infrastructure Leasing & Financial Services Ltd.	1,15,87,194	10	78.11	1,15,87,194	10	78.11
Iridium India Telecom Ltd*	31,75,750	10	0.00	-	-	-
IVF Advisors Pvt. Ltd.	2,000	10	0.01	2,000	10	0.01
Kesoram Textile Mills Ltd. (received on demerger in 1999-2000)	22,258	2	-	22,258	2	-
Mahindra First Choice Wheels Ltd.	-	-	-	31,82,000	10	4.84
MIEL e-Security Pvt. Ltd.	1,11,112	10	4.11	1,11,112	10	4.11
National Stock Exchange of India Ltd.	73,750	10	21.45	73,750	10	21.45
Next Gen Publishing Ltd.	19,35,911	10	1.70	19,35,911	10	1.70
Novacel Life Sciences Ltd.	7,50,000	10	0.75	7,50,000	10	0.75
OCM India Ltd.	22,56,295	10	3.41	22,56,295	10	3.41
Tamil Nadu Urban Infrastructure Financial Services Ltd.	1,50,000	10	0.15	1,50,000	10	0.15
Tamil Nadu Urban Infrastructure Trustee Co. Ltd.	15,000	10	0.02	15,000	10	0.02
The Greater Bombay Co-operative Bank Ltd.*	40	25	0.00	40	25	0.00
RBL Bank Ltd.	88,04,680	10	58.99	88,04,680	10	58.99
TVS Credit Services Ltd.	50,00,000	10	10.00	50,00,000	10	10.00
VBHC Value Homes Private Limited (Refer Note 1)	1,89,394	10	6.08	1,89,394	10	6.08
Vayana Enterprises Pvt. Ltd.	6,87,614	10	2.29	10,44,776	10	3.47
			399.19			329.25
Listed :						
Andhra Cements Ltd.	2,59,57,055	10	49.82	2,59,57,055	10	49.82
Bharat Bijlee Ltd.	1,22,480	10	2.65	1,22,480	10	2.65
Coromandel International Ltd. (received under Scheme of Arrangement in 2003-04)	2,69,330	2	-	2,69,330	2	-
DCB Bank Ltd. (Erstwhile Development Credit Bank Ltd.)	-	-	-	40,47,926	10	16.89
Hindustan Oil Exploration Co. Ltd.	1,48,26,303	10	105.50	1,48,26,303	10	105.50
Indraprastha Medical Corporation Ltd.	61,46,897	10	26.39	90,00,000	10	38.65
Infosys Ltd.	85,000	5	9.32	-	-	-
IDFC Ltd.	3,72,159	10	0.22	27,94,319	10	2.79
IDFC Bank Ltd	19,94,319	10	0.79	-	-	-
Kotak Mahindra Bank Ltd	1,66,201	5	10.58	-	-	-
Siemens Ltd.	76,353	2	2.70	2,02,707	2	7.15
State Bank of India	3,25,000	10	7.82	-	-	-
Sun Pharmaceuticals Industries Ltd	1,60,768	1	13.96	-	-	-
Tata Power Company Ltd	7,00,000	1	4.18	-	-	-
			233.93			223.45
			633.12			552.70

* Amount less than ₹ 50,000

Notes forming part of the standalone financial statements (Continued)

	Number of Shares	Face Value per Share ₹	As at March 31, 2016 ₹ in Crore	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore
Preference Shares - Convertible (fully paid)						
0.02% Ziqitza Healthcare Ltd. (Compulsorily Fully Convertible Preference Shares)	2,350	10	0.50	2,350	10	0.50
			<u>0.50</u>			<u>0.50</u>
Preference Shares - Cumulative Redeemable (fully paid)						
0.001% BPL Ltd.	5,99,014	100	5.99	5,99,014	100	5.99
			<u>5.99</u>			<u>5.99</u>
	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2016 ₹ in Crore	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2015 ₹ in Crore
Debentures and Bonds - Redeemable						
- for financing Real Estate Projects (fully paid)						
- Zero Coupon Bonds						
- Listed Unquoted						
NHB Sumeru Zero Coupon Bonds (Refer Note 3 below) (yield to maturity - 9%)	1,50,000	10,000	63.33	1,50,000	10,000	63.33
			<u>63.33</u>			<u>63.33</u>
Debentures and Bonds - Convertible - Others (fully paid)						
17.50% Iridium India Telecom Ltd*	28,750	1,000	0.00	-	-	-
* Amount less than ₹ 50,000			<u>0.00</u>			<u>-</u>
Debentures and Bonds - Redeemable - Others (fully paid)						
- Unlisted						
10.25% RBL Bank Ltd	250	10,00,000	25.00	-	-	-
			<u>25.00</u>			<u>-</u>



Notes forming part of the standalone financial statements (Continued)

	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
Pass Through Certificates & Security Receipts		
- for financing Real Estate Projects		
Pass Through Certificates	15.54	17.13
Security Receipts	19.97	19.97
	<u>35.51</u>	<u>37.10</u>
- Others		
Security Receipts	11.73	8.11
	<u>11.73</u>	<u>8.11</u>
Government Securities		
Government of India Loans	5,087.40	4,087.64
	<u>5,087.40</u>	<u>4,087.64</u>
Schemes of Mutual Funds		
HDFC Mutual Fund	-	10.00
	<u>-</u>	<u>10.00</u>
Venture Funds		
Faering Capital India Evolving Fund	37.16	27.11
HDFC Capital Affordable Real Estate Fund - I	0.59	-
India Value Fund	48.75	47.24
India Venture Trust	-	5.00
Kaizen Domestic Scheme 1	8.92	7.29
Tata Capital Growth Fund	7.80	6.72
Tamil Nadu Urban Development Fund	-	16.72
	<u>103.22</u>	<u>110.08</u>

Notes :

- 1) Unquoted investments include ₹ **100.17 crore** (Previous Year ₹ 40.17 crore) in respect of equity shares, which are subject to restrictive covenant. Quoted investments include ₹ **60.74 crore** (Previous Year ₹ 60.74 crore) in respect of equity shares, which are subject to restrictive covenant.
- 2) Market value of Investments in Unquoted Mutual Funds represents the repurchase price of the units issued by the Mutual Funds.
- 3) NHB Sumeru Zero Coupon Bonds are held as Capital Assets under Section 2(48) of the Income-tax Act, 1961.

14. DEFERRED TAX ASSET / LIABILITY

In compliance with the Accounting Standard (AS) 22 relating to 'Accounting for Taxes on Income', the Corporation has taken debit of ₹ **142.00 crore** (Previous Year ₹ 271.00 crore) in the Statement of Profit and Loss for the year ended March 31, 2016 towards deferred tax liability (net) for the year, arising on account of timing differences, ₹ **559.54 crore** (Previous Year ₹ 559.54 crore) has been adjusted against the General Reserve (as per Note 3.2).

Notes forming part of the standalone financial statements (Continued)

The major components of deferred tax assets and liabilities are :

₹ in Crore

Particulars	Current Year		Previous Year	
	Assets	Liabilities	Assets	Liabilities
a) Depreciation	-	58.92	-	61.92
b) Special Reserve I & II	-	1,862.81	-	924.31
c) Provision for Contingencies	959.04	-	726.81	-
d) Provision for Employee Benefits	47.80	-	43.48	-
e) Accrued Redemption Loss (net)	5.23	-	5.53	-
f) Others (net)	7.45	-	9.74	-
Total	1,019.52	1,921.73	785.56	986.23
Net Deferred Tax Liability	902.21		200.67	

15. LONG-TERM LOANS AND ADVANCES

₹ in Crore

Particulars		As at March 31, 2016	As at March 31, 2015
Loans: [Refer Notes 15.3, 15.4 & 15.5]			
- Individuals		1,69,017.37	1,46,668.23
- Corporate Bodies		61,071.84	52,768.61
- Others		3,347.49	2,724.33
		2,33,436.70	2,02,161.17
Less: Provision for Sub-Standard and Doubtful loans [Refer Notes 15.6 & 30.1] (including additional provision made by the Corporation in the previous year)		(566.16)	(480.74)
		2,32,870.54	2,01,680.43
Others:			
Corporate Deposits - Unsecured; Considered doubtful	2.00		2.00
Corporate Deposits - Secured; Considered good	3.80		-
Capital Advances - Unsecured; Considered good	9.94		10.70
Advance against Investment in Properties	-		0.59
Security Deposits - Unsecured; Considered good	19.47		18.69
Instalments due from borrowers - Secured; Considered doubtful	108.84		99.39
Others - Unsecured; Considered doubtful	49.71		49.71
Other Long-term Loans and Advances:			
- Staff Loans Others - Secured; Considered good [Refer Note 15.1]	18.14		17.53
- Prepaid Expenses - Unsecured; Considered good	111.97		91.16
- Advance Tax (Net of Provision)	2,396.57		2,326.66
	2,720.44		2,616.43
Less : Provision for Doubtful Corporate Deposit & Other Receivables [Refer Note 32.1]	51.71		51.71
		2,668.73	2,564.72
		2,35,539.27	2,04,245.15

15.1 Loans include amounts due from the directors ₹ 0.06 crore (Previous Year ₹ 0.08 crore) [Refer Note 35].

Notes forming part of the standalone financial statements (Continued)

- 15.2 Investments in Debentures, Pass Through Certificates and Security Receipts amounting to ₹ **364.02 crore** (Previous Year ₹ 100.44 crore) are towards financing Real Estate Projects. The Debentures, Pass Through Certificates and Security Receipts are reflected as a part of Long Term Investment in Note 13.
- 15.3 Loans granted by the Corporation aggregating to ₹ **2,33,106.17 crore** (Previous Year ₹ 1,99,935.60 crore) are secured or partly secured by one or a combination of the following securities;
- Registered / equitable mortgage of property;
 - Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies;
 - Hypothecation of assets;
 - Bank guarantees, company guarantees or personal guarantees;
 - Negative lien;
 - Assignment of receivables;
 - Liquidity Support, Collateral's [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit]
- 15.4 Loans include ₹ **75.77 crore** (Previous Year ₹ 198.33 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
- 15.5 Long term loans and advances includes Sub-Standard and Doubtful Loans of ₹ **1,832.75 crore** (Previous Year ₹ 1,542.36 crore). [Refer Note 30.1]
- 15.6 Movement in Provision for Sub-Standard and Doubtful Loans is as under: [Refer Note 32.1]

Particulars	₹ in Crore	
	Current Year	Previous Year
Opening Balance	480.74	545.96
Additions/(Reversal) during the year (Net) [Refer Note 30.2]	85.42	(37.44)
Utilised during the year - towards Loans written off	-	(27.78)
Closing Balance	566.16	480.74

16. OTHER NON-CURRENT ASSETS

Particulars	₹ in Crore	
	As at March 31, 2016	As at March 31, 2015
Receivables on Securitised Loans	371.18	353.19
Forward Receivable	83.69	104.00
Amounts Receivable on swaps and other derivatives	87.22	-
Interest accrued but not due on Loans	80.34	373.24
Interest accrued but not due on Bank Deposits	0.72	26.16
Income accrued but not due on Investments	52.54	42.93
Bank Deposits with maturities beyond twelve months from the Balance Sheet date [Refer Note 16.1]	64.04	1,863.59
Total	739.73	2,763.11

- 16.1 Bank deposits, with maturities beyond twelve months from the balance sheet date, includes earmarked balances ₹ **53.90 crore** (Previous Year ₹ 58.46 crore) against foreign currency loans [Refer Note 4.4] and ₹ **0.14 crore** (Previous Year ₹ 0.13 crore) towards letter of credit issued by Bank.

Notes forming part of the standalone financial statements (Continued)

17. CURRENT INVESTMENTS

	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
Held as Current Investments		
(At lower of cost and fair value unless stated otherwise)		
Trade		
Equity Shares - Subsidiary Companies	108.67	108.67
Debentures - Convertible - Subsidiary Companies - for Financing Real Estate Projects - Redeemable [Refer Note 20.5]	-	265.18
Venture Funds	176.35	-
Non Trade		
Equity Shares - Unlisted	-	45.00
Debentures and Bonds - Redeemable	-	10.00
Current portion of Long-term Investments (at cost)		
Debentures and Bonds - Redeemable - for Financing Real Estate Projects [Refer Note 20.5]	-	100.00
Debentures and Bonds - Redeemable - Others	-	20.00
Pass Through Certificates and Security Receipts - for Financing Real Estate Projects	6.05	13.11
Government Securities	172.13	-
Mutual Funds	10.00	-
Venture Funds & Other Funds	41.19	44.77
	514.39	606.73
Less : Provision for Diminution in Value of Investments	6.80	4.09
	507.59	602.64
	Book Value ₹ in Crore	Market Value ₹ in Crore
Aggregate of Quoted Investments	-	-
<i>Previous Year</i>	-	-
Aggregate of Investments listed but not quoted	172.13	
<i>Previous Year</i>	110.00	
Aggregate of Investments in Unquoted Mutual Funds (Refer Note 2 below)	10.00	10.35
<i>Previous Year</i>	-	-
Aggregate of Unquoted Investments (Others)	325.46	
<i>Previous Year</i>	492.64	
	507.59	
<i>Previous Year</i>	602.64	

	Number of Shares	Face Value per Share ₹	As at March 31, 2016 ₹ in Crore	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore
Held as Current Investments						
Trade Investments :						
Equity Shares - Subsidiary Companies (fully paid) *						
Grandeur Properties Pvt. Ltd.	10,000	10	49.80	10,000	10	49.80
Windermere Properties Pvt. Ltd.	10,000	10	56.68	10,000	10	56.68
Winchester Properties Pvt. Ltd.	10,000	10	2.19	10,000	10	2.19
			108.67			108.67



Notes forming part of the standalone financial statements (Continued)

Debentures - Convertible - Subsidiary Companies - for Financing Real Estate Projects

- Redeemable (fully paid)*	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2016 ₹ in Crore	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2015 ₹ in Crore
6.40% Haddock Properties Pvt. Ltd.			-	6,981	1,00,000	56.39
9.00% Pentagram Properties Pvt. Ltd.			-	5,532	1,00,000	54.47
6.50% Winchester Properties Pvt. Ltd.			-	3,912	1,00,000	39.12
7.70% Windermere Properties Pvt. Ltd.			-	11,520	1,00,000	115.20
			-			265.18

* received in specie distribution

Venture Funds

HDFC Investment Trust		176.35	-
		176.35	-

Non - Trade Investments:

	Number of Shares	Face Value per Share ₹	As at March 31, 2016 ₹ in Crore	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore
Equity Shares - Unlisted						
Avantha Power & Infrastructure Ltd.			-	1,45,35,188	10	45.00
			-			45.00

Debentures and Bonds - Redeemable (fully paid)

- Listed Unquoted	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2016 ₹ in Crore	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2015 ₹ in Crore
11.25% DCB Bank Ltd. (Erstwhile Development Credit Bank Ltd.)			-	100	10,00,000	10.00
			-			10.00

Current portion of Long-term Investments

Debentures and Bonds - Redeemable

- for financing Real Estate Projects (fully paid)

- Zero Coupon Bonds

- Listed Unquoted

Trent Ltd. (yield to maturity - 10%)			-	1,000	10,00,000	100.00
			-			100.00

Debentures and Bonds - Redeemable - Others

(fully paid)

- Unlisted

3% Feedback Infra Private Ltd. (yield to maturity - 13%)			-	2,00,000	1,000	20.00
			-			20.00

Notes forming part of the standalone financial statements (Continued)

	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
Pass Through Certificates & Security Receipts		
- for financing Real Estate Projects		
Pass Through Certificates	-	1.59
Security Receipts	6.05	11.52
	<u>6.05</u>	<u>13.11</u>
Government Securities		
Government of India Loans	172.13	-
	<u>172.13</u>	<u>-</u>
Schemes of Mutual Funds		
HDFC Mutual Fund	10.00	-
	<u>10.00</u>	<u>-</u>
Venture Funds and Other Funds		
Gaja Capital India Fund - I	7.15	8.40
HDFC India Real Estate Fund (HI-REF)	9.24	27.38
Tamil Nadu Urban Development Fund	16.72	-
India Venture Trust - Fund 1	5.00	-
India Value Fund	3.08	8.99
	<u>41.19</u>	<u>44.77</u>

18. TRADE RECEIVABLES

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Trade Receivables - Unsecured; Considered Good, less than six months	144.66	46.18
Total	144.66	46.18

18.1 Trade Receivables includes amounts due from the related parties ₹ 139.20 crore (Previous Year ₹ 45.14 crore) [Refer Note 35].

19. CASH AND BANK BALANCES

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Cash and cash equivalents		
(i) Balances with banks:		
In Current Accounts	2,582.98	61.50
In Deposit accounts with original maturity of 3 months or less	-	2,600.00
(ii) Cash on hand	0.39	0.31
(iii) Cheques on hand	54.73	95.12
	<u>2,638.10</u>	<u>2,756.93</u>
(b) Other Bank balances		
(i) In other Deposit accounts		
- original Maturity more than 3 months	2,165.10	580.02
(ii) Earmarked balance with banks		
- Unclaimed Dividend Account	493.44	20.47
- Towards Guarantees Issued by Banks	0.06	0.13
- Other - Against Foreign Currency Loans [Refer Note 4.4]	7.99	7.10
	<u>2,666.59</u>	<u>607.71</u>
Total	5,304.69	3,364.65

Notes forming part of the standalone financial statements (Continued)

20. SHORT-TERM LOANS AND ADVANCES

₹ in Crore

Particulars		As at March 31, 2016	As at March 31, 2015
Loans: [Refer Note 20.1]			
Current maturities of long-term loans and advances		23,577.61	23,569.97
Corporate Bodies		2,210.09	2,449.72
		25,787.70	26,019.69
Others:			
Current maturities of Staff Loans - others - Secured; Considered good [Refer Note 20.6]		4.81	4.35
Corporate Deposits [Refer Notes 20.2, 20.3 & 20.5]		1,353.86	921.34
Instalments due from borrowers - Secured; Considered good		987.55	900.88
Other Advances - Unsecured; Considered good [Refer Note 20.4]		31.80	33.26
Prepaid Expenses - Unsecured; Considered good		139.55	99.22
Security Deposits - Unsecured; Considered good		8.47	7.23
Sub-Total		2,526.04	1,966.28
Total		28,313.74	27,985.97

- 20.1 Loans granted by the Corporation, aggregating ₹ **21,225.01 crore** (Previous Year ₹ 22,922.81 crore) are secured and considered good [Refer Note 15.3].
- 20.2 Out of the Corporate Deposits, amounts aggregating to ₹ **522.87 crore** (Previous Year ₹ 253.40 crore) are secured and considered good [Refer Note 15.3].
- 20.3 Corporate Deposits includes amounts due from the related parties ₹ **14.08 crore** (Previous Year ₹ 23.58 crore) [Refer Note 35].
- 20.4 Other Advances includes amounts due from the related parties ₹ **10.53 crore** (Previous Year ₹ 9.48 crore) [Refer Note 35].
- 20.5 Investments in Debentures and Corporate Deposits amounting to ₹ **905.59 crore** (Previous Year ₹ 604.77 crore) are towards financing Real Estate Projects. The Debentures are classified as investments in Note 17.
- 20.6 Current maturities of staff loans includes amounts due from the directors ₹ **0.01 crore** (Previous Year ₹ 0.05 crore) [Refer Note 35].

21. OTHER CURRENT ASSETS

₹ in Crore

Particulars		As at March 31, 2016	As at March 31, 2015
Receivables on Securitised Loans		68.27	53.30
Receivables on Sale of Investments		1,705.62	-
Interest accrued but not due on Loans		583.02	343.13
Interest accrued and due on Loans		0.01	0.22
Income accrued but not due on Investments		137.13	166.81
Interest accrued but not due on Corporate Deposits		205.64	11.12
Interest accrued and due on Corporate Deposits		1.10	0.72
Total		2,700.79	575.30

Notes forming part of the standalone financial statements (Continued)

21.1 Receivables on Sale of Investments represents amount receivable on sale of shares of HDFC Standard Life Insurance Company Limited. The same has been realised subsequent to the reporting date.

22. CONTINGENT LIABILITIES AND COMMITMENTS

The Company is involved in certain appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the course of conduct of the Company's businesses and is exposed to other contingencies arising from having issued guarantees to lenders and other entities. Some of these proceedings in respect of matters under litigation are in various stages, and in some other cases, the claims are indeterminate.

22.1 Given below are amounts in respect of claims asserted by revenue authorities and others;

- a) Contingent liability in respect of income-tax demands, net of amounts provided for and disputed by the Corporation, amounts to ₹ **1,290.84 crore** (Previous Year ₹ 1,103.51 crore). The said amount has been paid/adjusted and will be received as refund if the matters are decided in favour of the Corporation.
- b) Contingent liability in respect of disputed dues towards wealth tax, interest on lease tax, and payment towards employers' contribution to ESIC not provided for by the Corporation amounts to ₹ **0.15 crore** (Previous Year ₹ 0.15 crore).

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

22.2 Contingent liability in respect of guarantees and undertakings comprise of the following;

- a) Guarantees ₹ **500.32 crore** (Previous Year ₹ 361.68 crore).
- b) Corporate undertakings for securitisation of receivables aggregated to ₹ **1,889.83 crore** (Previous Year ₹ 1,919.65 crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

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

22.3 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **652.74 crore** (Previous Year ₹ 252.82 crore).

23. REVENUE FROM OPERATIONS

Particulars	₹ in Crore	
	Current Year	Previous Year
Interest Income :		
- Interest on Loans	26,799.90	24,713.80
- Other Interest [Refer Note 23.1]	961.26	891.79
- Net Gain on foreign currency transactions and translation	0.86	0.18
Income from Leases	6.31	10.38
Dividends [Refer Note 23.2]	806.88	688.28
Surplus from deployment in Cash Management Schemes of Mutual Funds [Refer Note 23.3]	307.87	364.55
Fees and Other Charges [Refer Note 23.4]	374.23	290.90
Total	29,257.31	26,959.88

Notes forming part of the standalone financial statements (Continued)

- 23.1 a) Other Interest includes interest on investments amounting to ₹ **389.96 crore** (Previous Year ₹ 387.05 crore), including ₹ **21.95 crore** (Previous Year ₹ 43.03 crore) in respect of investments classified as current investments.
- b) Other Interest includes interest on income tax refund ₹ **Nil** (Previous Year ₹ 44.31 crore).
- 23.2 Dividend income includes ₹ **477.22 crore** (Previous Year ₹ 400.02 crore) received from subsidiary companies which have been classified as Long Term Investments [Refer Note 35].
- 23.3 Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ **307.87 crore** (Previous Year ₹ 364.55 crore) is in respect of investments held as current investments.
- 23.4 Fees and Other Charges is net of the amounts paid to Direct Selling Agents ₹ **442.16 crore** (Previous Year ₹ 354.75 crore).

23.5 Earnings in foreign currency: ₹ in Crore

Particulars	Current Year	Previous Year
Interest on Bank Deposits	2.72	2.43
Consultancy and other fees	4.78	5.32

23.6 Fees and Other Charges includes brokerage of ₹ **0.05 crore** (Previous Year ₹ 0.08 crore) received in respect of insurance/agency business undertaken by the Corporation.

24. Profit on sale of investments includes profit of ₹ **1,513.41 crore** (Previous Year ₹ 260.47 crore) on account of sale of equity shares of HDFC Standard Life Insurance Company Ltd. (Subsidiary Company).

25. Other Income includes rent of ₹ **26.51 crore** (Previous Year ₹ 12.56 crore).

25.1 In accordance with the Accounting Standard (AS) 19 on 'Leases', the following disclosures in respect of Operating Leases are made:

Income from Leases includes ₹ **4.83 crore** (Previous Year ₹ 4.01 crore) in respect of properties and certain assets leased out by the Corporation under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payments are as follows:

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	4.16	3.37
Later than one year but not later than five years	1.15	2.19
Later than five years	-	-

26. FINANCE COST

₹ in Crore

Particulars	Current Year	Previous Year
Interest		
- Loans	2,190.03	2,332.01
- Deposits	6,665.38	6,139.40
- Bonds and Debentures	7,749.72	7,646.40
- Commercial Paper	2,578.36	1,746.90
	19,183.49	17,864.71
Net (Gain) / Loss on foreign currency transactions and translation [Refer Note 26.2]	52.86	(19.77)
Other charges [Refer Note 26.1]	138.16	130.15
Total	19,374.51	17,975.09

Notes forming part of the standalone financial statements (Continued)

26.1 Other Charges is net of exchange gain ₹ **0.13 crore** (Previous Year includes exchange loss of ₹ 0.32 crore).

26.2 A net loss of ₹ **52.00 crore** (Previous Year gain of ₹ 19.95 crore) has been recognised in the Statement of Profit and Loss being net loss on transaction and translation of foreign currency monetary assets and liabilities as shown below:

₹ in Crore		
Particulars	Current Year	Previous Year
Exchange (Gain)/Loss on Translation		
- Foreign Currency Denominated Assets and Foreign Currency Borrowings [Refer Note 3.6]	2.81	(34.72)
- Cross Currency Interest Rate Swaps [Refer Note 4.7]	108.26	107.98
Net Exchange (Gain)/Loss on Translation [Refer Note 3.6]	111.07	73.26
Realised (Gain)/Loss	(58.21)	(93.03)
Net (Gain)/Loss on foreign currency transaction and translation recognised in finance cost	52.86	(19.77)
Realised (Gain)/Loss recognised in Revenue from operations [Refer Note 23]	(0.86)	(0.18)
Net (Gain)/Loss recognised in Statement of Profit and Loss	52.00	(19.95)

26.3 Expenditure in foreign currency:

₹ in Crore		
Particulars	Current Year	Previous Year
Interest and Other Charges on Loans	125.08	41.01
Others	20.59	16.17

The above amounts are net of tax deducted at source.

27. STAFF EXPENSES [Refer Note 27.3]

₹ in Crore		
Particulars	Current Year	Previous Year
Salaries and Bonus [Refer Notes 27.1 & 27.2]	274.11	263.87
Contribution to Provident Fund and Other Funds	58.35	51.34
Staff Training and Welfare Expenses	16.63	13.25
Total	349.09	328.46

27.1 Salaries and Bonus include provisions made in respect of accumulated leave salary and leave travel assistance which is in the nature of Long Term Employee Benefits and has been actuarially determined as per the Accounting Standard (AS) 15 on Employee Benefits.

27.2 Expenditure shown in Note 27 is net of recovery from subsidiary companies in respect of Salaries ₹ **4.14 crore** (Previous Year ₹ 3.53 crore).

27.3 Employee Benefits

(a) **Defined contribution plans**

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a trust by the Company. The Company is liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employees' Provident Fund Scheme, 1952 and recognises such deficiency as an expense in the year it is determined.

Notes forming part of the standalone financial statements (Continued)

The fair value of the assets of the Provident Fund and the accumulated members' corpus is ₹ **287.31 crore** and ₹ **286.17 crore** respectively (Previous Year ₹ 245.38 crore and ₹ 244.59 crore respectively). In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.80%. The actuarial assumptions include discount rate of **7.86%** (Previous Year 7.96%) and an average expected future period of **13 years** (Previous Year 16.95 years).

The Company recognised ₹ **13.73 crore** (Previous Year ₹ 12.55 crore) for Provident Fund contributions and ₹ **12.16 crore** (Previous Year ₹ 10.17 crore) for superannuation contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(b) Defined benefit plans

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

₹ in Crore

Particulars	Current Year	Previous Year
Change in the Benefit Obligations:		
Liability at the beginning of the year	180.38	146.36
Current Service Cost	6.59	5.09
Interest Cost	14.35	13.63
Benefits Paid	(11.16)	(8.37)
Actuarial loss	20.50	23.67
Liability at the end of the year *	210.66	180.38
*The Liability at the end of the year ₹ 210.66 crore (Previous Year ₹ 180.38 crore) includes ₹ 46.90 crore (Previous Year ₹ 44.12 crore) in respect of an un-funded plan.		
Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	130.47	108.14
Expected Return on Plan Assets	10.39	9.41
Contributions	20.79	13.50
Actuarial loss on Plan Assets	(1.34)	(0.58)
Fair Value of Plan Assets at the end of the year	160.31	130.47
Total Actuarial loss to be recognised	(21.84)	(24.25)
Actual Return on Plan Assets:		
Expected Return on Plan Assets	10.39	9.41
Actuarial loss on Plan Assets	(1.34)	(0.58)
Actual Return on Plan Assets	9.05	8.83
Reconciliation of the Liability Recognised in the Balance Sheet:		
Opening Net Liability	49.91	38.22
Expense recognised	32.39	33.56
Contribution by the Corporation	(20.79)	(13.50)
Benefits paid by the Corporation / Insurance Companies	(11.16)	(8.37)
Amount recognised in the Balance Sheet under "Long-term Provision for Employee Benefits" ₹ 49.82 crore (Previous Year ₹ 49.38 crore) and under "Short term Provision for Employee Benefits" ₹ 0.53 crore (Previous Year ₹ 0.53 crore).	50.35	49.91

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Particulars	Current Year	Previous Year
Expense Recognised in the Statement of Profit and Loss:		
Current Service Cost	6.59	5.09
Interest Cost	14.35	13.63
Expected Return on Plan Assets	(10.39)	(9.41)
Net Actuarial loss to be recognised	21.84	24.25
Expense recognised in the Statement of Profit and Loss under “Staff Expenses”	32.39	33.56

₹ in Crore

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Amount Recognised in the Balance Sheet:					
Liability at the end of the year	210.66	180.38	146.36	128.13	107.69
Fair Value of Plan Assets at the end of the year	160.31	130.47	108.14	87.51	75.56
Amount recognised in the Balance Sheet under “Long term Provision for Employee Benefits” and “Short term Provision for Employee Benefits”	50.35	49.91	38.22	40.62	32.13
Experience Adjustment:					
On Plan Liabilities	5.11	23.67	20.44	17.25	10.58
On Plan Assets	(1.34)	(0.58)	(3.01)	(6.16)	(4.61)
Estimated Contribution for next year	11.94	10.49	6.19	8.03	6.79

Investment Pattern:

% Invested

Particulars	Current Year	Previous Year
Central Government securities	17.99	26.91
State Government securities/securities guaranteed by State/Central Government	22.51	17.05
Public Sector/Financial Institutional Bonds	10.27	12.10
Private Sector Bonds	27.99	19.98
Special Deposit Scheme	1.38	1.69
Certificate of Deposits	1.88	-
Deposits with Banks and Financial Institutions	0.94	1.02
Equity Shares	11.94	17.76
Repo (Repurchase)	0.57	-
Others (including bank balances)	4.53	3.49
Total	100.00	100.00

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at.

Principal Assumptions:

Particulars	Current Year %	Previous Year %
Discount Rate	7.86	7.96
Return on Plan Assets	7.86	7.96
Salary Escalation	6.00	5.00

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

Notes forming part of the standalone financial statements (Continued)

28. ESTABLISHMENT EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Rent [Refer Note 28.1]	53.18	59.68
Rates and Taxes	2.80	2.72
Repairs and Maintenance - Buildings	8.39	6.26
General Office Expenses	4.04	2.36
Electricity Charges	15.07	13.95
Insurance Charges	0.71	0.79
Total	84.19	85.76

- 28.1 In accordance with the Accounting Standard (AS) 19 on 'Leases', the following disclosures in respect of Operating Leases are made:

The Corporation has acquired properties under non-cancellable operating leases for periods ranging from 12 months to 36 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, amounts to ₹ **0.62 crore** (Previous Year ₹ 23.50 crore). Out of the above, the Corporation has sub-leased a property, the total sub-lease payments received in respect thereof amounting to ₹ **Nil** (Previous Year ₹ 14.09 crore) have been netted off from rent expenses. The future minimum lease payments in respect of the properties acquired under non-cancellable operating leases are as follows:

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	0.20	0.17
Later than one year but not later than five years	-	-
Later than five years	-	-

29. OTHER EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Travelling and Conveyance	18.12	16.73
Printing and Stationery	8.72	8.89
Postage, Telephone and Fax	25.50	23.67
Advertising	33.43	27.42
Repairs and Maintenance - Other than Buildings	8.32	7.89
Office Maintenance	24.00	22.16
Legal Expenses	12.65	12.49
Computer Expenses	17.41	14.91
Directors' Fees and Commission	3.87	3.90
Miscellaneous Expenses [Refer Note 29.1]	114.42	120.61
Auditors' Remuneration [Refer Note 29.2]	4.96	3.96
Total	271.40	262.63

- 29.1 Miscellaneous Expenses include Provision for Wealth Tax amounting to ₹ **Nil** (Previous Year ₹ 2.51 crore) and Securities Transaction Tax amounting to ₹ **0.14 crore** (Previous Year ₹ 0.29 crore).

Notes forming part of the standalone financial statements (Continued)

29.2 Auditors' Remuneration:

₹ in Crore

Particulars	Current Year	Previous Year
Audit Fees	1.71	1.46
Limited Reviews	1.20	1.10
Tax Matters	1.04	0.96
Other Matters and Certification	0.98	0.43
Reimbursement of Expenses	0.03	0.01
Total	4.96	3.96

- Audit Fees include ₹ **0.04 crore** (Previous Year ₹ 0.04 crore) paid to Branch Auditors.
- Auditors' Remuneration exclude ₹ **0.75 crore** (Net of tax ₹ 0.49 crore) being certification fee in respect of Qualified Institutional Placement (QIP) of Non-Convertible Debentures with Warrants of the Corporation, utilised out of Securities Premium Account.
- Other Matters and Certification include ₹ **0.30 crore** (Previous Year Nil) towards fee for Internal Control over Financial Reporting.
- Auditors' Remuneration above is excluding Service Tax and Swachh Bharat Cess.

30. PROVISION FOR LOANS AND ADVANCES

30.1 As per the Housing Finance Companies (NHB) Directions, 2010, non-performing assets are recognised on the basis of ninety days overdue. The total provision carried by the Corporation in terms of paragraph 29 (2) of the Housing Finance Companies (NHB) Directions, 2010, and subsequent NHB Circulars - NHB.HFC.DIR.3/CMD/2011 dated August 5, 2011, NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012 and NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013 in respect of Housing and Non-Housing Loans is as follows [Refer Notes 6.1 & 15]:

₹ in Crore

Particulars	Housing		Non-Housing	
	Current Year	Previous Year	Current Year	Previous Year
Standard Assets				
- Principal Outstanding	1,86,989.24	1,64,249.91	73,960.12	65,728.85
- Provisions	869.50	756.66	471.53	414.26
Sub-Standard Assets				
- Principal Outstanding	540.38	411.83	576.01	335.54
- Provisions	82.04	64.50	86.40	50.33
Doubtful Assets				
- Principal Outstanding	428.27	406.71	339.80	439.99
- Provisions	253.01	229.27	196.41	188.35
Total				
- Principal Outstanding	1,87,957.89	1,65,068.45	74,875.93	66,504.38
- Provisions	1,204.55	1,050.43	754.34	652.94

30.2 During the year ₹ **715 crore** (Previous Year ₹ 165 crore) has been charged to the Statement of Profit and Loss towards provision for contingencies as under:

₹ in Crore

Particulars	Current Year	Previous Year
To Provision for Contingencies Account (Net) [Refer Note 6.2]	629.58	202.44
To Provision for Sub-Standard & Doubtful Loans [Refer Note 15.6]	85.42	(37.44)
	715.00	165.00

Provision for contingencies includes an additional provision of ₹ 450 crore towards standard assets and other contingencies.

Notes forming part of the standalone financial statements (Continued)

30.3 Provision for Contingencies debited to the Statement of Profit and Loss includes Provision for Diminution in the Value of Investments amounting to ₹ **17.02 crore** (Previous Year ₹ 10.04 crore). The balance of the Provision represents provision made against standard / non-performing assets and other contingencies.

31. In accordance with the Accounting Standard (AS) 20 on 'Earnings Per Share':

(i) In calculating the Basic Earnings Per Share, the Profit After Tax of ₹ **7,093.10 crore** (Previous Year ₹ 5,990.14 crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **85.32 crore** (Previous Year ₹ 10.83 crore).

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax of ₹ **7,007.79 crore** (Previous Year ₹ 5,979.31 crore) and the weighted average number of shares during the year of **157.72 crore** (Previous Year 156.82 crore).

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

Particulars	Amount in ₹	
	Current Year	Previous Year
Basic Earnings Per Share	44.43	38.13
Effect of outstanding Stock Options	(0.33)	(0.35)
Diluted Earnings Per Share	44.10	37.78

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

Particulars	Number in Crore	
	Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share	157.72	156.82
Diluted effect of outstanding Stock Options	1.20	1.45
Weighted average number of shares for computation of Diluted Earnings Per Share	158.92	158.27

32. SUMMARY OF TOTAL BORROWINGS, LOANS AND INVESTMENTS

Borrowings

₹ in Crore

Term-wise Break-up	Current Year	Previous Year
Long-term borrowings	1,09,184.45	97,602.34
Short-term borrowings	41,502.68	33,257.71
Current maturities of long-term borrowings	86,952.03	77,738.98
Unclaimed matured deposits	554.09	617.92
Total Borrowings	2,38,193.25	2,09,216.95
Category-wise Break-up		
Bonds and Debentures	95,118.20	90,657.55

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

	Current Year	Previous Year
Term Loans :		
- Banks	34,579.40	22,575.87
- External Commercial Borrowing	5,318.40	1,884.00
- Others	2,780.52	1,734.37
Commercial Papers	25,726.49	25,659.20
Deposits	74,670.24	66,705.96
Total Borrowings	2,38,193.25	2,09,216.95

Loans

₹ in Crore

	Current Year	Previous Year
Term-wise Break-up		
Long-term loans	2,33,436.70	2,02,161.17
Current maturities of long-term loans	23,577.61	23,569.97
Short-term loans	2,210.09	2,449.72
	2,59,224.40	2,28,180.86
Less: Provision for Sub-Standard and Doubtful loans	(566.16)	(480.74)
Net Loan Book	2,58,658.24	2,27,700.12
Category-wise Break-up		
Individual	1,79,967.49	1,55,689.71
Corporate Bodies	75,228.46	69,144.76
Others	4,028.45	3,346.39
	2,59,224.40	2,28,180.86
Less: Provision for Sub-Standard and Doubtful loans	(566.16)	(480.74)
Net Loan Book	2,58,658.24	2,27,700.12

Investments

₹ in Crore

	Current Year	Previous Year
Particulars		
Non-Current Investments	14,837.84	13,691.70
Current Investments	507.59	602.64
Total Investments	15,345.43	14,294.34

32.1 Summary of total Provision for Contingencies:

₹ in Crore

	Current Year	Previous Year
Particulars		
Provision for Contingencies Account [Refer Note 6.2]	2,077.47	1,501.44
Provision for Sub-Standard and Doubtful Loans [Refer Note 15.6]	566.16	480.74
Provision for Doubtful Corporate Deposit and Other Receivables [Refer Note 15]	51.71	51.71
	2,695.34	2,033.89

33. DISCLOSURES REQUIRED BY THE NATIONAL HOUSING BANK

The following additional disclosures have been given in terms of the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010 issued by the National Housing Bank.

(a) Capital to Risk Assets Ratio (CRAR)

	Current Year	Previous Year
Particulars		
1) CRAR (%)	16.55	16.11
2) CRAR – Tier I Capital (%)	13.11	12.47
3) CRAR – Tier II Capital (%)	3.44	3.64

Notes forming part of the standalone financial statements (Continued)

(b) Exposure to Real Estate Sector

₹ in Crore

	Particulars	Current Year	Previous Year
1.	Direct Exposure		
A	Residential Mortgages: Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Individual Housing Loans upto ₹ 15 Lacs: ₹ 24,414.89 crore (Previous Year ₹ 23,132.28 crore)	1,73,353.55	1,50,587.27
B	Commercial Real Estate: Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	61,385.62	52,038.26
C	Investments in Mortgage Backed Securities (MBS) and other securitised exposures - (i) Residential (ii) Commercial Real Estate	15.54 -	18.73 -
2.	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	174.96	165.88

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

(c) Asset Liability Management

Maturity pattern of certain items of assets and liabilities as on March 31, 2016:

Assets and Liabilities are classified in the maturity buckets as per the guidelines issued by the National Housing Bank

Current Year ₹ in Crore

Maturity Buckets	Liabilities		Assets	
	Borrowings from Banks	Market Borrowings	Advances	Investments
1 day to 30-31 days (one month)	1,800.00	1,299.89	4,249.76	9.87
Over one month to 2 months	-	2,064.78	3,275.91	2.20
Over 2 to 3 months	2,200.50	1,439.86	4,580.09	-
Over 3 to 6 months	1,987.16	4,855.37	12,731.44	216.20
Over 6 months to 1 year	7,136.01	20,342.42	26,435.58	5,471.77
Over 1 to 3 years	15,975.35	34,641.77	76,376.81	381.52
Over 3 to 5 years	7,970.52	29,672.85	53,301.13	777.89
Over 5 to 7 years	2,528.26	18,627.75	32,903.00	8,341.14
Over 7 to 10 years	-	7,900.00	26,521.32	22.99
Over 10 years	300.00	-	18,283.20	121.85
Total	39,897.80	1,20,844.69	2,58,658.24	15,345.43

Notes forming part of the standalone financial statements (Continued)

Maturity pattern of certain items of assets and liabilities as on March 31, 2015:

Assets and Liabilities are classified in the maturity buckets as per the guidelines issued by the National Housing Bank

Previous Year ₹ in Crore

Maturity Buckets	Liabilities		Assets	
	Borrowings from Banks	Market Borrowings	Advances	Investments
1 day to 30-31 days (one month)	1,466.46	1,545.98	3,517.52	137.38
Over one month to 2 months	241.56	1,910.99	3,651.55	200.00
Over 2 to 3 months	942.93	3,635.48	5,271.02	1,196.43
Over 3 to 6 months	956.52	8,105.56	13,746.75	2,297.74
Over 6 months to 1 year	3,745.62	8,900.30	24,593.70	899.90
Over 1 to 3 years	8,870.14	34,029.98	71,215.10	256.21
Over 3 to 5 years	5,891.61	27,788.63	47,830.53	810.60
Over 5 to 7 years	2,345.03	21,895.63	22,699.28	8,444.94
Over 7 to 10 years	-	7,504.20	21,735.59	-
Over 10 years	-	1,000.00	13,439.08	51.14
Total	24,459.87	1,16,316.75	2,27,700.12	14,294.34

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

34. DIVIDEND PAYABLE TO NON-RESIDENT SHAREHOLDERS

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

Particulars	Current Year		Previous Year	
	Interim	Final	Interim	Final
Year to which the dividend relates	2015-16	2014-15	2014-15	2013-14
Number of non-resident shareholders	6,374	5,460	5,110	4,495
Number of shares held by them of Face Value of ₹ 2 each	122,84,60,105	124,81,94,486	126,10,53,766	122,23,33,357
Gross amount of dividend (in ₹)	368,53,80,315	1622,65,28,318	252,21,07,532	1711,26,66,998



Notes forming part of the standalone financial statements (Continued)

35. RELATED PARTY TRANSACTIONS

As per the Accounting Standard (AS) 18 on 'Related Party Disclosures' the related parties of the Corporation are as follows:

A) Subsidiary Companies

HDFC Developers Ltd.	HDFC Realty Ltd.
HDFC Holdings Ltd.	HDFC ERGO General Insurance Company Ltd.
HDFC Trustee Company Ltd.	HDFC Sales Pvt. Ltd.
HDFC Standard Life Insurance Company Ltd.	HDFC Property Ventures Ltd.
HDFC Venture Capital Ltd.	Credila Financial Services Pvt. Ltd.
HDFC Ventures Trustee Company Ltd.	Griha Pte. Ltd. (Subsidiary of HDFC Investments Ltd.)
GRUH Finance Ltd.	HDFC Pension Management Company Ltd.
Griha Investments (Subsidiary of HDFC Holdings Ltd.)	(subsidiary of HDFC Standard Life Insurance Company Ltd.)
HDFC Education and Development Services Pvt. Ltd.	HDFC International Life and Re Company Limited
Windermere Properties Pvt. Ltd.	(with effect from 10th January, 2016)
Winchester Properties Pvt. Ltd.	(subsidiary of HDFC Standard Life Insurance Company Ltd.)
HDFC Investments Ltd.	Grandeur Properties Pvt. Ltd.
HDFC Asset Management Company Ltd.	Pentagram Properties Pvt. Ltd.
HDFC Capital Advisors Ltd.	Haddock Properties Pvt. Ltd.
(with effect from 5 th May, 2015)	

B) Associate Companies

HDFC Bank Ltd.
India Value Fund Advisors Pvt. Ltd.
RuralShores Business Services Pvt. Ltd.
Magnum Foundations Pvt. Ltd.

C) Entities over which control is exercised

HDFC Investment Trust (HIT)
HDFC Investment Trust - II (HIT- II)

D) Key Management Personnel

Mr. Keki M. Mistry
Ms. Renu Sud Karnad
Mr. V. Srinivasa Rangan

E) Relatives of Key Management Personnel

<i>(Where there are transactions)</i>	
Ms. Arnaaz K. Mistry	Mr. Rishi R. Sud
Ms. Tinaz Mistry	Mr. Bharat Karnad
Mr. Ashok Sud	Ms. Riti Karnad
Ms. Kirti Sud	Ms. V Rajalakshmi
Ms. V Jayam	Ms. Swarn Sud
Mr. Ketan Karnad	Ms. S. Anuradha
Ms. Abhinaya S. Rangan	

Notes forming part of the standalone financial statements (Continued)

The nature and volume of transactions of the Corporation during the year, with the above related parties were as follows:

₹ in Crore

Particulars	Subsidiary Companies		Associates		Entities over which control is exercised		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Dividend Income										
- HDFC Asset Management Co. Ltd.	120.77	98.13	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	314.57	269.35	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	126.84	101.06	-	-	-	-	-	-	-	-
- HDFC Investments Ltd.	110.68	94.68	-	-	-	-	-	-	-	-
- Others	118.93	106.15	0.40	0.16	0.05	0.05	-	-	-	-
Interest Income										
- Credila Financial Services Pvt. Ltd.	5.27	9.92	-	-	-	-	-	-	-	-
- HDFC Property Ventures Pvt. Ltd.	14.26	0.04	-	-	-	-	-	-	-	-
- Windermere Properties Pvt. Ltd.	9.23	10.98	-	-	-	-	-	-	-	-
- HDFC Investment Trust - II (HIT- II)	-	-	-	-	8.66	0.17	-	-	-	-
- HDFC Bank Ltd.	-	-	7.25	7.51	-	-	-	-	-	-
- Pentagram Properties Pvt. Ltd.	5.82	5.54	-	-	-	-	-	-	-	-
- Others	15.41	14.38	0.04	-	-	5.29	-	-	0.03	0.03
Consultancy, Fees & Other Income										
- HDFC Asset Management Co. Ltd.	113.00	42.36	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	49.02	0.08	-	-	-	-	-	-	-	-
- Others	0.11	0.18	-	-	-	-	-	-	-	-
Rent Income										
- HDFC Asset Management Co. Ltd.	11.72	10.03	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	6.39	6.49	-	-	-	-	-	-	-	-
- Others	6.95	4.78	1.99	2.01	-	-	-	-	-	-
Support Cost Recovered										
- HDFC Asset Management Co. Ltd.	1.63	1.86	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	2.32	2.04	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	0.85	1.19	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	1.05	0.84	-	-	-	-	-	-	-	-
- Others	1.45	1.03	0.26	0.37	-	-	-	-	-	-
Other Income										
- HDFC Bank Ltd.	-	-	204.37	116.77	-	-	-	-	-	-
- Others	4.36	3.65	-	-	-	-	-	-	-	-
Interest Expense										
- HDFC ERGO General Insurance Co. Ltd.	9.71	12.39	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	56.46	54.28	-	-	-	-	-	-	-	-
- Others	0.65	1.76	0.66	2.45	-	-	0.27	0.48	0.02	-
Bank & Other Charges										
- HDFC Bank Ltd.	-	-	0.39	0.53	-	-	-	-	-	-
Remuneration										
- Mr. Keki M. Mistry	-	-	-	-	-	-	9.28	8.12	-	-
- Ms. Renu S. Karnad	-	-	-	-	-	-	8.49	7.39	-	-
- Mr. V. S. Rangan	-	-	-	-	-	-	5.60	4.85	-	-
Other Expenses										
- HDFC Sales Pvt. Ltd.	198.37	165.89	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	177.81	143.52	-	-	-	-	-	-
- Others	10.26	9.23	0.06	0.10	-	-	-	-	0.10	0.09
Investments made										
- HIT- II	-	-	-	-	70.12	51.14	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	40.10	5.00	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	-	47.01	-	-	-	-	-	-	-	-
- Others	26.94	8.00	-	-	4.00	4.00	-	-	-	-
Investments sold / redeemed										
- HIT	-	-	-	-	-	14.45	-	-	-	-
- Credila Financial Services Pvt. Ltd.	79.00	-	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	192.21	-	-	-	-	-	-	-	-	-
Investments										
- HDFC Bank Ltd.	-	-	5,549.74	5,549.74	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	1,316.56	1,508.77	-	-	-	-	-	-	-	-
- Others	1,697.02	1,708.97	2.53	2.53	297.61	223.49	-	-	-	-

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Particulars	Subsidiary Companies		Associates		Entities over which control is exercised		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Loans given										
- HDFC Property Ventures Pvt. Ltd.	-	113.00	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	30.00	16.85	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	7.85	2.00	-	-	-	-	-	-	-	-
- Others	11.38	13.23	-	-	-	-	-	-	-	-
Loans repaid										
- GRUH Finance Ltd.	1.14	1.02	-	-	-	-	-	-	-	-
- HDFC Property Ventures Pvt. Ltd.	18.00	-	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	26.85	-	-	-	-	-	-	-	-	-
- Others	2.00	-	-	-	-	-	0.05	0.02	0.02	0.01
Loans sold										
- HDFC Bank Ltd.	-	-	12,773.37	8,249.21	-	-	-	-	-	-
Loans										
- HDFC Property Ventures Pvt. Ltd.	95.00	113.00	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	20.00	16.85	-	-	-	-	-	-	-	-
- Others	57.02	40.94	-	-	-	-	0.07	0.13	0.28	0.30
Bank Deposits placed										
- HDFC Bank Ltd.	-	-	70.01	1,070.00	-	-	-	-	-	-
Bank Deposits repaid / matured										
- HDFC Bank Ltd.	-	-	1,070.00	2,559.90	-	-	-	-	-	-
Bank balance and Deposits										
- HDFC Bank Ltd.	-	-	3,081.54	975.25	-	-	-	-	-	-
Corporate Deposits placed										
- HDFC Venture Capital Ltd.	12.58	22.58	-	-	-	-	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	23.40	-	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	4.00	2.00	-	-	-	-	-	-	-	-
Corporate Deposits repaid / matured										
- HDFC Realty Ltd.	3.50	1.00	-	-	-	-	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	23.40	-	-	-	-	-	-	-	-	-
- HDFC Venture Capital Ltd.	22.58	20.50	-	-	-	-	-	-	-	-
- Others	-	4.50	-	-	-	-	-	-	-	-
Corporate Deposits										
- HDFC Venture Capital Ltd.	12.58	22.58	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	1.50	1.00	-	-	-	-	-	-	-	-
Trade Receivable										
- HDFC Asset Management Co. Ltd.	123.98	39.53	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	0.01	0.01	-	-	-	-	-	-	-	-
- Others	11.05	0.53	4.16	5.07	-	-	-	-	-	-
Other Advances / Receivables										
- HDFC ERGO General Insurance Co. Ltd.	1.76	1.56	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	7.60	7.60	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	3.60	4.26	-	-	-	-	-	-
- Others	1.06	0.87	-	-	-	-	-	-	0.06	0.06
Deposits placed										
- HDFC Holdings Ltd.	-	16.84	-	-	-	-	-	-	-	-
- HDFC Developers Ltd	9.25	-	-	-	-	-	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	-	2.51	-	-	-	-	-	-	-	-
- Ms. Renu S. Karnad	-	-	-	-	-	-	0.03	2.38	-	-
- Others	-	0.20	-	1.05	-	-	-	-	0.09	0.01
Deposits repaid / matured										
- HDFC Holdings Ltd.	16.84	19.22	-	-	-	-	-	-	-	-
- HDFC Developers Ltd.	8.75	2.30	-	-	-	-	-	-	-	-
- RuralShores Business Services Pvt. Ltd.	-	-	-	4.13	-	-	-	-	-	-
- Others	-	2.91	-	-	-	-	0.90	3.75	0.09	0.03
Deposits										
- HDFC Holdings Ltd.	-	16.84	-	-	-	-	-	-	-	-
- HDFC Developers Ltd.	0.50	-	-	-	-	-	-	-	-	-
- Ms. Renu S. Karnad	-	-	-	-	-	-	2.40	2.40	-	-
- Others	-	-	-	-	-	-	-	0.87	0.09	0.09

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Particulars	Subsidiary Companies		Associates		Entities over which control is exercised		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Non-Convertible Debentures										
- HDFC ERGO General Insurance Co. Ltd.	120.00	125.00	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	697.00	776.00	-	-	-	-	-	-	-	-
Other Liabilities / Payables										
- HDFC Bank Ltd.	-	-	17.20	15.73	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	7.97	7.49	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	4.38	6.02	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	29.57	30.51	-	-	-	-	-	-	-	-
- Others	0.21	1.36	-	-	-	-	0.34	0.33	0.02	-

36. CORPORATE SOCIAL RESPONSIBILITY

- a) Gross amount required to be spent by the Corporation during the year was ₹ 139.26 crore
b) Amount spent during the year on:

₹ in Crore

Particulars	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above *	85.70	-	85.70

* The above includes an amount of Rs. 85.23 crore charged to Shelter Assistance Reserve.

37. SEGMENT REPORTING

The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes, in India. All other activities of the Corporation revolve around the main business. As such, there are no separate reportable segments, as per the Accounting Standard (AS) 17 on 'Segment Reporting'.

38. INTEREST IN JOINT VENTURES

In compliance with the Accounting Standard (AS) 27 relating to 'Financial Reporting of Interests in Joint Ventures' the Corporation has interests in the following jointly controlled entities, which are incorporated in India.

Names of Companies	HDFC Standard Life Insurance Co. Ltd.		HDFC ERGO General Insurance Co. Ltd.	
	Current Year	Previous Year	Current Year	Previous Year
Percentage of Shareholding	61.63	70.65	73.63	73.63
Amount of Interest based on the last Audited Accounts	₹ in Crore			
Assets	47,237.23	49,017.54	3,601.54	3,335.42
Liabilities	45,290.57	47,186.48	2,820.02	2,581.67
Income	11,244.92	19,280.48	1,523.75	1,465.80
Expenditure	10,730.31	18,712.08	1,374.42	1,362.10
Capital Commitment	385.33	411.97	11.23	6.59
Contingent Liability	61.72	124.37	0.01	0.01

39. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.



Form AOC - I
(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures
Part "A" : Subsidiaries

(As on/for the period/year ended March 31, 2016)

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Total Investments included in Total Assets	Total Income	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed Dividend	% of Share holding
1	HDFC Standard Life Insurance Co. Ltd.	INR	-	1,995.29	1,163.35	*76,646.49	73,487.86	*74,230.04	#18,245.85	835.00	16.59	818.40	-	61.63
2	HDFC Asset Management Co. Ltd.	INR	-	25.16	1,126.06	1,422.72	271.50	985.79	1,494.34	708.25	230.37	477.88	-	59.99
3	HDFC Trustee Co. Ltd.	INR	-	0.10	0.11	4.30	4.10	-	2.00	0.03	0.01	0.02	-	100
4	HDFC ERGO General Insurance Co. Ltd.	INR	-	538.62	531.31	4,909.56	3,839.64	4,149.45	2,069.46	202.81	51.44	151.37	-	73.63
5	GRUH Finance Ltd.	INR	-	72.74	762.56	11,442.60	10,607.30	142.92	1,275.40	361.70	118.12	243.59	83.65	58.59
6	HDFC Developers Ltd.	INR	-	5.99	(14.93)	4.49	13.43	-	6.06	(12.16)	0.24	(12.40)	-	100
7	HDFC Venture Capital Ltd.	INR	-	0.50	7.28	23.27	15.48	-	0.16	(3.22)	(0.05)	(3.17)	-	80.5
8	HDFC Ventures Trustee Co. Ltd.	INR	-	0.05	0.93	1.00	0.02	0.02	0.15	0.09	0.02	0.07	-	100
9	HDFC Property Trustee Co. Ltd.	INR	-	1.00	5.86	111.22	104.36	23.33	37.06	5.10	2.93	2.17	-	100
10	HDFC Realty Ltd.	INR	-	9.75	(2.01)	22.91	15.17	-	38.05	0.39	0.73	(0.34)	-	100
11	HDFC Investments Ltd.	INR	-	26.67	113.46	143.22	3.09	125.16	154.69	153.16	3.00	150.16	-	100
12	HDFC Holdings Ltd.	INR	-	1.80	155.25	157.13	0.08	106.67	20.43	17.39	(3.94)	21.33	-	100
13	HDFC Sales Pvt. Ltd.	INR	-	4.01	(7.74)	57.58	61.32	-	205.78	(14.65)	2.25	(16.90)	-	100
14	Credila Financial Services Pvt. Ltd.	INR	-	120.74	78.94	2,485.93	2,286.25	-	300.55	68.86	23.80	45.06	-	78.66
15	HDFC Life Pension Fund Management Co. Ltd.	INR	-	28.00	(0.53)	27.93	0.46	26.39	2.40	0.01	-	0.01	-	61.63
16	HDFC Education and Development Services Pvt. Ltd.	INR	-	30.20	(11.04)	44.93	25.77	-	0.54	(1.07)	-	(1.08)	-	100
17	Griha Investments	USD	66.33	0.20	134.29	135.20	0.71	-	59.61	39.41	1.18	38.23	-	100
18	Griha Pte. Ltd.	SGD	49.11	5.21	8.75	17.20	3.25	-	22.24	12.65	1.94	10.72	-	100
19	HDFC Capital Advisors Ltd.	INR	-	2.00	1.12	3.82	0.70	2.01	4.56	1.73	0.61	1.12	-	100
20	Grandeur Properties Pvt. Ltd.	INR	-	0.01	10.46	21.94	11.47	-	0.18	(7.42)	0.47	(7.88)	-	100
21	Haddock Properties Pvt. Ltd.	INR	-	0.01	(57.42)	34.41	91.82	-	5.77	(10.67)	-	(10.67)	-	100
22	Pentagram Properties Pvt. Ltd.	INR	-	0.01	(49.53)	24.46	73.99	-	6.24	(8.84)	-	(8.84)	-	100
23	Winchester Properties Pvt. Ltd.	INR	-	0.01	(33.16)	15.33	48.49	-	1.53	(8.95)	0.05	(9.00)	-	100
24	Windermere Properties Pvt. Ltd.	INR	-	0.01	(72.18)	52.26	124.43	-	8.43	(21.03)	0.03	(21.05)	-	100
25	HDFC Life International and Re Company Ltd.	USD	66.33	84.77	(4.56)	81.47	1.26	-	-	(1.63)	-	(1.63)	-	61.63

₹ in Crore

NOTE:

* Includes Investments of Shareholders', Policyholders' and Assets held to cover Linked Liability.

Includes Net Premium Income, Investment Income and other Income.

Part “B” : Associates and Joint Ventures
Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures
(As on/for the period/year ended March 31, 2016)

Sr. No.	Name of Associates/Joint Ventures	HDFC Bank Ltd.	India Value Fund Advisors Pvt. Ltd.	Rural Shore Business Services Pvt. Ltd.	Magnum Foundations Pvt. Ltd.
1	Latest audited Balance Sheet Date	31st March, 2016	31st March, 2015	31st March, 2015	31st March, 2015
2	Shares of Associate/Joint Ventures held by Corporation and its subsidiaries of the year end				
	Number	54,32,16,100	9,75,002	4,76,351	5,00,000
	Amount of investment in Associates/Joint Venture (₹ in crore)	5,623.09	0.03	2.50	23.25
	Extend of Holding %	21.49	21.51	27.47	50.00
3	Description of how there is significant influence	%age holding more than 20% and representation on the board.	%age holding more than 20%	%age holding more than 20%	%age holding more than 20%
4	Reason why Associate/Joint Venture is not consolidated	NA	NA	Share of losses exceeded the carrying amount of investment and the same has been fully provided for in the books of account of HDFC Ltd.	Exclusively held with a view to their subsequent disposal in the near future
5	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in crore)	20,365.62	1.67	-	-
6	Consolidated Profit/(Loss) for the year (₹ in crore)	12,801.33	14.74	(12.89)	(0.01)
i.	Considered in Consolidation (₹ in crore)	2,741.45	3.17	-	-
ii.	Not Considered in Consolidation (₹ in crore)	10,059.88	11.57	(12.89)	(0.01)

CONSOLIDATED FINANCIAL STATEMENTS

- Independent Auditor's Report
- Consolidated Balance Sheet
- Consolidated Statement of Profit and Loss
- Consolidated Cash Flow Statement
- Notes to Consolidated Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report

TO THE MEMBERS OF

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") and its associates, comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as the "Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance

with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so

required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We refer to Note 5.2 to the consolidated financial statements, which describes the accounting treatment used by the Holding Company and one of its subsidiary company in creating the Deferred Tax Liability on Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 as at 1st April, 2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated 22nd August, 2014.

Our opinion is not modified in respect of this matter.

Other Matters

(a) We did not audit the financial statements of a branch and twelve subsidiaries, whose financial statements reflect total assets of ₹ 90,678.36 crore as at 31st March, 2016, total revenues of ₹ 20,776.46 crore and net cash flows amounting to ₹ 200.98 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the branch and these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act,

is based solely on the reports of the other auditors.

(b) The consolidated financial statements also includes the Group's share of net profit of ₹ 3.39 crore for the year ended 31st March, 2016, as considered in the consolidated financial statements, in respect of two associate companies, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these two associate companies, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid two associate companies, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

(c) Policy Liabilities (current and non-current) include an actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date, in respect of one subsidiary and Short-Term Provisions include the estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), in respect of another subsidiary. These liabilities have been duly certified by the subsidiaries' appointed actuaries, and in their respective opinions, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development

Authority of India ("IRDA") and the Institute of Actuaries of India in concurrence with the IRDA. The respective auditors of those subsidiaries have relied on the appointed actuaries' certificates in this regard in forming their opinion on the financial statements of the said subsidiaries.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors, the financial statements certified by the Management and the actuarial valuation for the life insurance policies in respect of which premium has been discontinued but the liability exists as at the reporting date and of the estimate of claims IBNR and claims IBNER.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement

with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.

(e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over

financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding Company, subsidiary companies and associate companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's/ subsidiary company's / associate company's incorporated in India internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the

consolidated financial position of the Group and its associates.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at year end.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and associate companies incorporated in India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

MUMBAI
2nd May, 2016

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)



Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

In conjunction with our audit of the consolidated financial statements of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (hereinafter referred to as the “Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as the “Group”) and its associates as at and for the year ended 31st March, 2016, we have audited the internal financial controls over financial reporting of the Group and its associates, which are companies incorporated in India as of that date.

The estimate of claims Incurred But Not Reported (“IBNR”) and claims Incurred But Not Enough Reported (“IBNER”), included under Short Term Provisions and the actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date included under Policy Liabilities (current and non-current) as at 31st March, 2016 has been duly certified by the subsidiaries’ appointed actuaries as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor’s Report of Insurance Companies) Regulations, 2002 (the “IRDA Financial Statement Regulations”), and has been relied upon by subsidiaries’ auditors, as mentioned in “Other Matters” paragraph of our audit report on the consolidated

financial statements as at and for the year ended 31st March, 2016. In view of this, the subsidiaries’ auditors did not perform any procedures relating to internal financial controls over financial reporting in respect of the valuation and accuracy of the actuarial valuation of estimate of claims IBNR and claims IBNER as well as the actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the “Act”).

Auditor's Responsibility

Our responsibility is to express an opinion on the Group and its associates internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and associate companies, which are companies incorporated in India, in

terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the aforesaid entities.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over

financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company, its subsidiaries and its associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a branch and twelve subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

The financial statements and internal financial controls over



financial reporting in relation to two associate companies, which are the companies incorporated in India, are unaudited. Our opinion on the internal financial controls over financial reporting of the aforesaid entities excludes consideration of the internal financial controls over financial reporting in respect of these associates. In our opinion and according to the information and explanations given to us by the Holding Company's management,

the financial statements of these associates, and the related internal financial controls over financial reporting are not material to the consolidated financial statements, and the related internal financial controls over financial reporting of the aforesaid entities.

Our opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting is not modified in respect of the above matters with respect to

our reliance on the work done and the reports of the other auditors and representation of the Board of Director and management.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

MUMBAI
2nd May, 2016

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

Housing Development Finance Corporation Limited

Consolidated Balance Sheet as at March 31, 2016

	Notes	₹ in Crore	₹ in Crore	March 31, 2015 ₹ in Crore
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share Capital	4	315.97		314.94
Reserves and Surplus	5	50,533.61		44,756.69
Money received against warrants	5.10	51.10		-
			50,900.68	45,071.63
			2,325.97	1,820.08
MINORITY INTEREST				
NON-CURRENT LIABILITIES				
Policy Liabilities (Policyholder's Fund)		61,215.25		54,924.28
Long-term borrowings	7	1,18,782.38		1,04,545.72
Deferred tax liabilities (net)	17	970.41		231.32
Other Long-term liabilities	8	1,777.85		2,546.12
Long-term provisions	9	2,630.02		1,998.04
			1,85,375.91	1,64,245.48
CURRENT LIABILITIES				
Short-term borrowings	10	41,948.83		34,420.05
Trade Payables	11	3,303.66		2,984.85
Other current liabilities	12			
- Policy Liabilities (Policyholder's Fund)		10,931.51		10,531.68
- Borrowings		88,562.64		78,390.95
- Others		9,737.93		7,864.17
Short-term provisions	13	4,593.36		4,196.29
			1,59,077.93	1,38,387.99
			3,97,680.49	3,49,525.18
ASSETS				
NON-CURRENT ASSETS				
Fixed assets				
(i) Tangible assets	14	1,312.56		1,203.17
(ii) Intangible assets	15	67.88		79.25
(iii) Capital Work in Progress		6.58		5.60
(iv) Intangible assets under Development		12.13		3.38
GOODWILL ON CONSOLIDATION		187.81		187.81
Non-current investments	16	95,464.42		86,887.59
Deferred tax asset (net)	17	18.18		18.55
Long-term loans and advances	18			
- Loans		2,45,527.80		2,11,531.09
- Others		3,234.78		3,150.97
Other non-current assets	19	789.28		2,799.52
			3,46,621.42	3,05,866.93
CURRENT ASSETS				
Current investments	20	9,256.32		6,894.83
Trade receivables	21	466.80		457.79
Cash and bank balances	22	6,381.05		4,261.92
Short-term loans and advances	23			
- Loans		26,557.81		26,674.83
- Others		4,242.84		3,679.28
Other current assets	24	4,154.25		1,689.60
			51,059.07	43,658.25
			3,97,680.49	3,49,525.18

See accompanying notes forming part of the financial statements

As per our report attached.

Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

Deepak S. Parekh
Chairman
(DIN: 00009078)

Nasser Munjee
(DIN: 00010180)

D. M. Sukthankar
(DIN: 00034416)

Sanjiv V. Pilgaonkar
Partner

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

B. S. Mehta
(DIN: 00035019)

J. J. Irani
(DIN: 00311104)

D. N. Ghosh
(DIN: 00012608)

S. A. Dave
(DIN: 00001480)

Bimal Jalan
(DIN: 00449491)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(ACS: 13257)

MUMBAI, May 2, 2016



Housing Development Finance Corporation Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2016

	Notes	₹ in Crore	Previous Year ₹ in Crore
INCOME			
Revenue from Operations	26	31,873.34	29,075.78
Profit on sale of Investments	27	1,616.53	510.87
Other Income		34.18	74.34
Premium from Insurance Business		17,876.25	16,427.35
Other Operating Income from Insurance Business		1,856.81	2,301.69
Total Revenue		53,257.11	48,390.03
EXPENSES			
Finance Cost	28	20,295.60	18,710.29
Employee Benefits Expenses	29	788.14	699.14
Establishment Expenses	30	134.88	136.95
Other Expenses	31	878.79	584.13
Claims paid pertaining to Insurance Business		9,486.04	9,551.25
Commission and operating expenses pertaining to Insurance Business		2,524.69	2,112.45
Other expenses pertaining to Insurance Business		6,682.58	6,244.53
Depreciation and Amortisation	14 & 15	120.52	46.63
Provision for Contingencies	33.2	732.90	188.04
Total Expenses		41,644.14	38,273.41
PROFIT BEFORE TAX		11,612.97	10,116.62
Tax Expense			
Current Tax		3,479.32	2,883.62
Deferred Tax	17	160.02	282.08
PROFIT FOR THE YEAR		7,973.63	6,950.92
Share of profit of Minority Interest		(527.99)	(482.72)
Net share of Profit from Associates		2,744.62	2,294.42
PROFIT AFTER TAX ATTRIBUTABLE TO THE CORPORATION	5.1	10,190.26	8,762.62
EARNINGS PER SHARE (Face Value ₹ 2)	36		
Basic (₹)		64.07	55.81
Diluted (₹)		63.59	55.30

See accompanying notes forming part of the financial statements

As per our report attached.

Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Deepak S. Parekh
Chairman
(DIN: 00009078)

Nasser Munjee
(DIN: 00010180)

D. M. Sukthankar
(DIN: 00034416)

Sanjiv V. Pilgaonkar
Partner

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

B. S. Mehta
(DIN: 00035019)

J. J. Irani
(DIN: 00311104)

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Bimal Jalan
(DIN: 00449491)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(ACS: 13257)

MUMBAI, May 2, 2016

Housing Development Finance Corporation Limited

Consolidated Cash Flow Statement for the year ended March 31, 2016

	Notes	₹ in Crore	Previous Year ₹ in Crore
A CASH FLOW FROM OPERATING ACTIVITIES			
Profit After tax Attributable to the Group		10,190.26	8,762.62
Add: Provision for Taxation		3,639.34	3,165.70
Profit Before Tax		13,829.60	11,928.32
Adjustments for:			
Depreciation and Amortisation*	14 & 15	196.87	130.73
Provision for Contingencies	33.2	732.90	188.04
Interest Expense	28	20,091.60	18,589.83
Net (Gain)/Loss on translation of foreign currency monetary assets and liabilities		55.03	(16.28)
Interest Income	26	(29,460.14)	(26,994.73)
Shelter Assistance Reserve - utilisation	5	(85.31)	(10.83)
Reserve for Unexpired Risk		189.28	104.41
Policy Liabilities (net)		6,690.80	16,152.28
Surplus from Deployment in Cash Management Schemes of Mutual Funds	26	(311.67)	(369.48)
Profit on Sale of Investments		(1,616.53)	(510.87)
Dividend Income	26	(49.85)	(41.16)
Provision for Diminution in Value of Investments		10.17	5.06
Bad debts written off		5.80	4.60
(Profit)/Loss on Sale of Fixed Assets (net)		(7.45)	(27.64)
Operating Profit before Working Capital changes		10,271.10	19,132.28
Adjustments for:			
Current and Non-Current Assets		(1,998.18)	(978.49)
Current and Non-Current Liabilities		584.96	759.48
Cash generated from operations		8,857.88	18,913.27
Interest Received		29,129.49	26,682.39
Interest Paid		(19,687.41)	(18,519.42)
Premium paid on redemption of Debentures		(100.86)	(192.80)
Dividend Received		49.85	41.16
Taxes Paid		(3,653.24)	(3,227.76)
Net cash from operation		14,595.71	23,696.84
Loans disbursed (net)		(33,753.21)	(33,281.47)
Corporate Deposits (net)		(429.14)	466.44
Net cash used in operating activities	[A]	(19,586.64)	(9,118.19)
* Includes depreciation included under Other expenses pertaining to Insurance Business			
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(147.88)	(616.32)
Sale of Fixed Assets		11.07	57.81
Goodwill (net)		-	(2.22)
Investments (net)		(9,175.48)	(17,994.19)
Net cash used in investing activities	[B]	(9,312.29)	(18,554.92)
C CASH FLOW FROM FINANCING ACTIVITIES			
Share Capital - Equity	4.1	1.03	2.84
Utilisation of Reserves for Buy back of Equity Shares by one of the Subsidiary Company		(99.90)	-
QIP Warrants Issue	5.10	51.10	-
Securities Premium	5	433.33	726.52
Deposits, CPs and other Short-Term Borrowings (Net)		7,371.82	27,136.32
Proceeds from long-term borrowings		70,432.31	64,672.34
Repayment of long-term borrowings		(46,363.56)	(65,098.31)
Dividend paid		(2,520.44)	(2,505.94)
Tax paid on Dividend		(602.38)	(485.43)
Bonus and Securities Issue Expenses		(85.56)	(22.01)
Increase in Minority Interest		369.07	394.05
Net cash from financing activities	[C]	28,986.82	24,820.38
Net (Decrease)/Increase in cash and cash equivalents	[A+B+C]	87.89	(2,852.73)
Add: Cash and cash equivalents as at the beginning of the year	22	3,547.72	6,397.65
Add: Exchange difference on bank balance		3.71	2.80
Cash and cash equivalents as at the end of the year	22	3,639.32	3,547.72
Earmarked balances with banks:			
- Unclaimed dividend account		494.77	21.52
- Other against Foreign Currency Loans		8.10	7.20
- Guarantees issued by banks		0.06	0.13
- Others		0.69	2.59
Short-term bank deposits		2,238.11	682.76
Cash and Bank balances at the end of the year	22	6,381.05	4,261.92

See accompanying notes forming part of the financial statements

As per our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Deepak S. Parekh
Chairman
(DIN: 00009078)

Sanjiv V. Pilgaonkar
Partner

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

MUMBAI, May 2, 2016

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

Nasser Munjee
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V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(ACS: 13257)

Notes forming part of the consolidated financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

OTHER THAN INSURANCE COMPANIES

These financial statements have been prepared in accordance with historical cost convention, applicable Accounting Standards specified under Section 133 of the Companies Act, 2013, the relevant provisions of the Companies Act, 2013 and the guidelines issued by the National Housing Bank and Reserve Bank of India to the extent applicable.

INSURANCE COMPANIES

The financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the accounting principles prescribed by the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, ('the IRDA Financial Statements Regulations'), provisions of the Insurance Regulatory and Development Authority Act, 1999, the Insurance Act, 1938, circulars/notifications issued by the Insurance Regulatory and Development Authority of India ('the IRDAI') from time to time, the Companies Act, 2013 and applicable Accounting Standards specified under Section 133 of the Companies Act, 2013.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

Accounting policies applied have been consistent with previous year except where different treatment is required as per new pronouncements made by the regulatory authorities. The management evaluates, all recently issued or revised accounting pronouncements, on an ongoing basis.

1.2 GAIN OR LOSS ON DILUTION

The gain or loss on account of dilution of stake of HDFC Ltd. in its subsidiaries, associates and entities over which control is exercised is accounted through General Reserve.

1.3 SYSTEM OF ACCOUNTING

The Group adopts the accrual concept in the preparation of the financial statements.

The Balance Sheet and the Statement of Profit and Loss of the Group are prepared in accordance with the provisions contained in Section 129 of the Companies Act, 2013, read with Schedule III thereto to the extent possible (except the insurance subsidiaries).

1.4 USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with Generally Accepted Accounting Principles in India (Indian GAAP) requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

Notes forming part of the consolidated financial statements (Continued)

1.5 INFLATION

Assets and liabilities are recorded at historical cost to the Group. These costs are not adjusted to reflect the changing value in the purchasing power of money.

1.6 OPERATING CYCLE

Based on the nature of its activities, the Corporation has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

1.7 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

1.8 CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term deposits with banks (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.9 LOANS AND RECEIVABLES AND CREDIT LOSS ALLOWANCES

Loans are initially recorded at the disbursed principal amounts and are subsequently adjusted for recoveries and any unearned income. Loans are carried net of the allowances for credit losses.

A loan is recognised as non-performing (“NPA”) or as a “doubtful” or as a “loss” asset based on the period for which the repayment instalment or interest has remained in arrears as prescribed under the Housing Finance Companies (NHB) Directions, 2010, (the “NHB Directions”) as directed from time to time. Allowances for credit losses are made on an individual basis at rates prescribed under the NHB Directions unless, the management estimates that a higher individual allowance is required to reduce the carrying value of loan asset, including accrued interest, to its estimated realisable amount. The fair value of the underlying security is taken into consideration to estimate the realisable amount of the loan. When a loan is identified as a “Loss Asset” that is adversely affected by a potential threat of non-recoverability, the outstanding balance is fully written off or fully provided for.

1.10 INTEREST INCOME ON LOANS

Repayment of housing loans is generally by way of Equated Monthly Instalments (EMIs) comprising principal and interest. EMIs commence generally once the entire loan is disbursed. Certain customers request for commencement of regular principal repayments even before the entire loan is disbursed, especially when the projects are of long gestation. A recalculated EMI based on Principal Outstanding is offered in such cases. Pending commencement of EMIs, pre-EMI interest is payable every month. Interest on loans is computed either on an annual rest or on a monthly rest basis on the principal outstanding at the beginning of the relevant period.

Interest income is allocated over the contractual term of the loan by applying the committed interest rate to the outstanding amount of the loan. Interest income is accrued as earned with the passage of time.

Interest on loan assets classified as “non-performing” is recognised only on realisation.

1.11 DIVIDEND

Dividend income is recognised when the right to receive has been established.

Notes forming part of the consolidated financial statements (Continued)

1.12 FEES AND OTHER REVENUE

Fees, charges and other revenue is recognised after the service is rendered to the extent that it is probable that the economic benefits will flow to the Corporation and that the revenue can be reliably measured, regardless of when the payment is being made.

1.13 PREMIUM INCOME FROM INSURANCE BUSINESS

LIFE INSURANCE BUSINESS

Premium Income

Premium income is accounted for when due from the policyholders and reduced for lapsation expected based on the experience of the Company. In case of linked business, premium income is accounted for when the associated units are created. Premium on lapsed policies is accounted for as income when such policies are reinstated. Top up premium is considered as single premium.

Income from Linked Policies

Income from linked policies, which include fund management charges, policy administration charges, mortality charges and other charges, wherever applicable, is recovered from the linked funds in accordance with the terms and conditions of the insurance contracts and is accounted for as income when due.

Reinsurance Premium Ceded

Reinsurance premium ceded is accounted for on due basis, at the time when related premium income is accounted for in accordance with the terms and conditions of the reinsurance treaties. Profit commission on re-insurance ceded is netted off against premium ceded on reinsurance.

GENERAL INSURANCE BUSINESS

Premium Income

Premium including Reinsurance accepted (net of service tax) is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur. Instalment cases are recorded on instalment due dates. Premium received in advance represents premium received prior to commencement of the risk.

Reinsurance Premium Ceded

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Reinsurance premium ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium. Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur.

Premium on excess of loss reinsurance cover is accounted as per the terms of the reinsurance arrangements.

Commission received

Commission on reinsurance ceded is recognised as income on ceding of reinsurance premium.

Profit commission under reinsurance treaties, wherever applicable, is recognised in the year of final determination of the profits and as intimated by the Reinsurer.

1.14 INCOME FROM LEASES

Leases of assets under which substantially all of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. The Corporation has let out portions of its buildings to its

Notes forming part of the consolidated financial statements (Continued)

subsidiaries/associates under operating lease arrangements. Income is recognised over the period over which the property is used by the lessee based on the lease terms as the arrangements are cancellable and do not confirm any minimum lease payment or contingent rent payments.

1.15 MANAGEMENT AND TRUSTEESHIP FEES

Management and Trusteeship fees are accounted on accrual basis.

1.16 INCOME FROM INVESTMENTS

The gain/loss on account of Investments in Preference Shares, Debentures/Bonds and Government Securities held as long-term investments and acquired at a discount/premium, is recognised over the life of the security on a pro-rata basis. Interest income on investments is accounted for on accrual basis.

Amortisation of premium or accretion of discount at the time of purchase of debt securities is amortised over the remaining period of maturity/holding on a straight-line basis.

The gains/losses on sale of investments are recognised in the Statement of Profit and Loss on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a weighted average basis.

1.17 BORROWING AND BORROWING COSTS

The Corporation borrows funds, primarily in Indian Rupees, and carry a fixed rate or floating rate of interest. As a part of its risk management strategy, the Corporation converts such borrowings into floating rate or foreign currency borrowings by entering into interest rate swaps or cross currency interest rate swaps having the same notional amount and maturity as the underlying borrowings and holds these instruments till maturity. At each reporting date, these liabilities are restated at the closing rate.

Borrowing costs include interest, amortised brokerage on deposits and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary costs in connection with long-term external commercial borrowings are amortised to the Statement of Profit and Loss over the tenure of the loan. Issue expenses of certain securities are charged to the securities premium.

1.18 TRANSLATION OF FOREIGN CURRENCY

Initial recognition

Transactions in foreign currencies entered into by the Group are accounted at the exchange rates prevailing on the date of the transaction.

Measurement at the Balance Sheet date

Assets and liabilities in foreign currencies are converted at the rates of exchange prevailing at the year-end, where not covered by forward contracts. Wherever the Corporation has entered into a forward contract or an instrument that is, in substance, a forward exchange contract, the difference between the forward rate and the exchange rate on the date of the transaction is recognised as income or expense over the life of the contract. Monetary items represented by currency swap contracts are recorded at the closing rate.

The net loss/gain on translation of long term monetary assets and liabilities in foreign currencies is amortised over the maturity period of such monetary assets and liabilities and charged to the Statement of Profit and Loss. The unamortised exchange difference is carried in the Balance Sheet as "Foreign currency monetary item translation difference account". The net loss/gain on translation of short term monetary assets and liabilities in foreign currencies is recorded in the Statement of Profit and Loss.

1.19 BROKERAGE AND INCENTIVE ON DEPOSITS

Brokerage and incentive brokerage on deposits is amortised over the period of the deposit.

Notes forming part of the consolidated financial statements (Continued)

1.20 BROKERAGE - MUTUAL FUND EXPENSE

Brokerage paid on investment in Equity Linked Saving Schemes and Closed Ended Schemes is amortised over a period of 36 months and over the tenure of the scheme respectively.

Brokerage paid in advance in respect of Portfolio Management Business is amortised over the contractual period.

Recurring expenses of schemes of HDFC Mutual Fund are borne by one of the subsidiary company, including the amounts in excess of the limits prescribed by the Securities and Exchange Board of India, are accounted in the respective heads in the Statement of Profit and Loss.

1.21 INVESTMENTS

(i) OTHER THAN INSURANCE COMPANIES

Investments are capitalised at cost inclusive of brokerage and stamp charges and are classified into two categories, viz. Current or Long-Term. Long-term investments (excluding investment in properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Provision for diminution in the value of investments is made in accordance with the guidelines issued by the National Housing Bank and the Accounting Standard on 'Accounting for Investments' (AS 13) and is recognised through the Provision for Contingencies Account. Investment properties acquired as part of the debt asset settlement are recorded at the fair value on the date of the transfer. Investment in properties are carried individually at cost less accumulated depreciation and impairment, if any.

(ii) INSURANCE COMPANIES

Investments are made in accordance with the provisions of the Insurance Act, 1938, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, the Insurance Regulatory and Development Authority of India (Investment) (Amendment) Regulations, 2001, the Insurance Regulatory and Development Authority of India (Investment) (Fourth Amendment) Regulations, 2008, the Insurance Regulatory and Development Authority of India (Investment) (Fifth Amendment) Regulations, 2013, wherever applicable and various other circulars/notifications/clarifications issued by the IRDA in this context from time to time.

Investments are recognised at cost on the date of purchase, which includes brokerage and taxes if any, and excluding accrued interest (i.e. since the previous coupon date) as on the date of purchase.

In case of one of the subsidiary company (HDFC Standard Life Insurance Co. Ltd.), Investment property represents land or building held for use other than in services or for administrative purposes. The investment in the real estate investment property is valued at historical cost plus revaluation if any. Revaluation of the investment property is done at least once in three years. The change in the carrying amount of the investment property is taken to Revaluation Reserve in the Balance Sheet. Impairment loss, if any, exceeding the amount in Revaluation Reserve is recognised as an expense in the Revenue Account or the Profit and Loss Account.

1.22 TANGIBLE FIXED ASSETS

Fixed Assets (including such assets which have been leased out by the Corporation) are capitalised at cost inclusive of legal and/or installation expenses.

1.23 INTANGIBLE ASSETS

Intangible Assets comprising of system software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, less accumulated amortisation and Goodwill arising on account

Notes forming part of the consolidated financial statements (Continued)

of a scheme of amalgamation in a subsidiary company and a scheme of de-merger in a jointly controlled entity. Any expenses on such software for support and maintenance payable annually are charged to the Statement of Profit and Loss.

1.24 CAPITAL WORK-IN-PROGRESS

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

1.25 IMPAIRMENT OF ASSETS

The carrying values of assets forming part of any cash generating units at Balance Sheet date are reviewed for impairment at each Balance Sheet date. If any indication for such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

1.26 DEPRECIATION AND AMORTISATION

Tangible Fixed Assets

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Computers and data processing equipment - 4 years

Vehicles - 5 years

Leasehold land is amortised over the duration of the lease.

Intangible Assets

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Computers Software - 4 years

Investment In Properties

Depreciation on Investment in properties is provided on a pro-rata basis from the date of acquisition.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

1.27 PROVISIONS AND CONTINGENCIES

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognised nor disclosed in the financial statements.

Notes forming part of the consolidated financial statements (Continued)

1.28 PROVISION FOR CONTINGENCIES AND NON-PERFORMING ASSETS

The Group's policy is to carry adequate amounts in the Provision for Non-Performing Assets Account and the Provision for Contingencies account to cover the amount outstanding in respect of all non-performing assets and standard assets respectively as also all other contingencies. All loans and other credit exposures where the interest and/or instalments are overdue for specified number of days and more are classified as non-performing assets in accordance with the prudential norms prescribed by the National Housing Bank, the Reserve Bank of India and the IRDA Regulations. The provision for non-performing assets is deducted from loans and advances. The provisioning policy of the Group covers the minimum provisioning required as per the NHB, the Reserve Bank of India and the IRDA Regulations.

1.29 STANDARD ASSET PROVISIONING (COLLECTIVE ALLOWANCES)

Provisions are established on a collective basis against loan assets classified as "Standard" to absorb credit losses on the aggregate exposures in each of the Corporation's loan portfolios based on the NHB Directions. A higher standard asset provision may be made based upon an analysis of past performance, level of allowance already in place and Management's judgement. This estimate includes consideration of economic and business conditions. The amount of the collective allowance for credit losses is the amount that is required to establish a balance in the Provision for Standard Assets Account that the Corporation's management considers adequate, after consideration of the prescribed minimum under the NHB Directions, to absorb credit related losses in its portfolio of loan items after individual allowances or write offs.

1.30 EMPLOYEE BENEFITS

Employee Stock Option Scheme ('ESOS')

The Employee Stock Option Scheme ('the Scheme') provides for the grant of options to acquire equity shares of the Corporation to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The Corporation follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the exercise price as determined under the option plan. The market price is the closing price on the stock exchange where there is highest trading volume on the working day immediately preceding the date of grant. Compensation cost, if any, is amortised over the vesting period.

Defined contribution plans

The Corporation's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made. These funds and the schemes thereunder are recognised by the Income-tax authorities and administered by various trustees. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Corporation.

The Contributions made to the Recognised Provident Funds are charged to the Statement of Profit and Loss.

Defined benefit plans

For defined benefit plans in the form of leave encashment/compensated absences, gratuity fund and post retirement pension scheme for whole-time Directors, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement

Notes forming part of the consolidated financial statements (Continued)

benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

In the case of Dubai branch of the Corporation, the provision for gratuity is made in accordance with the prevalent local laws.

Actuarial gain and losses comprises of experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as Income or Expense.

Short-term employee benefits

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

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

1.31 CLAIMS PAID AND OTHER EXPENSES PERTAINING TO INSURANCE BUSINESS

(i) LIFE INSURANCE BUSINESS

Benefits paid

Benefits paid consist of policy benefit amounts and claim settlement costs, where applicable.

Non-linked business

Death and rider claims are accounted for on receipt of intimation. Annuity benefits, money back payment and maturity claims are accounted for when due. Surrenders are accounted for on the receipt of consent from the insured to the quote provided by the Company.

Linked business

Death and rider claims are accounted for on receipt of intimation. Maturity claims are accounted for on due basis when the associated units are de-allocated. Surrenders and withdrawals are accounted for on receipt on intimation when associated units are de-allocated. Amounts payable on lapsed policies are accounted for on expiry of lock in period, which is the period after which policies cannot be revived. Surrenders and lapsation are disclosed at net of charges recoverable.

Reinsurance claims receivable are accounted for in the period in which the concerned claims are intimated. Repudiated claims and other claims disputed before judicial authorities are provided for on prudent basis as considered appropriate by management.

Policy acquisition costs

Policy acquisition costs mainly consist of commission to insurance intermediaries, sales staff costs, office rent, medical examination costs, policy printing expenses, stamp duty and other related expenses incurred to source and issue the policy. These costs are expensed in the period in which they are incurred.

Notes forming part of the consolidated financial statements (Continued)

(ii) GENERAL INSURANCE BUSINESS

Claims incurred

Claims incurred comprises of claims paid (net of salvage and other recoveries), change in the estimate liability for outstanding claims made following a loss occurrence reported, change in estimated liability for claims incurred but not reported (IBNR) & claims incurred but not enough reported (IBMER) and specific settlement costs comprising survey, legal and other directly attributable expenses.

Provision is made for estimated value of outstanding claims at the Balance Sheet date net of reinsurance, salvage and other recoveries. Such provision is made on the basis of the ultimate amounts that are likely to be paid on each claim, established by the management in the light of past experience and progressively modified for changes as appropriate on availability of further information and include insurance claim settlement costs likely to be incurred to settle outstanding claims.

Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

The estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) has been estimated by the Appointed Actuary in compliance with guidelines issued by IRDA vide Circular No. 11/IRDA/ACTL/IBNR/2005-06 dated June 8, 2005 and applicable provisions of the Guidance Note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has used alternative methods for each product category as considered appropriate depending upon the availability of past data as well as appropriateness of the different methods to the different lines of businesses.

Acquisition costs

Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission. These costs are expensed out in the period in which they are incurred.

Premium Deficiency

Premium deficiency is recognised for the Company as a whole on an annual basis. Premium deficiency is recognised if the sum of the expected claim costs, related expenses and maintenance cost (related to claims handling) exceeds related reserve for unexpired risk.

1.32 LEASES

(i) Finance leases

Finance leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the lower of the fair value of the asset and present value of the minimum lease payments at the inception of the lease term and are disclosed as leased assets. Lease payments are apportioned between the finance charges and the corresponding liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit and Loss. Leased assets capitalised under finance lease are depreciated on a straight-line basis over the lease term.

(ii) Operating leases

Leases where the lessor effectively retains substantially all the risk and the benefits of ownership over the leased term are classified as operating leases. Leased rental payments under operating leases including committed increase in rentals are accounted for as an expense, on a straight-line basis, over the non-cancellable lease period.

1.33 EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of

Notes forming part of the consolidated financial statements (Continued)

extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

1.34 TAXES ON INCOME

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

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

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

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

1.35 SERVICE TAX INPUT CREDIT

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilising the credits.

1.36 SECURITISED LOANS AND SECURITISATION LIABILITIES

The Corporation periodically transfers pools of mortgages. Such assets are derecognised, if and only if, the Corporation loses control of the contractual rights that comprise the corresponding pools or mortgages transferred.

Transfers of pools of mortgages under the current programs involve transfer of proportionate shares in the pools of mortgages. Such transfers result in de-recognition only of that proportion of the mortgages as meet the de-recognition criteria. The portion retained by the Corporation continue to be accounted for as loans as described above.

On de-recognition, the difference between the book value of the securitised asset and consideration received is recognised as gain arising on securitisation in the Statement of Profit and Loss over the balance maturity period of the pool transferred. Losses, if any, arising from such transactions, are recognised immediately in the Statement of Profit and Loss.

Notes forming part of the consolidated financial statements (Continued)

1.37 POLICY LIABILITIES

Actuarial liabilities, for all inforce policies and policies where premiums are discontinued, but a liability exists as at the valuation date, are calculated in accordance with the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938, regulations notified by the IRDA and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDA.

The specific principles adopted for the valuation of policy liabilities are set out as per the IRDA (Assets, Liabilities and Solvency Margin) Regulations, 2000 and the APS2 & APS7 issued by the Institute of Actuaries of India.

1.38 RESERVE FOR UNEXPIRED RISK OF GENERAL INSURANCE BUSINESS

Reserve for Unexpired Risk represents proportion of net premium written relating to the period of insurance subsequent to the Balance Sheet date, calculated on the basis of 1/365th method, or as required under Section 64V(1)(ii)(b) of the Insurance Act, 1938, i.e., subject to a minimum of 100% in case of marine hull business and 50% in case of other businesses based on net premium written during the year, whichever is higher. As per the Master Circular on preparation of financial statements - General Insurance Business the net Premium Written is to be considered only in respect of policies written during the year and unexpired on the Balance sheet date.

2. The consolidated financial statements relate to Housing Development Finance Corporation Limited (“HDFC Ltd.” or “the Corporation”), its subsidiaries, jointly controlled entities and Group’s share of profit/loss in its associates as on March 31, 2016 and for the year ended on that date. The consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the Corporation and its subsidiaries have been combined on a line-by-line basis by consolidating the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions, resulting in unrealised profits or losses as per Accounting Standard (AS) 21 on ‘Consolidated Financial Statements’.
- (ii) The Corporation’s investments in equity shares of associates are accounted for under the equity method and its share of pre-acquisition profits/losses is reflected as goodwill/capital reserve in the carrying value of investments in accordance with the Accounting Standard (AS) 23 on ‘Accounting for Investments in Associates in Consolidated Financial Statements’.
- (iii) The financial statements of the subsidiaries and the associates used in the consolidation are drawn up to the same reporting date as that of the Corporation, i.e. March 31, 2016.
- (iv) The excess of cost to the Corporation, of its investment in the subsidiaries over the Corporation’s portion of equity is recognised in the financial statements as Goodwill.
- (v) The excess of the Corporation’s portion of equity of the subsidiaries on the acquisition date over its cost of investment is treated as Capital Reserve.
- (vi) Minority Interest in the net assets of consolidated subsidiaries consists of:
 - a) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
 - b) The minorities’ share of movements in equity since the date the relationship came into existence.
- (vii) Minority interest’s share of net profit/loss for the year of the consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
- (viii) In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.

Notes forming part of the consolidated financial statements (Continued)

2.1 The financial statements of the following subsidiary companies have been consolidated as per Accounting Standard (AS) 21 on Consolidated Financial Statements.

All the below mentioned subsidiaries have been incorporated in India, other than Griha Investments which has been incorporated in Mauritius, Griha Pte. Ltd. which has been incorporated in Singapore and HDFC International Life and Re Company Limited which has been incorporated in Dubai.

Name of Subsidiary	Proportion of Ownership Interest (%)	
	Current Year	Previous Year
HDFC Developers Ltd.	100.00	100.00
HDFC Investments Ltd.	100.00	100.00
HDFC Holdings Ltd.	100.00	100.00
HDFC Asset Management Co. Ltd.	59.99	59.81
HDFC Trustee Co. Ltd.	100.00	100.00
HDFC Realty Ltd.	100.00	100.00
GRUH Finance Ltd.	58.59	58.64
HDFC Venture Capital Ltd.	80.50	80.50
HDFC Ventures Trustee Co. Ltd.	100.00	100.00
HDFC Sales Pvt. Ltd.	100.00	100.00
HDFC Property Ventures Ltd.	100.00	100.00
HDFC Investment Trust	100.00	100.00
HDFC Investment Trust - II	100.00	100.00
Griha Investments (Subsidiary of HDFC Holdings Ltd.)	100.00	100.00
Griha Pte Ltd. (Subsidiary of HDFC Investments Ltd.)	100.00	100.00
Credila Financial Services Pvt. Ltd.	78.66	78.66
HDFC Education and Development Services Pvt. Ltd.	100.00	100.00
Grandeur Properties Pvt. Ltd.	100.00	100.00
Haddock Properties Pvt. Ltd.	100.00	100.00
Pentagram Properties Pvt. Ltd.	100.00	100.00
Windermere Properties Pvt. Ltd.	100.00	100.00
Winchester Properties Pvt. Ltd.	100.00	100.00

2.2 The financial statements of the following subsidiary companies, all incorporated in India, which are in the nature of jointly controlled entities, have been consolidated as per Accounting Standard (AS) 21 on Consolidated Financial Statements.

Name of Subsidiary (Jointly Controlled Entity)	Proportion of Ownership Interest (%)	
	Current Year	Previous Year
HDFC Standard Life Insurance Co. Ltd.	61.63	70.65
HDFC Pension Management Co. Ltd. (Subsidiary of HDFC Standard Life Insurance Co. Ltd.)	61.63	70.65
HDFC International Life and Re Company Limited (Subsidiary of HDFC Standard Life Insurance Co. Ltd.)	61.63	-
HDFC ERGO General Insurance Co. Ltd.	73.63	73.63

2.3 Consequent to the above changes in the ownership interest, certain previous year balances have been considered on current ownership and accordingly the same is reflected in the Reserves and Surplus as 'Opening Adjustments'.

Notes forming part of the consolidated financial statements (Continued)

3. Investment made by the Corporation and its subsidiaries in the following associates, have been accounted for, under the equity method, in accordance with the Accounting Standard (AS) 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements'.

Name of Associate	Nature of Business	Proportion of Ownership Interest (%)	
		Current Year	Previous Year
HDFC Bank Ltd.	Banking Services	21.49	21.67
India Value Fund Advisors Pvt. Ltd.	Venture Capital	21.51	21.51
RuralShores Business Services Pvt. Ltd.#	BPO	27.47	27.47
Magnum Foundations Pvt. Ltd.*	Real Estate	50.00	50.00

As per Accounting Standard (AS) 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements', the investments in RuralShores Business Services Pvt. Ltd. has been excluded from consolidation since the share of losses exceeded the carrying amount of investment and the same has been fully provided for in the books of accounts of HDFC Ltd.

* As per the Accounting Standard (AS) 23 on Consolidated Financial Statements, Investments in Magnum Foundations Pvt. Ltd. by one of the subsidiary company has been excluded from consolidation, since it is exclusively held with a view to their subsequent disposal in the near future by such subsidiary company.

HDFC Ltd.'s share of profit in HDFC Bank Ltd. has been accounted for based on their consolidated financial statements.

4. SHARE CAPITAL

	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
AUTHORISED		
170,00,00,000 Equity Shares of ₹ 2 each (Previous Year 162,50,00,000 Equity Shares of ₹ 2 each)	340.00	325.00
	<u>340.00</u>	<u>325.00</u>
ISSUED, SUBSCRIBED AND PAID-UP		
157,98,46,340 Equity Shares of ₹ 2 each (Previous Year 157,46,97,670 Equity Shares of ₹ 2 each)	315.97	314.94
	<u>315.97</u>	<u>314.94</u>

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	₹ in Crore	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	157,46,97,670	314.94	156,05,32,605	312.10
Shares allotted pursuant to exercise of stock options	51,48,670	1.03	1,41,65,065	2.84
Equity shares outstanding as at the end of the year	157,98,46,340	315.97	157,46,97,670	314.94

- 4.2 There were no shareholder holding more than 5 percent shares in the Corporation as at March 31, 2016. Details of shareholders' holding more than 5 percent shares in the Corporation as at March 31, 2015 are given below:

Particulars	Outstanding as on March 31, 2015	
	Number	Percentage of shares held to total Shares
Aberdeen Asset Management Asia Ltd. (on behalf of funds advised/managed)	8,00,17,312	5.08%

Notes forming part of the consolidated financial statements (Continued)

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

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

As at March 31, 2016, **8,19,25,500** shares (Previous Year 4,54,25,500 shares) were reserved for issuance as follows:

a) **4,54,25,500** shares of ₹ 2 each (Previous Year 5,05,74,170 shares of ₹ 2 each) towards outstanding Employees Stock Options granted/available for grant, including lapsed options [Refer Note 4.4].

b) **3,65,00,000** shares of ₹ 2 each (Previous Year Nil) towards outstanding share warrants [Refer Note 5.10].

4.4 Under Employees Stock Option Scheme - 2014 (ESOS - 14), the Corporation had on October 8, 2014, granted **62,73,064** options at an exercise price of ₹ 5,073.25 per option representing 3,13,65,320 equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS-14, the options would vest over a period of 1-3 years from the date of grant, but not later than October 7, 2017, depending upon options grantee completing continuous service of three years with the Corporation. Accordingly, during the year **59,58,841** options (Previous Year NIL options) were vested. In the current year **51,427** options (Previous Year 49,045 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2011 (ESOS - 11), the Corporation had on May 23, 2012, granted 61,02,475 options at an exercise price of ₹ 3,177.50 per option representing 3,05,12,375 equity shares of ₹ 2 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 11, the options would vest over a period of 1-3 years from the date of grant, but not later than May 22, 2015, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, during the year 36,043 options (Previous Year 1,80,438 options) were vested. In the current year **2,884** options (Previous Year 13,263 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Under Employees Stock Option Scheme - 2008 (ESOS - 08), the Corporation had on November 25, 2008, granted 57,90,000 options at an exercise price of ₹ 1,350.60 per option representing 57,90,000 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 08, the options would vest over a period of 1-3 years from the date of grant, but not later than November 24, 2011, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. In the current year **NIL options** (Previous Year 97 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Notes forming part of the consolidated financial statements (Continued)

Under Employees Stock Option Scheme - 2007 (ESOS - 07), the Corporation had on September 12, 2007, granted 54,56,835 options at an exercise price of ₹ 2,149 per option representing 54,56,835 equity shares of ₹ 10 each to the employees and directors of the Corporation. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing price on the stock exchange having higher trading volume, prior to grant of options.

In terms of ESOS - 07, the options would vest over a period of 1-3 years from the date of grant, but not later than September 11, 2010, depending upon option grantee completing continuous service of three years with the Corporation. All the options have been vested in the earlier years. In the current year **628 options** (Previous Year 882 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Method used for accounting for share based payment plan:

The Corporation has used intrinsic value method to account for the compensation cost of stock options to employees of the Corporation. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Since the options under ESOS-14, ESOS-11, ESOS-08 and ESOS-07 were granted at the market price, the intrinsic value of the option is Nil. Consequently the accounting value of the option (compensation cost) is also Nil.

Movement in the options under ESOS-14, ESOS-11, ESOS-08 and ESOS-07:

Particulars	ESOS - 14	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	62,24,019	-
Granted during the year	-	62,73,064
Vested during the year	59,58,841	-
Exercised during the year	1,00,921	-
Lapsed during the year	51,427	49,045
Outstanding at the end of the year	60,71,671	62,24,019
Unvested at the end of the year	2,22,048	62,24,019
Exercisable at the end of the year	58,49,623	-
Weighted average price per option	₹ 5,073.25	

Particulars	ESOS - 11	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	37,45,586	54,06,415
Granted during the year	-	-
Vested during the year	36,043	1,80,438
Exercised during the year	9,28,751	16,47,566
Lapsed during the year	2,884	13,263
Outstanding at the end of the year	28,13,951	37,45,586
Unvested at the end of the year	-	36,043
Exercisable at the end of the year	28,13,951	37,09,543
Weighted average price per option	₹ 3,177.50	

Notes forming part of the consolidated financial statements (Continued)

Particulars	ESOS - 08	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	5,102	11,82,357
Granted during the year	-	-
Vested during the year	-	-
Exercised during the year	-	11,77,158
Lapsed during the year	-	97
Outstanding at the end of the year	5,102	5,102
Unvested at the end of the year	-	-
Exercisable at the end of the year	5,102	5,102
Weighted average price per option	₹ 1,350.60	

Particulars	ESOS - 07	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	5,977	15,148
Granted during the year	-	-
Vested during the year	-	-
Exercised during the year	62	8,289
Lapsed during the year	628	882
Outstanding at the end of the year	5,287	5,977
Unvested at the end of the year	-	-
Exercisable at the end of the year	5,287	5,977
Weighted average price per option	₹ 2,149.00	

With effect from August 21, 2010, the nominal face value of equity shares of the Corporation was sub-divided from ₹ 10 per share to ₹ 2 per share. Accordingly, each options exercised after August 21, 2010 is entitled to 5 equity shares of ₹ 2 each.

Fair Value Methodology:

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

The key assumptions used in Black-Scholes model for calculating fair value under ESOS-2014, ESOS-2011, ESOS-2008 and ESOS-2007 as on the date of grant viz. October 8, 2014, May 23, 2012, November 25, 2008 and September 12, 2007, are as follows:

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

Notes forming part of the consolidated financial statements (Continued)

Since all the stock options granted under ESOS-2008 and ESOS-2007 have been vested, the stock based compensation expense determined under fair value based method is ₹ Nil (Previous Year ₹ Nil). Accordingly there is no change in the reported and pro-forma net profit and Basic and Diluted EPS.

However, had the compensation cost for the stock options granted under ESOS-14 and ESOS-11 been determined based on the fair value approach, the Corporation's net profit and earnings per share would have been as per the pro-forma amounts indicated below:

₹ in Crore		
Particulars	Current Year	Previous Year
Net Profit (as reported)	10,190.26	8,762.62
Less: Stock-based compensation expenses determined under fair value based method, net of tax: [Gross ₹ 338.50 crore (Previous Year ₹ 300.92 crore)] (pro-forma)	221.35	198.64
Net Profit (pro-forma)	9,968.91	8,563.98
Less: Amounts utilised out of Shelter Assistance Reserve	85.31	10.83
Net Profit considered for computing EPS (pro-forma)	9,883.60	8,553.15

Amount in ₹		
Particulars	Current Year	Previous Year
Basic earnings per share (as reported)	64.07	55.81
Basic earnings per share (pro-forma)	62.66	54.54
Diluted earnings per share (as reported)	63.59	55.30
Diluted earnings per share (pro-forma)	62.19	54.04

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

5. RESERVES AND SURPLUS

	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
Special Reserve No. I [Refer Note 5.2]	51.23	51.23
Special Reserve No. II [Refer Note 5.2]	8,773.49	7,637.70
Special Reserve Under Section 45-IC(1) of the Reserve Bank of India Act, 1934	52.19	40.86
General Reserve	15,217.06	13,552.92
Statutory Reserve	3,620.67	3,295.69
(As per Section 29C of the National Housing Bank Act, 1987)		
Revaluation Reserve	30.85	35.36
Securities Premium [Refer Note 5.3]	10,130.56	10,315.44
Capital Redemption Reserve [Refer Note 5.4]	27.67	27.11
Shelter Assistance Reserve [Refer Note 31.1]	154.47	89.79
Corporate Social Responsibility Account	1.55	1.55
Foreign Currency Translation Reserve	10.65	7.46
Foreign Currency Monetary Item Translation Difference Account (Debit Balance) [Refer Note 5.7 and 5.8]	(122.07)	(33.75)
Capital Reserve	0.04	0.04
Capital Reserve on Consolidation	48.30	48.30
Surplus in the Statement of Profit and Loss (of subsidiaries and associates) [Refer Note 5.1]	12,536.95	9,686.99
	50,533.61	44,756.69

Notes forming part of the consolidated financial statements (Continued)

5.1 SURPLUS IN THE STATEMENT OF PROFIT AND LOSS

	As at March 31, 2016 ₹ in Crore	As at March 31, 2015 ₹ in Crore
Opening Balance	9,686.99	7,112.48
Add: Opening Adjustment [Refer Note 2.3]	<u>72.49</u>	<u>1.41</u>
	9,759.48	7,113.89
Add: Profit after Tax for the year attributable to the Corporation	<u>10,190.26</u>	<u>8,762.62</u>
	19,949.74	15,876.51
APPROPRIATIONS:		
Special Reserve No. II [Refer Note 5.2]	1,135.93	1,087.35
Special Reserve (under Section 45-IC(1) of the Reserve Bank of India Act, 1934)	11.36	7.81
General Reserve	2,443.08	2,051.64
Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987)	325.00	150.00
Shelter Assistance Reserve	150.00	-
Capital Redemption Reserve [Refer Note 5.4]	0.47	-
Buyback of equity shares by a subsidiary company [Refer Note 5.3]	37.92	-
Proposed Dividend	2,211.78	2,047.11
[Dividend @ ₹ 14 per equity share of ₹ 2 each (Previous Year @ ₹ 13 per equity share of ₹ 2 each)]		
Tax on Dividend	631.81	538.75
Tax on Dividend credit taken [Refer Note 5.5]	(11.15)	(18.59)
Interim Dividend Paid [Refer Note 5.9]	473.94	314.93
Dividend [including tax of ₹ 0.45 crore (Previous Year ₹ 1.53 crore)] pertaining to previous year paid during the year [Refer Note 5.6]	2.65	10.52
	<u>12,536.95</u>	<u>9,686.99</u>

- 5.2 Special Reserve has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961 out of the distributable profits of HDFC Ltd. and a Subsidiary. Special Reserve No. I relates to the amounts transferred upto Financial Year 1996-97, whereas Special Reserve No. II relates to the amounts transferred thereafter.

Vide circular NHB(ND)/DRS/Pol. 62/2014 dated May 27, 2014, the National Housing Bank (NHB) had directed Housing Finance Companies (HFCs) to provide for deferred tax liability in respect of the balance in the "Special Reserve" created under Section 36(1)(viii) of the Income Tax Act, 1961. Vide circular NHB(ND)/DRS/Pol. 65/2014 dated August 22, 2014, NHB has permitted HFCs to create the Deferred Tax Liability over a period of 3 years, in a phased manner in the ratio of 25:25:50. Accordingly, the Corporation has created 25 percent of deferred tax liability of ₹ 579.43 crore (Previous Year ₹ 578.74 crore) on balance of accumulated Special Reserve as on April 1, 2014 by debiting the General reserve. The balance amount of deferred tax liability of ₹ 1,158.17 crore will be created in the next financial year [Note 17].

- 5.3 During the year, ₹ 553.86 crore (Previous Year ₹ 437.07 crore) has been utilised out of the Securities Premium in accordance with Section 78 of the Companies Act, 1956. Out of the above, ₹ 0.11 crore (Previous Year ₹ 22.01 crore) has been utilised by one of the subsidiary companies towards issue of Bonus equity shares, expenses thereon and debenture issue expenses, ₹ 85.46 crore (Previous Year ₹ Nil) has been utilised by one of the subsidiary companies towards buy-back of equity shares and ₹ 468.29 crore (net of tax ₹ 247.84 crore) [(Previous Year ₹ 415.06 crore) (net of tax ₹ 213.72 crore)] has been utilised by HDFC Ltd. towards the proportionate premium payable on the redemption of Zero Coupon Secured Redeemable Non-Convertible Debentures.

Notes forming part of the consolidated financial statements (Continued)

- 5.4 HDFC Asset Management Company Limited (HDFC AMC), pursuant to the approval of its shareholders at the Extraordinary General Meeting and in accordance with the provisions of the Companies Act, 2013 (Act), has bought back 7,85,400 equity shares during the year (Previous Year Nil) at an aggregate value of ₹ 309.76 (Previous Year ₹ Nil). HDFC AMC has utilised the Securities Premium and General Reserves for this purpose. A sum of ₹ 0.47 crore (Previous Year ₹ Nil) has been transferred to Capital Redemption Reserve in terms of Section 69(1) of the Act.
- 5.5 Additional Tax on dividend Financial Year (FY) 2014-15 credit taken, ₹ 11.15 crore (Previous Year ₹ 18.59 crore for FY 2013-14), pertains to the dividend tax paid by the subsidiary companies of the Corporation on the dividend paid to the Corporation as per Section 115(O)(1A) of the Income Tax Act, 1961.
- 5.6 In respect of equity shares issued pursuant to Employee Stock Option Schemes, HDFC Ltd. paid dividend of ₹ 2.19 crore for the FY 2014-15 (₹ 8.98 crore for the FY 2013-14) and tax on dividend of ₹ 0.45 crore (Previous Year ₹ 1.53 crore) as approved by the shareholders at the Annual General Meeting held on July 24, 2015 and GRUH Finance Ltd. paid dividend of ₹ 0.02 crore for the FY 2014-15 (₹ Nil for the FY 2013-14) and tax on dividend of ₹ 42,179 (Previous Year ₹ Nil) as approved by the shareholders at the Annual General Meeting held on June 26, 2015.
- 5.7 Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities. Consequently, an amount of ₹ 122.07 crore (without considering future tax benefit of ₹ 42.25 crore) [(Previous Year ₹ 33.75 crore) (without considering future tax benefits of ₹ 11.47 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2016. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 5 years.
- 5.8 During the year, there was a net addition of ₹ 88.32 crore (Previous year net reduction ₹ 108.59 crore) in the Foreign Currency Monetary Items Translation Difference Account as under:

₹ in Crore

Particulars	Current Year	Previous Year
Net Revaluation of monetary assets & liabilities	(140.32)	128.54
Net (Debit) Credit to the Statement of Profit & Loss on account of repayments during the year	(59.07)	(93.21)
Net amortisation credit (debit) during the year	111.07	73.26
Net (Addition)/reduction during the year	(88.32)	108.59

- 5.9 The Board of Directors of the Company at its meeting held on March 21, 2016, *inter alia*, has approved the payment of an interim dividend of ₹ 3 per equity share (Previous Year ₹ 2 per equity share) of face value of ₹ 2 each of the Corporation, for the financial year 2015-16.
- 5.10 The Corporation has on October 5, 2015 issued 3,65,00,000 Warrants, convertible into 3,65,00,000 equity share of ₹ 2 each at a conversion price of ₹ 1,475.00 each, simultaneously with the issue of 5,000 secured redeemable non-convertible debentures of face value of ₹ 1,00,00,000 each, to eligible qualified institutional buyers by way of a qualified institutions placement in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and Section 42 and 71 of the Companies Act, 2013 and the rules made thereunder. An amount of ₹ 51.10 crore was received towards subscription of warrants. The warrants may be converted into equivalent number of shares on payment of the conversion price at any time on or before October 5, 2018. In the event the warrants are not converted into shares within the said period, the Company is eligible to forfeit the amounts received towards the warrants.
6. The Funds for Future Appropriations (FFA), in the participating segment, represents the surplus, which is not allocated to policyholders or shareholders as at the Balance Sheet date. Transfers to and from the fund reflect

Notes forming part of the consolidated financial statements (Continued)

the excess/deficit of income over expenses/expenses over income respectively and appropriations in each accounting period arising in the Company's policyholders' fund. Any allocation to the par policyholders would also give rise to a transfer to Shareholders' Profit and Loss Account in the required proportion.

The FFA in the linked segment represents surplus on the lapsed policies unlikely to be revived. This surplus is required to be held within the policyholders' fund till the time policyholders are eligible for revival of their policies.

7. LONG-TERM BORROWINGS

₹ in Crore

Particulars		As at March 31, 2016	As at March 31, 2015
Bonds and Debentures [Refer Note 7.1]		63,711.20	60,149.20
Term Loans: [Refer Note 7.5 and 7.6]			
- Banks		10,315.91	9,960.44
- External Commercial Borrowing - Low Cost Affordable Housing		5,318.40	1,884.00
- Others		5,272.68	3,678.77
Deposits [Refer Note 7.7]		34,164.19	28,873.31
		1,18,782.38	1,04,545.72

7.1 Long-Term Borrowings are further sub classified as follows:

₹ in Crore

Sr. No.	Particulars		As at March 31, 2016	As at March 31, 2015
	Secured : [Refer Note 7.2]			
a)	Bonds and Debentures			
	- Bonds		40.50	46.50
	- Non-Convertible Debentures		57,897.70	54,004.70
b)	Term Loans from Banks			
	- Scheduled Banks		9,632.03	8,482.24
c)	Term Loans from other parties			
	- Asian Development Bank [Refer Note 7.3]		205.11	232.09
	- National Housing Bank		5,067.57	3,443.68
	Total Secured		72,842.91	66,209.21
	Unsecured:			
a)	Bonds and Debentures			
	- Non-Convertible Subordinated Debentures		5,623.00	5,998.00
	- Perpetual Debt Instrument		150.00	100.00
b)	Term Loans from Banks			
	- Scheduled Banks		683.88	1,478.20
c)	External Commercial Borrowing - Low Cost Affordable Housing		5,318.40	1,884.00
d)	Term Loans from other parties			
	- Under a line from Kreditanstalt für Wiederaufbau		-	3.00
e)	Deposits [Refer Note 7.7]		34,164.19	28,873.31
	Total Unsecured		45,939.47	38,336.51
			1,18,782.38	1,04,545.72

Notes forming part of the consolidated financial statements (Continued)

7.2 All secured Long-Term Borrowings are secured by

- (i) Negative lien on the assets of the Corporation and GRUH Finance Ltd and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under Section 29 B of the National Housing Bank Act, 1987.
- (ii) First charge by way of hypothecation of education loan receivables of one of the subsidiary company's underlying portfolio of education loans and related collaterals.

7.3 The Corporation has availed a loan of USD 100 million from the Asian Development Bank (Loan II). In respect of tranches 1 and 2 aggregating to USD 60 million, as per the agreements with a scheduled bank, the Corporation has handed over the dollar funds to the bank overseas and has obtained rupee funds in India amounting to ₹ 200 crore by way of a term loan and ₹ 100 crore through the issue of bonds which have been subscribed by the bank.

In respect of tranche 3 of USD 40 million, as per the agreement with a financial institution, the Corporation has handed over the dollars to the Bank of India, Cayman Island and under a back-to-back arrangement obtained rupee funds in India. All payments in foreign currency are the responsibility of the financial institution. In terms of the agreements, the Corporation's foreign exchange liability is protected.

7.4 The Corporation has availed an External Commercial Borrowing (ECB) of USD 300 million for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India guidelines dated December 17, 2012. The borrowing has a maturity of five years. In terms of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps. The unamortised charges for raising of the ECB have been written off in the current year.

During the financial year, the Corporation has refinanced the said ECB of USD 300 million for the balance tenor for a lower interest rate, thereby resulting in a reduction in the interest cost. The said refinanced ECB is swapped into rupees for the entire balance maturity by way of principal only swaps. The charges towards refinance of the ECB has amortised over the tenure of ECB.

During the Financial Year, the Corporation has availed an ECB of USD 500 million for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India ("RBI") guidelines dated December 17, 2012. The borrowing has a maturity of five years. In terms of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps. The charges for raising the aforesaid ECB has been amortised over the tenure of ECB.

7.5 As on March 31, 2016, the Corporation has foreign currency borrowings of **USD 1,447.36 million equivalent** (Previous Year USD 1,013.01 million equivalent). The Corporation has undertaken currency swaps, options and forward contracts on a notional amount of **USD 1,295.81 million equivalent** (Previous Year USD 495.81 million equivalent) to hedge the foreign currency risk. As on March 31, 2016, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD Nil** (Previous Year USD Nil).

Further, interest rate swaps on a notional amount of **USD 70 million equivalent** (Previous Year USD 330 million equivalent) are outstanding, which have been undertaken to hedge the interest rate risk on the foreign currency borrowings.

As a part of asset liability management on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of ₹ **19,935 crore** (Previous Year ₹ 15,240 crore) as on March 31, 2016 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, the Corporation has entered into currency swaps of a notional amount of **USD 243.11 million equivalent** (Previous Year USD 408.69 million equivalent) through which it has converted its rupee liabilities into foreign currency liabilities and the interest rate is linked to the benchmarks of respective currencies.

Notes forming part of the consolidated financial statements (Continued)

7.6 Monetary assets and liabilities (including those in respect of currency swap contracts) denominated in foreign currencies are revalued at the rate of exchange prevailing at the year end.

For forward contracts or instruments that are in substance, forward exchange contracts, the premiums on such contracts are being amortised over the life of contracts. The amount of exchange difference in respect of such contracts to be recognised as expense in the Statement of Profit and Loss over subsequent accounting periods is ₹ **84.98 crore** (Previous Year ₹ Nil).

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

7.8 **Terms of redemption of bonds and debentures and for repayment terms of term loans:**

A) BONDS & DEBENTURES

Previous Year figures are in (brackets)
₹ in Crore

Bonds & Debentures - Secured				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
6.03% - 8%	500.00 (800.00)	- -	- -	500.00 (800.00)
8.01% - 10%	26,107.70 (24,366.00)	13,430.00 (8,353.70)	8,605.00 (10,495.00)	48,142.70 (43,214.70)
10.01% - 11.95%	5,295.00 (2,195.00)	- (4,185.00)	- -	5,295.00 (6,380.00)
Zero Coupon	1,960.00 (2,810.00)	2,000.00 (800.00)	- -	3,960.00 (3,610.00)
Variable Rate - Linked to G Sec	13.15 (12.30)	14.95 (14.10)	12.40 (20.10)	40.50 (46.50)
TOTAL - SECURED	A A 33,875.85 (30,183.30)	15,444.95 (13,352.80)	8,617.40 (10,515.10)	57,938.20 (54,051.20)
Bonds & Debentures - Unsecured				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
7.62% - 10%	- (475.00)	1,500.00 (500.00)	4,123.00 (5,023.00)	5,623.00 (5,998.00)
10.01% - 11.95%	- -	- -	- (100.00)	- (100.00)
TOTAL UNSECURED	B B - (475.00)	1,500.00 (500.00)	4,123.00 (5,123.00)	5,623.00 (6,098.00)
TOTAL (SECURED & UNSECURED)	A+B A+B 33,875.85 (30,658.30)	16,944.95 (13,852.80)	12,740.40 (15,638.10)	63,561.20 (60,149.20)

Notes forming part of the consolidated financial statements (Continued)

B) TERM LOANS FROM BANKS

Previous Year figures are in (brackets)
₹ in Crore

Term Loans from Banks - Secured				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
Term Loans from Scheduled Banks - Rupee				
7.01% - 9%	32.00	-	300.00	332.00
	-	-	-	-
9.01% - 12.00%	3,807.39	852.03	4,240.80	8,900.22
	(4,354.85)	(963.70)	(2,763.88)	(8,082.43)
Term Loans from Scheduled Banks - Foreign Currency USD LIBOR +150-200 bps	399.81	-	-	399.81
	(399.81)	-	-	(399.81)
TOTAL SECURED	A	4,239.20	852.03	4,540.80
	A	(4,754.66)	(963.70)	(2,763.88)
				9,632.03
				(8,482.24)
Term Loans from Banks - Unsecured				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
Term Loans from Scheduled Banks - Rupee				
9.01% - 10.25%	285.00	-	-	285.00
	(285.00)	-	-	(285.00)
Term Loans from Scheduled Banks - Foreign Currency				
USD LIBOR + 200 - 325 bps	398.88	-	-	398.88
	(1,193.20)	-	-	(1,193.20)
TOTAL UNSECURED	B	683.88	-	683.88
	B	(1,478.20)	-	(1,478.20)
TOTAL (SECURED & UNSECURED)	A+B	4,923.08	852.03	4,540.80
	A+B	(6,232.86)	(963.70)	(2,763.88)
				10,315.91
				(9,960.44)

C) EXTERNAL COMMERCIAL BORROWING - LOW COST AFFORDABLE HOUSING - UNSECURED

Previous Year figures are in (brackets)
₹ in Crore

External Commercial Borrowing - Low Cost Affordable Housing - Unsecured				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
USD LIBOR + 107 - 175 bps	1,994.40	-	-	1,994.40
	-	(1,884.00)	-	(1,884.00)
USD LIBOR + 120 bps	-	3,324.00	-	3,324.00
	-	-	-	-
TOTAL UNSECURED	1,994.40	3,324.00	-	5,318.40
	-	(1,884.00)	-	(1,884.00)

Notes forming part of the consolidated financial statements (Continued)

D) TERM LOANS FROM OTHER PARTIES

Previous Year figures are in (brackets)
₹ in Crore

Term Loans from Other parties - Secured				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
Asian Development Bank USD LIBOR + 40 bps	17.53 (15.57)	19.82 (17.61)	16.55 (25.28)	53.90 (58.46)
Variable linked to Bank PLR	26.37 (24.80)	29.82 (28.04)	24.89 (40.26)	81.08 (93.10)
Variable linked to G Sec	22.81 (21.45)	25.79 (24.25)	21.53 (34.82)	70.13 (80.52)
National Housing Bank 5.50% - 8%	384.02 (399.01)	198.30 (189.51)	324.87 (183.47)	907.19 (771.99)
8.01% - 10%	2,043.87 (931.11)	617.39 (585.33)	1,499.12 (1,155.26)	4,160.38 (2,671.70)
10.01% -12%	-	-	-	-
TOTAL SECURED	2,494.60	891.12	1,886.96	5,272.68
	A (1,391.94)	(844.74)	(1,439.09)	(3,675.77)
Term Loans from Other parties - Unsecured				
Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
Kreditanstalt für Wiederaufbau - 6%	-	-	-	-
	(3.00)	-	-	(3.00)
TOTAL UNSECURED	B -	-	-	-
	B (3.00)	-	-	(3.00)
TOTAL (SECURED & UNSECURED)	2,494.60	891.12	1,886.96	5,272.68
	A+B (1,394.94)	(844.74)	(1,439.09)	(3,678.77)

8. OTHER LONG-TERM LIABILITIES

₹ in Crore

Particulars	As at	As at
	March 31, 2016	March 31, 2015
Amounts payable on swaps [Refer Note 7.6]	-	397.08
Interest Accrued but not due on Borrowings	1,043.81	807.62
Premium payable on redemption of Debentures	557.38	1,160.26
Security and Other Deposits Received	7.83	9.97
Income Received in Advance	66.64	82.24
Trade Payables	93.86	72.97
Accrued Redemption Loss on Investments	8.33	15.98
	1,777.85	2,546.12

Notes forming part of the consolidated financial statements (Continued)

9. LONG-TERM PROVISIONS

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for Employee Benefits [Refer Note 29.2]	77.25	73.20
Provision for Contingencies [Refer Notes 9.1 and 9.2]	2,167.93	1,576.47
Reserve for Unexpired Risk (Includes Insurance Reserve)	384.84	348.37
	2,630.02	1,998.04

9.1 Provision for Contingencies includes provisions for standard assets and all other contingencies. In accordance with the prudential norms of National Housing Bank and Reserve Bank of India, the minimum provision required to be carried forward is ₹ **1,392.47 crore** (Previous Year ₹ 1,210.03 crore) and ₹ **7.39 crore** (Previous Year ₹ 4.33 crore) respectively.

9.2 Movement in Provision for Contingencies Account during the year is as under:

₹ in Crore

Particulars	Current Year	Previous Year
Opening Balance	1,576.47	1,370.14
Additions during the year (Net) [Refer Note 33.2]	639.19	216.56
Utilised during the year towards diminution in value of Investments	(11.20)	(10.23)
Utilised during the year towards loans and others written off	(36.53)	-
Closing Balance	2,167.93	1,576.47

10. SHORT-TERM BORROWINGS

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Loans repayable on demand:		
- from Banks - Unsecured	-	291.46
Deposits - Unsecured [Refer Note 7.7]	3,809.58	2,853.39
Other loans and advances		
- Scheduled Banks - Secured [Refer Note 10.1]	10,805.18	4,668.26
- Scheduled Banks - Unsecured	1,190.00	-
- Commercial Papers - Unsecured	26,144.07	26,606.94
	41,948.83	34,420.05

10.1 All secured Short-Term Borrowings are secured by:

- Negative lien on the assets of the Corporation and GRUH Finance Ltd and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under Section 29 B of the National Housing Bank Act, 1987.
- First charge by way of hypothecation of education loan receivables of one of the subsidiary company's underlying portfolio of education loans and related collaterals.

10.2 Commercial papers of the Corporation have a maturity value of ₹ **27,075 crore** (Previous Year ₹ 27,615 crore).

Notes forming part of the consolidated financial statements (Continued)

11. TRADE PAYABLES

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Trade payables	3,303.66	2,984.85
	3,303.66	2,984.85

12. OTHER CURRENT LIABILITIES

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Policy Liabilities (Policyholder's Fund)	10,931.51	10,531.68
Current maturities of long-term borrowings	88,562.64	78,390.95
Interest accrued but not due on borrowings	5,567.21	5,393.38
Interest Accrued and due on borrowings	-	2.67
Premium payable on redemption of debentures	1,349.77	136.54
Interest accrued and due on matured deposits	75.54	78.70
Income and other amounts received in advance	377.10	295.30
Interim dividend payable	473.95	3.53
Unclaimed dividend	20.81	17.99
Unclaimed matured deposits	560.05	626.32
Current maturities of finance lease obligations	-	0.01
Other payables		
- Statutory remittances	203.76	220.94
- Financial Assistance from Kreditanstalt für Wiederaufbau	7.78	7.78
- Amounts payable - Securitised loans	580.87	567.73
- Amounts payable on swaps [Refer Notes 7.5 and 7.6]	211.79	172.57
- Accrued redemption loss on investments	6.77	-
- Others	302.53	340.71
	9,737.93	7,864.17
	1,09,232.08	96,786.80

12.1 Current maturities of Long-Term Borrowings are further sub-classified as follows:

₹ in Crore

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
	Secured [Refer Note 12.2]		
a)	Bonds and Debentures		
	- Bonds	6.00	5.75
	- Non-Convertible Debentures	31,229.00	29,874.60
b)	Term Loans from Banks		
	- Scheduled Banks	15,727.34	9,358.62
c)	Term Loans from other parties		
	- Asian Development Bank	30.40	28.17
	- National Housing Bank	1,433.37	790.16

Notes forming part of the consolidated financial statements (Continued)

₹ in Crore

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
	Unsecured		
a)	Bonds and Debentures		
	- Non-Convertible Subordinated Debentures	875.00	500.00
b)	Term Loans from Banks		
	- Scheduled Banks	1,649.13	2,191.00
c)	Term Loans from other parties		
	- Under a line from Kreditanstalt für Wiederaufbau	3.00	14.44
d)	Deposits [Refer Note 7.7]	37,609.40	35,628.21
		88,562.64	78,390.95

12.2 Secured Current maturities of Long-Term Borrowings are secured by:

- (i) Negative lien on the assets of the Corporation and GRUH Finance Ltd and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under Section 29 B of the National Housing Bank Act, 1987.
- (ii) First charge by way of hypothecation of education loan receivables of one of the subsidiary company's underlying portfolio of education loans and related collaterals.

13. SHORT-TERM PROVISIONS

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for Employee benefits [Refer Note 29.2]	199.12	188.28
Provision for Tax (net of Advance Tax)	80.07	87.73
Proposed Dividend	2,211.78	2,047.12
Additional Tax on Proposed Dividend	467.30	431.54
Claims Incurred but not reported (IBNR) and Incurred but not enough reported (IBNER)	610.60	569.94
Reserve for Unexpired Risk (Includes Insurance Reserve)	1,024.49	871.68
	4,593.36	4,196.29

Notes forming part of the consolidated financial statements (Continued)

14. TANGIBLE ASSETS

Previous Year figures are in (brackets)
₹ in Crore

	GROSS BLOCK				As at March 31, 2016	DEPRECIATION AND AMORTISATION				NET BLOCK		
	As at March 31, 2015	Additions	Adjustments	Deductions		As at March 31, 2015	For the Year	Adjustments	Deductions	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Land:												
Freehold	16.67 (16.67)	40.12 -	0.04 -	0.03 -	56.80 (16.67)	- -	- -	- -	- -	- -	56.80 (16.67)	16.67 (16.67)
Leasehold	370.24 (3.44)	- (366.80)	- -	- -	370.24 (370.24)	2.95 (0.66)	8.85 (2.29)	- -	- -	11.80 (2.95)	358.44 (367.29)	367.29 (2.78)
Buildings:												
Own Use	656.51 (573.64)	9.89 (119.90)	43.52 -	0.46 (37.03)	709.46 (656.51)	74.31 (71.06)	10.20 (3.25)	23.48 -	(6.67) -	114.66 (74.31)	594.80 -	582.20 -
Under Operating Lease	-	-	293.60	5.75	287.85	-	40.01	168.86	4.12	204.75	83.10 (582.20)	- (502.58)
Leasehold Improvements	119.60 (110.72)	10.87 (11.81)	0.05 -	3.26 (2.93)	127.26 (119.60)	68.65 (48.43)	19.27 (18.81)	- -	(1.10) 1.41	89.02 (68.65)	38.24 (50.95)	50.95 (62.29)
Computer Hardware	247.04 (215.61)	23.66 (43.41)	- -	11.94 (11.98)	258.76 (247.04)	174.73 (151.25)	13.52 (9.05)	- -	(11.17) 14.43	199.42 (174.73)	59.34 (72.31)	72.31 (64.36)
Furniture & Fittings:												
Own Use	156.85 (155.00)	13.13 (10.00)	- -	5.79 (8.15)	164.19 (156.85)	112.30 (117.61)	5.32 1.00	- -	0.94 (4.31)	116.68 (112.30)	47.51 (44.55)	44.55 (37.39)
Under Operating Lease	- (0.71)	- -	0.13 -	- (0.71)	0.13 -	0.00 (0.63)	0.07 (0.07)	0.05 -	- (0.70)	0.12 -	0.01 -	- (0.08)
Office Equipment etc.:												
Own Use	161.45 (155.04)	15.66 (15.52)	(0.05) -	9.83 (9.11)	167.23 (161.45)	110.92 (107.03)	8.24 (4.94)	(0.04) -	2.69 (1.11)	116.43 (110.86)	50.80 (50.59)	50.53 (48.01)
Under Operating Lease	- (0.80)	- -	1.24 -	- (0.80)	1.24 -	0.00 (0.67)	0.36 (0.12)	0.78 -	- (0.79)	1.14 -	0.10 -	- (0.13)
Vehicles:												
Owned	33.07 (24.85)	13.30 (10.54)	- -	5.00 (2.32)	41.37 (33.07)	14.48 (12.53)	3.48 (1.35)	- -	- 0.60	17.96 (14.48)	23.41 (18.59)	18.59 (12.32)
Under Finance Lease	0.12 (0.29)	- -	- -	0.11 (0.17)	0.01 (0.12)	0.10 (0.24)	- -	- -	0.10 (0.14)	- (0.10)	0.01 (0.02)	0.02 (0.05)
Leased Assets:												
Plant & Machinery*	129.18 (129.18)	- -	- -	- -	129.18 (129.18)	129.18 (129.18)	- -	- -	- -	129.18 (129.18)	- -	- -
Vehicles*	16.37 (16.37)	- -	- -	- -	16.37 (16.37)	16.37 (16.37)	- -	- -	- -	16.37 (16.37)	- -	- -
Computers*	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Total	1,907.10	126.63	338.53	42.17	2,330.09	703.99	(2) 109.32	193.13	(11.09)	1,017.53	1,312.56	1,203.11
Previous Year	(1,402.32)	(577.98)	-	(73.20)	(1,907.10)	(655.66)	(38.88)	-	9.39	(703.93)	(1,203.17)	(746.66)

(*) Assets held for disposal

Notes:

- (1) Net of depreciation for the year amounting to ₹ 49.53 crore (Previous Year ₹ 52.49 crore) included in Other expenses pertaining to Insurance Business.
- (2) Depreciation for the financial year excludes ₹ 5.28 crore (Previous Year ₹ 3.98 crore) being depreciation charge on Investment in Properties.
- (3) Represents acquisition of subsidiary in the previous year.



Notes forming part of the consolidated financial statements (Continued)

15. INTANGIBLE ASSETS

Previous Year figures are in (brackets)
₹ in Crore

	GROSS BLOCK				DEPRECIATION AND AMORTISATION					NET BLOCK		
	As at March 31, 2015	Additions	Adjustments	Deductions	As at March 31, 2016	As at March 31, 2015	For the Year	Adjustments	Deductions	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Computer Software Owned	221.19 (185.05)	21.18 (36.14)	0.07 -	0.03 -	242.41 (221.19)	149.81 (115.13)	4.99 (3.09)	0.15 -	(26.68) 31.68	181.63 (149.90)	60.78 (71.29)	71.38 (69.92)
Goodwill	157.74 (149.41)	- (8.33)	- -	- -	157.74 (157.74)	149.99 (149.36)	0.88 (0.63)	- -	- -	150.87 (149.99)	6.87 (7.75)	7.75 (0.05)
Website Development	2.74 (2.52)	0.07 (0.22)	- -	- -	2.81 (2.74)	2.53 (2.50)	0.05 (0.03)	- -	- -	2.58 (2.53)	0.23 (0.21)	0.21 (0.02)
Total	381.67	21.25	0.07	0.03	402.96	302.33	5.92	0.15	(26.68)	335.08	67.88	79.34
<i>Previous Year</i>	<i>(336.98)</i>	<i>(44.69)</i>	<i>-</i>	<i>-</i>	<i>(381.67)</i>	<i>(266.99)</i>	<i>(3.75)</i>	<i>-</i>	<i>31.68</i>	<i>(302.42)</i>	<i>(79.25)</i>	<i>(69.99)</i>

Note:

(1) Net of depreciation for the year amounting to ₹ 26.82 crore (Previous Year ₹ 31.61 crore) included in Other expenses pertaining to Insurance Business.

16. NON-CURRENT INVESTMENTS

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Investment in Associates:		
Equity Shares		
Equity Investments in Associates by the Holding Company	1,468.97	1,468.97
Equity Investments in Associate by Subsidiaries	73.32	73.32
	1,542.29	1,542.29
Add: Goodwill on Acquisition of Associates (share of pre-acquisition of profits)	3,891.12	3,891.12
	5,433.41	5,433.41
Add: Adjustment of post-acquisition share of profit of Associates (Equity Method)	14,936.37	12,581.71
	20,369.78	18,015.12
Less: Provision for Diminution in Value of Investments	(2.50)	(2.50)
	(A) 20,367.28	18,012.62
Other Investments		
Insurance Companies		
Equity Shares - Other Companies	28,773.43	32,201.78
Preference Shares	234.90	69.36
Non-Convertible Debentures and Bonds	15,551.17	12,275.45
Pass Through Certificates & Security Receipts	6.36	3.70
Government Securities	23,595.00	18,548.00
Mutual Funds and Other Funds	10.11	3.18
Fixed Deposits	53.39	227.15
	68,224.36	63,328.62
Add: Fair Value Adjustment	37.79	(23.71)
Less: Provision for Diminution in Value of Investments	-	-
	(B) 68,262.15	63,304.91

Notes forming part of the consolidated financial statements (Continued)

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Investments related to Policy Holders	22,518.85	18,290.85
Investments to cover linked liabilities	5,347.52	4,869.85
Investments related to Shareholders	40,395.78	40,144.21
	68,262.15	63,304.91

16.1 Encumbrances

The assets of the subsidiary company (HDFC Standard Life Insurance Company Limited) are free from any encumbrances at March 31, 2016, except for Fixed Deposits and Government Securities, mentioned below, kept as margin against bank guarantees/margin with exchange and collateral securities issued.

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
(i) issued in India	96.73	88.50
(ii) issued outside India	0.09	0.09
Total	96.82	88.59

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Other Investments		
Other than Insurance Companies		
Equity Shares - Other Companies	737.97	613.69
Preference Shares	91.67	97.98
Debentures and Bonds	403.75	313.94
Pass Through Securities & Security Receipts	47.24	45.22
Government Securities	5,121.36	4,140.95
Mutual Funds and Other Funds	135.50	166.70
Properties (Net of Depreciation)	377.42	270.93
	6,914.91	5,649.41
Less: Provision for Diminution in Value of Investments	(79.92)	(79.35)
	(C) 6,834.99	5,570.06
Total	(A) + (B) + (C) 95,464.42	86,887.59

₹ in Crore

Particulars	Book Value	Market Value
Aggregate book value of Quoted Investments	318.89	409.99
Previous Year	286.10	443.65
Aggregate book value of Investments listed but not quoted	5,264.23	
Previous Year	4,248.97	
Aggregate book value of Investments in Unquoted Mutual Funds	-	* -
Previous Year	34.54	32.50
Aggregate book value of Unquoted Investments (Others)	874.45	
Previous Year	729.52	
Properties	377.42	
Previous Year	270.93	
	6,834.99	
	5,570.06	

* Market value of investments in Unquoted Mutual Funds represents repurchase price of units issued by Mutual Funds.

Notes forming part of the consolidated financial statements (Continued)

Note:

Unquoted investments include ₹ Nil (Previous Year ₹ Nil) in respect of equity shares, which are subject to a lock-in period and include ₹ **100.17 crore** (Previous Year ₹ 40.17 crore) in respect of equity shares, which are subject to restrictive covenant.

17. DEFERRED TAX ASSET/LIABILITIES:

In compliance with the Accounting Standard (AS) 22 on 'Accounting for Taxes on Income', debit has been taken for ₹ **160.02 crore** (Previous Year debit had been taken ₹ 282.08 crore) in the Statement of Profit and Loss for the year ended March 31, 2016 towards deferred tax liability (net) for the year, arising on account of timing differences, ₹ **579.43 crore** (Previous Year ₹ 578.74 crore) has been adjusted against utilisation from the General Reserve (as per Note 5.2).

Major components of deferred tax assets and liabilities arising on account of timing differences are:

₹ in Crore

Particulars	Deferred Tax Liability		Deferred Tax Assets	
	Assets/(Liabilities)		Assets/(Liabilities)	
	Current Year	Previous Year	Current Year	Previous Year
(a) Depreciation	(71.29)	(76.25)	8.54	8.65
(b) Preliminary Expenses	-	-	0.02	0.01
(c) Special Reserve II	(1,945.76)	(924.31)	-	-
(d) Provision for Contingencies	985.56	748.63	8.01	6.77
(e) Provision for Employee Benefits	50.77	46.04	1.44	3.19
(f) Accrued Redemption Loss (net)	5.57	5.93	-	-
(g) Others (net)	4.74	(31.36)	0.17	(0.07)
Total	(970.41)	(231.32)	18.18	18.55

17.1 In respect of Credila Financial Services Pvt. Ltd., the deferred tax assets are recognised only to the extent that there are timing differences and there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

17.2 In respect of HDFC Standard Life Insurance Company Ltd., during the year provision for tax (net) amounting to ₹ **191.14 crore** (Previous Year ₹ 138.40 crore), ₹ **174.55 crore** charged to the Revenue Account (Previous Year ₹ 119.34 crore) and ₹ **16.59 crore** charged to the Profit and Loss Account (Previous Year ₹ 19.07 crore), in accordance with the Income tax Act, 1961 and Rules and Regulations thereunder as applicable to the Company.

18. LONG-TERM LOANS AND ADVANCES

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Loans: [Refer Notes 18.1, 18.2 & 18.4]		
- Individuals	1,81,548.79	1,56,462.80
- Corporate Bodies	60,930.09	52,653.39
- Others	3,624.23	2,904.35
	2,46,103.11	2,12,020.54
Less: Provision for Sub-Standard and Doubtful Loans (Including additional provision made by HDFC Ltd. and GRUH Finance Ltd.) [Refer Note 18.3]	575.31	489.45
	2,45,527.80	2,11,531.09

Notes forming part of the consolidated financial statements (Continued)

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Others:		
Corporate Deposits - Unsecured; Considered doubtful	2.00	2.00
Corporate Deposits - Secured; Considered good	3.80	-
Capital Advances - Unsecured; Considered good	12.79	17.64
Advance against Investment in Properties	-	0.59
Security Deposits - Unsecured; Considered good	69.97	66.18
Instalment due from Borrowers - Secured; Considered doubtful	108.84	99.35
Other Long-Term Loans and Advances		
- Staff Loan others - Secured, Considered good	18.14	17.53
- Prepaid Expenses - Unsecured, Considered good	194.53	241.11
- Advance Tax (Net of Provision)	2,754.14	2,587.88
- Others - Unsecured, Considered good	72.57	120.69
- Others - Unsecured, Considered doubtful	49.71	49.71
	3,286.49	3,202.68
Less : Provision for Doubtful Receivables	51.71	51.71
	3,234.78	3,150.97
	2,48,762.58	2,14,682.06

- 18.1 Out of Loans, amounts aggregating to ₹ **2,44,857.78 crore** (Previous Year ₹ 2,09,268.48 crore) are secured or partly secured by:
- (a) Equitable mortgage of property and/or
 - (b) Pledge of shares, units, other securities, fixed deposits, assignment of life insurance policies and/or
 - (c) Hypothecation of assets and/or
 - (d) Bank guarantees, company guarantees or personal guarantees and/or
 - (e) Negative lien and/or
 - (f) Assignment of hire purchase receivables and/or
 - (g) Undertaking to create a security.
- 18.2 Long-Term Loans and Advances include Sub-Standard and Doubtful loans of ₹ **1,869.63 crore** (Previous Year ₹ 1,568.33 crore).
- 18.3 Movement in Provision for Sub-Standard and Doubtful Loans is as under:

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Opening Balance	489.45	553.77
Additions during the year [Refer Note 33.2]	85.86	(36.54)
Utilised during the year - towards Loans written off	-	(27.78)
Closing Balance	575.31	489.45

- 18.4 Loans include ₹ **89.32 crore** (Previous Year ₹ 198.33 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

Notes forming part of the consolidated financial statements (Continued)

19. OTHER NON-CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Receivable on Securitised Loans	371.18	353.18
Forward Receivables	83.69	104.00
Amounts receivable on Swaps and other derivatives	87.22	-
Interest accrued but not due on Loans	80.34	373.24
Interest accrued but not due on Bank Deposits	8.85	31.08
Income accrued but not due on Investments	64.43	51.62
Bank deposit with maturities beyond twelve months from the Balance Sheet date [Refer Note 19.1]	93.57	1,886.40
	789.28	2,799.52

- 19.1 Bank deposits with maturities beyond twelve months include earmarked balances ₹ 53.90 crore (Previous Year ₹ 58.46 crore) against foreign currency loans, ₹ 0.14 crore (Previous Year ₹ 0.13 crore) towards letter of credit issued by bank and ₹ Nil crore (Previous Year ₹ 0.21 crore) against letter of guarantee issued by the bank to one of the subsidiary companies.

20. CURRENT INVESTMENTS

Insurance Companies [Refer Note 16.1]

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Non-Convertible Debentures and Bonds	608.89	821.13
Investment: Insurance Co-Preference Shares	-	19.67
Pass Through Certificates & Security Receipts	-	31.21
Government Securities	1,565.54	943.04
Investment: Insurance Co-Securities Receipts	-	4.23
Mutual Funds and Other Funds	670.65	63.10
Fixed Deposits	538.00	328.00
Commercial Papers	118.34	83.34
Certificate of Deposits	989.65	844.30
Treasury Bills	1,019.12	762.52
Repo Investments	2,523.69	1,777.36
Investment: Insurance Co-Less: Fair Value Change	(1.51)	(2.09)
	(A) 8,032.37	5,675.81

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Investments related to Policy Holders	3,050.11	1,266.10
Investments to cover linked liabilities	1,240.90	936.37
Investments related to Shareholders	3,741.36	3,473.34
	8,032.37	5,675.81

Notes forming part of the consolidated financial statements (Continued)

Other than Insurance Companies

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Held as Current Investments (At cost or market value whichever is lower unless stated otherwise)		
Equity Shares - Subsidiary/Associate Companies	23.25	131.92
Equity Shares - Unlisted Company	-	45.00
Debentures - Convertible - Subsidiary Companies	-	265.18
Non-Convertible Debentures and Bonds	-	9.25
Mutual Funds	878.25	554.58
Current Maturities of Long-Term Investments (At cost)		
Security Receipts	6.05	13.11
Government Securities	287.78	30.60
Venture Funds and Other Funds	41.19	44.77
Non-Convertible Debentures and Bonds	-	130.00
	1,236.52	1,224.41
Less: Provision for Diminution in Value of Investments	(12.57)	(5.39)
	(B)	1,219.02
Total	(A) + (B)	6,894.83

₹ in Crore

Particulars	Book Value	Market Value
Aggregate book value of Quoted Investments	437.84	437.84
<i>Previous Year</i>	137.86	137.86
Aggregate book value of Investments listed but not quoted	172.13	
<i>Previous Year</i>	139.32	
Aggregate book value of Investments in Unquoted Mutual Funds	550.29	*878.59
<i>Previous Year</i>	416.70	533.58
Aggregate book value of Unquoted Investments (Others)	63.69	
<i>Previous Year</i>	525.14	
	1,223.95	
<i>Previous Year</i>	1,219.02	

* Market value of investments in Unquoted Mutual Funds represents repurchase price of units issued by Mutual Funds.

21. TRADE RECEIVABLES

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Trade Receivables – Unsecured; Considered good, less than six months	444.70	456.42
Trade Receivables – Unsecured; Considered good, more than six months	27.89	5.47
	472.59	461.89
Less : Provision for Doubtful Receivables [Refer Note 33.2]	5.79	4.10
	466.80	457.79

Notes forming part of the consolidated financial statements (Continued)

22. CASH AND BANK BALANCES

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Cash and cash equivalents		
(i) Balances with banks:		
- In Current Accounts	3,306.26	527.83
- In Deposit Accounts with original maturity less than 3 months	1.97	2,621.92
(ii) Cash on Hand	0.61	0.39
(iii) Cheques on Hand	330.48	397.58
Sub total	3,639.32	3,547.72
(b) Other Bank balances:		
(i) Earmarked balances with banks		
- Unclaimed Dividend Account	494.77	21.52
- Against Foreign Currency Loans [Refer Note 7.3]	8.10	7.20
- Towards Guarantees Issued by Banks	0.06	0.13
- Others [Refer Note 22.1]	0.69	2.59
(ii) Short-term bank deposits [Refer Note 22.2]	2,238.11	682.76
	6,381.05	4,261.92

22.1 Earmarked balances with banks - Others include an amount of ₹ 0.69 crore (Previous Year ₹ 2.59 crore) given by HDFC Asset Management Company Limited (HDFC AMC) to HDFC Trustee Company Limited and held in a designated account maintained by the latter being balance amount to be paid to unit holders of HDFC Mutual Fund, HDFC AMC's portfolio services clients and SEBI Investor Protection and Education fund as directed by Securities Exchange Board of India in the matter of front running trades by a former equities dealer of HDFC AMC.

22.2 Bank Deposits of the subsidiary companies of ₹ 1.30 crore (Previous Year ₹ 1.25 crore) are marked as lien for overdraft facility.

23. SHORT-TERM LOANS AND ADVANCES

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Loans: [Refer Note 23.1]		
Current maturities of long-term loans and advances	24,347.72	25,173.71
Corporate Bodies	2,210.09	1,501.12
	26,557.81	26,674.83
Others:		
Current maturities of Staff Loans - Others - Secured; Considered good	4.94	4.43
Corporate Deposits [Refer Note 23.2]	1,383.41	947.39
Instalments due from borrowers - Secured, Considered good	1,363.15	1,295.76
Prepaid Expenses - Unsecured; Considered good	139.88	99.35
Sundry Deposits - Unsecured, Considered good	17.88	16.70
Other Advances - Unsecured, Considered good	1,306.83	1,284.15
Loans and Advances to Related parties	26.75	31.50
	4,242.84	3,679.28
	30,800.65	30,354.11

Notes forming part of the consolidated financial statements (Continued)

- 23.1 Out of Loans, amounts aggregating to ₹ **21,929.59 crore** (Previous Year ₹ 22,844.03 crore) are secured and considered good [Refer Note 18.1].
- 23.2 Out of Corporate deposits, amounts aggregating to ₹ **568.77 crore** (Previous Year ₹ 299.30 crore) are secured and considered good [Refer Note 18.1].

24. OTHER CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Receivables on Securitised Loans	68.27	53.30
Receivables on sale of Investments	1,785.48	-
Interest accrued but not due on Loans	592.38	350.83
Interest accrued and due on Loans	0.23	0.22
Income accrued but not due on Investments	1,478.12	1,208.37
Income accrued and due on Investments	-	48.93
Interest accrued but not due on Corporate Deposits	228.67	25.23
Interest accrued and due on Corporate Deposits	1.10	0.72
Application Money - Investments	-	2.00
	4,154.25	1,689.60

25. CONTINGENT LIABILITIES AND COMMITMENTS

The Group is involved in certain appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the course of conduct of the Company's businesses and is exposed to other contingencies arising from having issued guarantees to lenders and other entities. Some of these proceedings in respect of matters under litigation are in various stages, and in some other cases, the claims are indeterminate.

- 25.1 Given below are amounts in respect of claims asserted by revenue authorities and others:
- Contingent liability in respect of income-tax demands, net of amounts provided for and disputed, amounts to ₹ **1,321.47 crore** (Previous Year ₹ 1,129.72 crore). The matters in dispute are under appeal. Out of the above an amount of ₹ **1,290.84 crore** (Previous Year ₹ 1,119.09 crore) has been paid/adjusted against refund and the same will be received as refund if the matters are decided in the favour of HDFC Ltd. and the respective subsidiary companies.
 - Contingent Liability in respect of disputed dues towards wealth tax, interest on lease tax and payment towards employers' contribution to ESIC not provided for by HDFC Ltd. amounts to ₹ **0.15 crore** (Previous Year ₹ 0.15 crore).
 - The subsidiary companies have received show cause cum demand notices, amounting to ₹ **92.28 crore** (Previous Year ₹ 189.75 crore), from the Office of the Commissioner, Service Tax, Mumbai on various grounds. One of the subsidiary has filed appeals to the appellate authorities on the said show cause notices. The subsidiary has been advised by an expert that their grounds of appeal are well supported in law. As a result, the subsidiary is confident to defend the appeal against the demand and does not expect the demand to crystallise into a liability.
 - During the current year, one of the subsidiary company has received show cause notice in respect of a Service tax matter amounting to ₹ **21.69 Crore** (Previous Year ₹ 21.69 Crore). Based on expert advice in respect of these matters, the Management does not expect any outflow of economic benefits and assessed the likelihood of outflow of resources as remote.

Notes forming part of the consolidated financial statements (Continued)

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

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

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

- Guarantees ₹ **502.51 crore** (Previous Year ₹ 361.89 crore).
- Corporate undertakings provided by HDFC Ltd. for securitisation of receivables aggregated to ₹ **1,889.83 crore** (Previous Year ₹ 1,919.65 crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

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

25.3 Proportionate share of claims not acknowledged as debt and other contingent liabilities in respect of associate companies amounts to ₹ **518.82 crore** (Previous Year ₹ 556.82 crore).

Claims not acknowledged as debt and other contingent liabilities in respect of a subsidiary company amounts to ₹ **0.77 crore** (Previous Year ₹ 0.86 crore).

25.4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **798.95 crore** (Previous Year ₹ 426.84 crore).

26. REVENUE FROM OPERATIONS

₹ in Crore

Particulars	Current Year	Previous Year
Interest Income:		
- Interest on Loans	28,291.58	25,919.84
- Other Interest [Refer Note 26.1]	1,168.56	1,074.89
Net Gain on foreign currency transactions and translation	0.86	0.18
Dividends [Refer Note 26.2]	49.85	41.16
Management & Trusteeship Fees	1,531.49	1,181.96
Surplus from deployment in Cash Management Schemes of Mutual Funds [Refer Note 26.3]	311.67	369.48
Income from Leases [Refer Note 26.4]	29.46	10.38
Fees and Other Charges [Refer Note 26.5]	489.87	477.89
	31,873.34	29,075.78

- Other Interest includes interest on investments amounting to ₹ **442.01 crore** (Previous Year ₹ 420.04 crore).
- Other Interest includes interest on investments amounting to ₹ **21.95 crore** (Previous Year ₹ 43.03 crore) in respect of current investments.
- Other Interest includes Interest on Income Tax Refund ₹ **Nil** (Previous Year ₹ 44.31 crore).

Notes forming part of the consolidated financial statements (Continued)

- 26.2 Dividend income includes ₹ **13.82 crore** (Previous Year ₹ 11.17 crore) in respect of current investments.
- 26.3 Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ **311.67 crore** (Previous Year ₹ 369.48 crore) is in respect of investments held as current investments.
- 26.4 In accordance with the Accounting Standard (AS) 19 on 'Leases', the following disclosures are made in respect of Operating Leases:

Income from Leases includes ₹ **4.83 crore** (Previous Year ₹ 4.01 crore) in respect of properties and certain assets leased out under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payments are as follows:

₹ in Crore		
Period	Current Year	Previous Year
Not later than one year	4.16	3.37
Later than one year but not later than five years	1.15	2.19

- 26.5 Fees and other charges is net off the amounts paid to Direct Selling Agent ₹ **457.74 crore** (Previous Year ₹ 362.85 crore).
27. Profit on sale of investments includes ₹ **25.02 crore** (Previous Year ₹ 19.35 crore) in respect of current investments.

28. FINANCE COST

₹ in Crore		
Particulars	Current Year	Previous Year
INTEREST		
- Loans	2,662.72	2,768.54
- Deposits	6,797.22	6,255.58
- Bonds and Debentures	7,784.65	7,597.80
- Commercial Paper	2,847.01	1,967.91
	20,091.60	18,589.83
Net Loss on foreign currency transactions and translation [Refer Note 28.1]	52.70	(20.09)
OTHER CHARGES [Refer Note 28.2]	151.30	140.55
	20,295.60	18,710.29

- 28.1 ₹ **51.84 crore** (Previous Year gain ₹ 20.27 crore) has been recognised in the Statement of Profit and Loss being net loss on transaction and translation of foreign currency monetary assets and liabilities as shown below:

₹ in Crore		
Particulars	Current Year	Previous Year
Exchange (Gain)/Loss on Translation		
- Foreign Currency Denominated Assets and Foreign Currency Borrowings	3.01	(34.72)
- Cross Currency Interest Rate Swaps [Refer Note 7.6]	108.26	107.98
Net Exchange (Gain)/Loss on Translation [Refer Note 5.8]	111.27	73.26
Realised (Gain)/Loss	(58.57)	(93.35)
Net (Gain)/Loss on translation and transactions recognised in Finance cost	52.70	(20.09)
Realised (Gain)/Loss recognised in Revenue from Operations [Refer Note 26]	(0.86)	(0.18)
Net (Gain)/Loss recognised in Statement of Profit and Loss	51.84	(20.27)

Notes forming part of the consolidated financial statements (Continued)

28.2 Other Charges is net of Exchange gain ₹ 0.13 crore (Previous Year includes exchange loss of ₹ 0.32 crore).

29. EMPLOYEE BENEFITS EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Salaries and Bonus [Refer Notes 29.1 & 29.2]	688.76	612.43
Contribution to Provident Fund and Other Funds [Refer Note 29.3]	77.64	68.02
Gratuity Expenses	3.26	2.55
Staff Training and Welfare Expenses	18.48	16.13
	788.14	699.14

29.1 Salaries and Bonus include provisions made in respect of accumulated leave salary and leave travel assistance which is in the nature of Long-Term Employee Benefits and has been actuarially determined as per the Accounting Standard (AS) 15 on Employee Benefits.

29.2 Employee Benefits

In accordance with the Accounting Standard (AS) 15 on Employee Benefits, the following disclosures have been made:

The following amounts are recognised in the Statement of Profit and Loss which are included as under:

₹ in Crore

Particulars	Contributions to Provident Fund and Other Funds under Staff Expenses		Other expenses pertaining to Insurance Business	
	Current Year	Previous Year	Current Year	Previous Year
Provident Fund [Refer Note 29.3]	26.25	22.57	27.80	26.25
Superannuation Fund [Refer Note 29.3]	12.94	10.85	0.48	0.42
Employees' Pension Scheme-1995	3.70	2.75	-	-
Employees' State Insurance Corporation	2.27	2.04	-	(2.62)
Labour Welfare Fund	0.02	0.01	0.01	0.05

29.3 The Corporation makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a trust by the Company. The Company is liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employees' Provident Fund Scheme, 1952 and recognises such deficiency, as an expense in the year it is determined.

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ **287.31 crore** and ₹ **286.17 crore** respectively (Previous Year ₹ 245.40 crore and ₹ 244.59 crore respectively). In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.75%. The actuarial assumptions include discount rate of **7.86%** (Previous Year 7.96%) and an average expected future period of **13 years** (Previous Year 21.75 years).

The Corporation recognised ₹ **13.73 crore** (Previous Year ₹ 12.55 crore) for provident fund contributions and ₹ **12.16 crore** (Previous Year ₹ 10.17 crore) for superannuation contributions in the statement of profit and loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

Notes forming part of the consolidated financial statements (Continued)

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

₹ in Crore		
Particulars	Current Year	Previous Year
Change in the Benefit Obligations:		
Liability at the beginning of the year	244.42	190.67
Current Service Cost	17.70	13.39
Interest Cost	19.41	17.74
Benefits Paid	(16.36)	(13.18)
Actuarial loss	25.04	35.80
Liability at the end of the year*	290.21	244.42
* The Liability at the end of the year ₹ 290.21 crore (Previous Year ₹ 244.42 crore) includes ₹ 54.79 crore (Previous Year ₹ 50.20 crore) in respect of un-funded plans.		
Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	175.70	141.56
Expected Return on Plan Assets	14.04	12.43
Contributions	36.44	24.55
Benefits Paid	(4.67)	(4.43)
Actuarial loss on Plan Assets	(1.43)	1.59
Fair Value of Plan Assets at the end of the year	220.08	175.70
Total Actuarial loss to be recognised	(26.47)	(34.21)
Actual Return on Plan Assets:		
Expected Return on Plan Assets	14.04	12.43
Actuarial loss on Plan Assets	(1.43)	1.59
Actual Return on Plan Assets	12.61	14.02
Expense Recognised in the Statement of Profit and Loss:		
Current Service Cost	17.70	13.39
Interest Cost	19.41	17.74
Expected Return on Plan Assets	(14.04)	(12.43)
Net Actuarial loss to be recognised	26.47	34.21
Expense recognised in the Statement of Profit and Loss		
included under Contribution to Provident Fund and Other Funds	40.49	41.75
included under Other expenses pertaining to Insurance Business	9.05	11.16
	49.54	52.91
Reconciliation of the Liability Recognised in the Balance Sheet:		
Opening Net Liability	68.72	49.11
Expense recognised	49.54	52.91
Contribution by the Corporation	(36.44)	(24.55)
Benefits paid in respect of unfunded plans	(11.69)	(8.75)
Amount recognised in the Balance Sheet under "Provision for Employee Benefits" and "Other Current Liabilities"	70.13	68.72

Notes forming part of the consolidated financial statements (Continued)

₹ in Crore

Amount Recognised in the Balance Sheet:	2015-16	2014-15	2013-14	2012-13	2011-12
Liability at the end of the year	290.21	244.42	190.67	165.02	133.13
Fair Value of Plan Assets at the end of the year	220.08	175.70	141.56	110.02	94.08
Amount recognised in the Balance Sheet under “Provision for Employee Benefits” and “Other Current Liabilities”	70.13	68.72	49.11	55.00	39.05
Experience Adjustment:					
On Plan Liabilities	6.99	26.81	22.14	21.16	10.09
On Plan Assets	0.87	1.59	(3.09)	(5.74)	(4.44)
Estimated Contribution for next year	23.60	28.18	19.54	22.55	13.09

Investment Pattern:

Particulars	% Invested Current Year	% Invested Previous Year
Central Government securities	19.76	24.45
State Government securities/securities guaranteed by State/Central Government	16.79	1.80
Public Sector/Financial Institutional Bonds	12.46	16.23
Private Sector Bonds	20.68	0.61
Special Deposit Scheme	1.01	0.02
Certificate of Deposits	1.37	-
Deposits with Banks and Financial Institutions	0.69	2.64
Investment in Insurance Companies	*12.50	*31.31
Investment in Equity Shares	10.22	5.69
Others (including bank balances)	4.52	17.25
Total	100.00	100.00

Based on the above allocation and the prevailing yields on these assets, the long-term estimate of the expected rate of return on fund assets has been arrived at.

* As the gratuity fund is managed by a life insurance company, details of investment are not available with the Company.

Principal Assumptions:

Particulars	Current Year %	Previous Year %
Discount Rate	7.5 to 8.5	7.50 to 9.31
Return on Plan Assets	7.8 to 8.10	7.9 to 8
Salary Escalation	5 to 10	5 to 10

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

Notes forming part of the consolidated financial statements (Continued)

30. ESTABLISHMENT EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Rent [Refer Note 30.1]	84.89	101.11
Rates and Taxes	6.64	3.93
Repairs and Maintenance - Buildings	13.61	6.67
General Office Expenses	4.41	2.64
Electricity Charges	23.76	21.18
Insurance Charges	1.57	1.42
	134.88	136.95

30.1 In accordance with the Accounting Standard (AS) 19 on 'Leases', the following disclosures are made in respect of Operating and Finance Leases:

- (a) Properties under non-cancellable operating leases have been acquired, both for commercial and residential purposes for periods ranging from 12 months to 60 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, amount to ₹ **96.64 crore** (Previous Year ₹ 176.76 crore). Out of the above, the Corporation has sub-leased a property, the total sub-lease payments received in respect thereof amounting to ₹ **Nil crore** (Previous Year ₹ 14.09 crore) have been netted off from rent expense.

The future lease payments in respect of the above are as follows:

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	42.99	36.92
Later than one year but not later than five years	27.93	36.24

- (b) Certain motor cars have been acquired under Operating Lease by subsidiary companies. In respect of these operating leases, the lease rentals charged to the Statement of Profit and Loss are ₹ **0.66 crore** (Previous Year ₹ 1.08 crore) included under Other expenses pertaining to Insurance business. The minimum future lease rentals payable for specified duration in respect of such leases amount to the following:

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	0.66	0.72
Later than one year but not later than five years	-	0.65

- (c) Certain motor cars have been acquired under Finance Lease by a subsidiary for an aggregate fair value of ₹ **Nil crore** (Previous Year ₹ 0.01 crore). The total minimum lease payments (MLP) in respect thereof and the present value of the future lease payments, discounted at the interest rate implicit in the lease are:

Current Year
₹ in Crore

Period	Total MLP	Interest	Principal
Not later than one year	-	-	-
Later than one year but not later than five years	-	-	-

Previous Year
₹ in Crore

Period	Total MLP	Interest	Principal
Not later than one year	0.01	-	0.01
Later than one year but not later than five years	-	-	-

Notes forming part of the consolidated financial statements (Continued)

31. OTHER EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Travelling and Conveyance	31.74	28.54
Printing and Stationery	35.79	22.42
Postage, Telephone and Fax	37.64	32.45
Advertising	133.47	104.15
Repairs and Maintenance - Other than Buildings	19.89	17.94
Office Maintenance	32.26	29.03
Legal Expenses	22.16	19.14
Computer Expenses	18.81	16.52
Directors' Fees and Commission	8.66	7.25
Miscellaneous Expenses [Refer Notes 31.1 and 31.2]	530.20	300.25
Auditors' Remuneration [Refer Note 32]	7.96	6.44
Preliminary Expenses written off	0.21	-
	878.79	584.13

31.1 CORPORATE SOCIAL RESPONSIBILITY (CSR)

The details of amounts spent towards CSR are as under:

₹ in Crore

	Period	In Cash	Yet to be paid in cash	Total
a)	Construction/acquisition of any asset	-	-	-
b)	On purposes other than (a) above *	106.19	-	106.19

* The above consists of an amount of ₹ 85.23 crore charged to the Shelter Assistance Reserve.

31.2 Miscellaneous expenses include ₹ 6.97 crore being amount distributed to the Unit holders of relevant schemes of HDFC Mutual Fund and Portfolio management services clients by one of the subsidiary company as directed by SEBI in the matter of front running trades by a former equities dealer.

32. AUDITOR'S REMUNERATION:

₹ in Crore

Particulars	Current Year	Previous Year
Audit Fees	4.89	4.13
Limited Reviews	1.70	1.58
Tax Matters	1.50	1.48
Other Matters and Certification	1.80	0.94
Reimbursement of Expenses	0.10	0.10
	9.99	8.23
Less: Included under commission and operating expenses pertaining to Insurance Business	2.03	1.79
	7.96	6.44

- Auditors' remuneration exclude ₹ 0.75 crore (Net of tax ₹ 0.49 crore) being certification fee in respect of Qualified Institutional Placement (QIP) of Non-Convertible Debentures with Warrants of the Corporation, utilised out of Securities Premium Account.
- Other Matters and Certification include ₹ 0.48 crore (Previous Year ₹ Nil) towards fees for Internal Control over Financial Reporting.
- Auditors' remuneration above is excluding Service tax and Swachh Bharat Cess.

Notes forming part of the consolidated financial statements (Continued)

33. PROVISION FOR LOANS AND ADVANCES

33.1 As per the Housing Finance Companies (NHB) Directions, 2010, non-performing assets are recognised on the basis of ninety days overdue. The total provision carried by the Corporation in terms of paragraph 29 (2) of the Housing Finance Companies (NHB) Directions, 2010, and subsequent NHB Circulars - NHB.HFC.DIR.3/CMD/2011 dated August 5, 2011, NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012 and NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013 in respect of Housing and Non-Housing Loans is as follows [Refer Note 18]:

₹ in Crore

Particulars	Housing		Non-Housing	
	Current Year	Previous Year	Current Year	Previous Year
Standard Assets				
- Principal Outstanding	1,97,553.31	1,72,732.67	74,475.05	66,136.39
- Provisions	915.75	791.69	476.72	418.34
Sub-Standard Assets				
- Principal Outstanding	557.59	423.40	577.19	336.37
- Provisions	84.62	66.24	86.58	50.45
Doubtful Assets				
- Principal Outstanding	444.04	418.00	341.19	441.35
- Provisions	258.02	235.11	197.18	189.12
Total				
- Principal Outstanding	1,98,554.94	1,73,574.07	73,393.43	66,914.11
- Provisions	1,258.39	1,093.01	760.48	657.91

Provision for Contingencies debited to the Statement of Profit and Loss includes Provision for Diminution in Value of Investments amounting to ₹ **11.17 crore** (Previous Year ₹ 12.19 crore).

33.2 During the year ₹ **732.90 crore** (Previous Year ₹ 188.04 crore) has been charged to the Statement of Profit and Loss towards provision for contingencies as under:

₹ in Crore

Particulars	Current Year	Previous Year
To Provision for Contingencies Account (Net) [Refer Note 9.2]	639.19	216.56
To Provision for Non-Performing Loans [Refer Note 18.3]	85.86	(36.54)
To Provision for Diminution in value of Investments	6.11	4.14
To Provision for Doubtful Receivables [Refer Note 21]	1.74	3.88
	732.90	188.04

Notes forming part of the consolidated financial statements (Continued)

34. As per the Accounting Standard (AS) 17 on 'Segment Reporting', the main segments and the relevant disclosures relating thereto are as follows: ₹ in Crore

Particulars	Loans		Life Insurance		General Insurance		Asset Management		Others		Inter-segment adjustments		Unassociated		Total	
	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY
Segment Revenue	32,217.55	28,476.86	17,953.52	17,037.52	2,069.46	1,990.66	1,602.56	1,254.57	327.57	236.41	(971.42)	(639.95)	57.87	33.96	53,257.11	48,390.03
Segment Result	10,223.70	8,694.04	1,007.92	923.91	202.81	140.84	735.75	754.77	(33.82)	6.37	(581.24)	(437.07)	3,479.32	2,883.62	11,612.97	10,116.62
Income-tax (Current)															3,479.32	2,883.62
Deferred tax													160.02	282.08	160.02	282.08
Total Result	10,223.70	8,694.04	1,007.92	923.91	202.81	140.84	735.75	754.77	(33.82)	6.37	(581.24)	(437.07)	(3,581.49)	(3,131.94)	7,973.63	6,950.92
Capital Employed																
Segment Assets	2,91,697.11	2,54,021.78	76,806.93	69,387.43	4,912.04	4,521.80	1,108.00	1,223.93	434.16	261.79	(1,516.97)	(1,276.11)	24,217.21	21,384.54	3,97,658.48	349,525.16
Segment Liabilities	2,66,494.08	2,32,742.52	73,840.85	66,997.34	3,829.50	3,505.58	397.75	368.55	462.14	49.22	(1,624.79)	(1,348.81)	1,032.30	319.05	3,44,431.83	302,633.45
Net Assets	25,203.03	21,279.26	2,966.08	2,390.09	1,082.54	1,016.22	710.25	855.38	(27.98)	212.57	107.82	72.70	23,184.91	21,065.49	53,226.65	46,891.71
Other Information																
Capital Expenditure	39.88	456.31	33.86	106.09	15.61	30.05	9.99	16.29	48.54	7.58					147.88	616.32
Depreciation	57.68	31.85	*44.94	*42.71	*31.44	*41.39	11.59	10.55	51.22	4.23					196.87	130.73
Non-cash expenses																
Other than Depreciation	925.41	322.74	1.72	30.22	3.89	6.23	0.85	0.99	6.48	8.41					938.35	368.59

a) Asset Management segment includes portfolio management, mutual fund and property investment management.

b) Others includes project management, investment consultancy and property related services.

c) The group does not have any material operations outside India and hence disclosure of geographic segments is not given.

*Included in Other expenses relating to Insurance Business

Notes forming part of the consolidated financial statements (Continued)

35. RELATED PARTY TRANSACTIONS

As per the Accounting Standard (AS) 18 on 'Related Party Disclosures', the related parties of the Corporation are as follows:

<p>A) Associate Companies HDFC Bank Ltd. India Value Fund Advisors Pvt. Ltd. RuralShores Business Services Pvt. Ltd. Magnum Foundations Pvt. Ltd.</p>	<p>B) Investing Party and its Group Companies Standard Life Investments Ltd. Standard Life (Mauritius Holdings) 2006 Ltd. ERGO International AG Munich Re</p>
<p>C) Key Management Personnel Mr. Keki M. Mistry Ms. Renu Sud Karnad Mr. V. Srinivasa Rangan</p>	<p>D) Relatives of Key Management Personnel - (Where there are transactions) Ms. Arnaaz K. Mistry Mr. Rishi R. Sud Mr. Ketan Karnad Mr. Ashok Sud Ms. Swarn Sud Mr. Bharat Karnad Ms. Tinaz Mistry Ms. S. Anuradha Ms. Abinaya S. Rangan Mrs. Kirti Sud Ms. V. Jayam Ms. Riti Karnad Ms. V Rajalakshmi</p>

I) The nature and volume of transactions of the Corporation during the year, with the above related parties were as follows:

Particulars	₹ in Crore							
	Associates		Investing Party and its Group Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Dividend Income								
- HDFC Bank Ltd.	450.99	372.10	-	-	-	-	-	-
- Others	0.40	0.16	-	-	-	-	-	-
Interest Income								
- HDFC Bank Ltd.	27.09	37.27	-	-	-	-	-	-
- Others	0.04	-	-	-	-	-	0.03	0.03
Consultancy and Other Fees Income								
- Standard Life Investments Ltd.	-	-	0.56	0.51	-	-	-	-
- HDFC Bank Ltd.	0.01	0.23	-	-	-	-	-	-
Rent Income								
- HDFC Bank Ltd.	1.99	2.01	-	-	-	-	-	-
Reinsurance Income								
- Munich Re	-	-	1.50	1.50	-	-	-	-
Support Cost Recovered								
- HDFC Bank Ltd.	0.26	0.37	-	-	-	-	-	-
Miscellaneous Services rendered								
- HDFC Bank Ltd.	258.89	152.95	-	-	-	-	-	-
- Others	0.02	0.10	-	-	0.01	0.01	-	-
Interest Expense								
- HDFC Bank Ltd.	14.07	2.40	-	-	-	-	-	-
- Others	-	0.05	-	-	0.27	0.48	0.02	-
Bank and Other Charges								
- HDFC Bank Ltd.	66.89	28.21	-	-	-	-	-	-
Reinsurance Expense								
- Munich Re	-	-	11.12	12.09	-	-	-	-

Notes forming part of the consolidated financial statements (Continued)

₹ in Crore

Particulars	Associates		Investing Party and its Group Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Remuneration								
- Mr. Keki M. Mistry	-	-	-	-	9.71	8.43	-	-
- Ms. Renu Sud Karnad	-	-	-	-	8.81	7.62	-	-
- Mr. V. Srinivasa Rangan	-	-	-	-	5.81	5.03	-	-
Dividend Payments								
- Standard Life (Mauritius Holdings) 2006 Ltd.	-	-	46.68	36.31	-	-	-	-
- Standard Life Investments Ltd.	-	-	80.52	65.42	-	-	-	-
- ERGO International AG	-	-	17.40	10.44	-	-	-	-
Other Expenses								
- HDFC Bank Ltd.	1,060.04	757.45	-	-	-	-	-	-
- Others	0.12	0.36	-	-	-	-	0.10	0.09
Investments made								
- HDFC Bank Ltd.	531.31	827.03	-	-	-	-	-	-
Investments sold								
- Magnum Foundations Pvt. Ltd.	9.25	-	-	-	-	-	-	-
Securities purchased								
- HDFC Bank Ltd.	291.62	337.67	-	-	-	-	-	-
Investments								
- HDFC Bank Ltd.	8,076.30	7,545.35	-	-	-	-	-	-
- Others	25.78	35.03	-	-	-	-	-	-
Bank Deposits placed								
- HDFC Bank Ltd.	611.87	1,492.69	-	-	-	-	-	-
Bank Deposits repaid/withdrawn								
- HDFC Bank Ltd.	1,650.88	2,969.81	-	-	-	-	-	-
Bank Balance and Deposits								
- HDFC Bank Ltd.	3,984.73	1,632.08	-	-	-	-	-	-
Loans given								
- Magnum Foundations Pvt. Ltd.	-	31.50	-	-	-	-	-	-
Loans repaid								
- Magnum Foundations Pvt. Ltd.	3.82	-	-	-	-	-	-	-
- Others	-	-	-	-	0.05	0.02	0.02	0.01
Loans sold								
- HDFC Bank Ltd.	12,773.37	8,249.21	-	-	-	-	-	-
Loans								
- Magnum Foundations Pvt. Ltd.	27.68	31.50	-	-	-	-	-	-
- Others	-	-	-	-	0.07	0.12	0.28	0.30
Trade Receivable								
- HDFC Bank Ltd.	4.17	5.07	-	-	-	-	-	-
Other Advances/Receivables								
- HDFC Bank Ltd.	8.34	10.74	-	-	-	-	-	-
- Others	-	-	0.11	0.17	-	0.02	0.06	0.06
Deposits placed								
- RuralShores Business Services Pvt. Ltd.	-	1.05	-	-	-	-	-	-
- Ms. Renu Sud Karnad	-	-	-	-	0.03	2.38	-	-
- Ms. Swarn Sud	-	-	-	-	-	-	0.09	-
- Others	-	-	-	-	-	-	-	0.01

Notes forming part of the consolidated financial statements (Continued)

₹ in Crore

Particulars	Associates		Investing Party and its Group Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Deposits repaid/matured								
- RuralShores Business Services Pvt. Ltd.	-	4.13	-	-	-	-	-	-
- Mr. Keki M. Mistry	-	-	-	-	0.87	1.75	-	-
- Ms. Renu Sud Karnad	-	-	-	-	0.02	2.00	-	-
- Others	-	-	-	-	-	-	0.09	0.03
Deposits								
- Ms. Renu Sud Karnad	-	-	-	-	2.40	2.40	-	-
- Others	-	-	-	-	-	0.87	0.09	0.09
Other Liabilities/Payables								
- HDFC Bank Ltd.	430.28	149.61	-	-	-	-	-	-
- Munich Re	-	-	4.09	6.21	-	-	-	-
- Others	-	0.01	-	-	0.34	0.33	0.02	-

36. In accordance with the Accounting Standard (AS) 20 on 'Earning per Share', the following disclosures have been made:

- (i) In calculating the Basic Earnings Per Share, the Profit After Tax attributable to the Group of ₹ **10,190.26 crore** (Previous Year ₹ 8,762.62 crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **85.31 crore** (Previous Year ₹ 10.83 crore).

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax attributable to Group of ₹ **10,104.95 crore** (Previous Year ₹ 8,751.79 crore) and the weighted average number of shares during the year of **157.72 crore** (Previous Year 156.82 crore).

- (ii) The reconciliation between the Basic and the Diluted Earnings Per Share is as follows :

Amount in ₹

Particulars	Current Year	Previous Year
Basic Earnings Per Share	64.07	55.81
Effect of outstanding Stock Options	(0.48)	(0.51)
Diluted Earnings Per Share	63.59	55.30

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

Number in Crore

Particulars	Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share	157.72	156.82
Diluted effect of outstanding Stock Options	1.20	1.45
Weighted average number of shares for computation of Diluted Earnings Per Share	158.92	158.27

Notes forming part of the consolidated financial statements (Continued)

37. Additional Information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

(As on/for the year ended March 31, 2016)

Sr. No.	Name of the Entity	Net assets i.e. Total Assets minus Total Liabilities		Share of Profit / (Loss)	
		As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated Profit or loss	Amount (₹ in crore)
Parent					
1	Housing Development Finance Corporation Limited		34,121.06		7,093.10
	Less: Inter Company eliminations		(8,127.64)		(990.15)
	Net of eliminations	48.85%	25,993.42	59.91%	6,102.95
Subsidiaries					
Indian					
1	GRUH Finance Ltd.	1.05%	560.55	2.41%	245.82
2	HDFC Standard Life Insurance Co. Ltd.	2.25%	1,198.62	8.06%	821.51
3	HDFC ERGO General Insurance Co. Ltd.	1.23%	657.04	1.54%	156.80
4	HDFC Asset Management Co. Ltd.	1.53%	811.88	5.93%	604.33
5	HDFC Trustee Co. Ltd.	0.01%	3.36	0.00%	0.02
6	HDFC Investment Trust	0.40%	214.40	0.15%	15.21
7	HDFC Investment Trust - II	0.24%	129.80	0.21%	21.56
8	HDFC Venture Capital Ltd.	0.04%	21.71	-0.01%	(0.81)
9	HDFC Ventures Trustee Co. Ltd.	0.00%	0.98	0.00%	(0.03)
10	HDFC Property Venture Ltd.	0.19%	99.04	-0.07%	(7.27)
11	HDFC Pension Management Co. Ltd.	0.05%	27.68	0.00%	0.02
12	HDFC Capital Advisors Ltd.	0.01%	3.11	0.01%	1.51
13	HDFC Investments Ltd.	0.12%	61.62	1.45%	147.84
14	HDFC Holdings Ltd.	0.29%	156.83	0.09%	9.21
15	HDFC Developers Ltd.	0.00%	0.39	-0.13%	(13.05)
16	HDFC Sales Pvt. Ltd.	0.03%	14.46	-2.14%	(218.26)
17	HDFC Realty Ltd.	0.03%	17.21	0.03%	2.81
18	Credila Financial Services Pvt. Ltd.	0.32%	171.32	0.49%	50.31
19	Grandeur Properties Pvt. Ltd.	0.03%	18.50	-0.06%	(6.48)
20	Haddock Properties Pvt. Ltd.	0.05%	25.13	-0.05%	(5.25)
21	Pentagram Properties Pvt. Ltd.	0.04%	19.60	-0.03%	(3.01)
22	Windermere Properties Pvt. Ltd.	0.07%	39.16	-0.12%	(11.78)
23	Winchester Properties Pvt. Ltd.	0.03%	14.31	-0.05%	(5.53)
24	HDFC Education and Development Services Pvt. Ltd.	0.08%	44.15	-0.01%	(0.99)

Notes forming part of the consolidated financial statements (Continued)

Sr. No.	Name of the Entity	Net assets i.e. Total Assets minus Total Liabilities		Share of Profit / (Loss)	
		As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated Profit or loss	Amount (₹ in crore)
Foreign					
1	Griha Investments	0.25%	134.49	0.54%	55.20
2	Griha Pte. Ltd.	0.03%	13.96	0.12%	12.62
3	HDFC Life International and Re Company Ltd.	0.15%	80.69	-0.02%	(1.63)
	Share of Minorities	4.37%	2,325.95	-5.18%	(527.99)
Associates (Investment as per the equity method)					
Indian					
1	HDFC Bank Limited	38.26%	20,365.62	26.90%	2,741.45
2	India Value Fund Advisors Pvt. Ltd.	0.00%	1.67	0.03%	3.17
Total		100.00%	53,226.65	100.00%	10,190.26

38. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Shareholders' Information

This section *inter alia* provides information pertaining to the Corporation, its shareholding pattern, means of dissemination of information, service standards, share price movements and other information, in terms of point No. 9 of Para C of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

In order to disseminate the latest information to the Members of the Corporation and pursuant to the approval of the Board of Directors, certain information in this document has been updated with the latest available information.

Registered Office	Corporate Office	Investor Services Department (ISD)
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 Website : www.hdfc.com	HDFC House, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020. Tel. No. : +91 22-6631 6000 Fax Nos. : +91 22-2204 6758, 2281 1203	(In-house Share Transfer Agent) 5 th 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

39th Annual General Meeting (AGM)

Day/Date : Wednesday, July 27, 2016

Time : 3:00 p.m.

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

Financial Year

The Corporation follows the financial year starting from April 1 to March 31 each year.

Payment of Dividend

The Board of Directors of the Corporation, in addition to an interim dividend of ₹ 3 per equity share approved by it at its meeting held on March 21, 2016, has also recommended payment of a final dividend of ₹ 14 per equity share of ₹ 2 each, at its meeting held on May 2, 2016, for the financial year 2015-16, for the approval of the members at the AGM.

The total dividend for the year is ₹ 17 per equity share of ₹ 2 each against ₹ 15 per equity share of ₹ 2 each for the previous year.

Book Closure

Pursuant to the provisions of the Companies Act, 2013, rules framed thereunder and the Listing Regulations, the Register of Members and the Share Transfer Books of the Corporation will remain closed from Tuesday, July 19, 2016 to Wednesday, July 27, 2016 (both days inclusive) for the purpose of payment of final dividend for the financial year 2015-16.

The final dividend of ₹ 14 per equity share of ₹ 2 each, if approved by the members at the AGM, will be dispatched/remitted to those members whose names appear in the Register of Members of the Corporation/the statements of beneficial ownership maintained by the depositories, as at the close of business hours on Monday, July 18, 2016.

Listing on Stock Exchanges

Equity Shares

The equity shares of the Corporation are listed on the following stock exchanges and are tradable on all other recognized stock exchanges in India. The International Security Identification Number (ISIN) in respect of the said equity shares is INE001A01036.

BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. Tel. Nos. : +91 22-2272 1233/34 Fax Nos. : +91 22-2272 1919 E-mail : <i>is@bseindia.com</i> Website : <i>www.bseindia.com</i>	National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G. Block, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051. Tel. Nos. : +91 22-2659 8100-114 Fax Nos. : +91 22-2659 8120 E-mail : <i>nseiscmmum@nse.co.in</i> Website : <i>www.nseindia.com</i>
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Stock Exchange Codes:	Reuters Codes:	Bloomberg Codes:
BSE - 500010	BSE - HDFC.BO	BSE - HDFC
NSE - HDFC EQ	NSE - HDFC.NS	NSE - NHDFC

Warrants

The Warrants issued by the Corporation are listed on the BSE and NSE. The ISIN in respect of the said Warrants is INE001A13031. Other information regarding exchange of Warrants with the equity shares of the Corporation are provided in the Directors' Report.

Debt Securities

The secured redeemable non-convertible debentures and un-secured redeemable non-convertible debentures issued by the Corporation are listed for trading on the wholesale debt market segments of the BSE and NSE.

Listing Fees

The listing fees have been paid to BSE and NSE for the financial year 2016-17.

Share Dealing Code

The Corporation has adopted a Share Dealing Code and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, in line with the SEBI (Prohibition of Insider Trading) Regulations, 2015. Mr. Conrad D'Souza, Member of Executive Management, is the Chief Investor Relations Officer of the Corporation.



Investor Services Department (ISD)

The Corporation has been granted permanent registration by the SEBI to act as an in-house Share Transfer Agent – Category II. The Corporation has connectivity with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISD has a dedicated and well trained staff to cater to the needs of the shareholders of the Corporation.

The ISD offers services pertaining to transfer, transmission, transposition, dematerialization, re-materialization of shares, issue of duplicate dividend warrants, issue of duplicate, replaced, consolidated and split share certificates, change of name, address and bank account details, nomination facility and other related services like remittance of dividend through various electronic modes, issuing reminders to members to claim their dividend which is due for transfer to the Investor Education and Protection Fund (IEPF) and processes applications received in respect of unclaimed shares.

Shareholders holding shares in physical form are requested to contact the ISD for any of the aforesaid services. 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

The Board of Directors of the Corporation has constituted a Share Transfer Committee (STC), which comprises the Chairman and the whole-time directors of the Corporation. The board has also constituted an Investor Services Committee (ISC) comprising the company secretary and senior officers of the Secretarial Department.

The ISC is authorized to approve transfer, transmission, transposition, dematerialization and re-materialization of shares and places the same before the STC for its ratification.

A statement of transactions ratified/approved by the STC is tabled at the subsequent meetings of the Stakeholders Relationship Committee of Directors/Board of Directors, for its noting/ratification/approval, as the case may be.

Service Standards

The Corporation is committed to providing effective and prompt service to its investors. The ISD has been entrusted with the responsibility of ensuring that the investors of the Corporation are serviced within the adopted service standards. Listed below are the service standards adopted by the Corporation in respect of various services being rendered by the ISD.

Nature of Service*	Mode of receipt of request	
	Through post	Over the counter
Transfer of shares	3 working days	20 minutes
Transposition of names	3 working days	20 minutes
Change of address/bank details	3 working days	20 minutes
Registration of Nomination	3 working days	20 minutes
Issue of duplicate/Revalidation of dividend warrant(s)	4 working days	20 minutes
Transmission of shares/Deletion of name	7 working days	-
Split/Replacement/Consolidation of share certificate(s)	7 working days	-
Dematerialization of shares	8 working days	-
Re-materialization of shares	8 working days	-
Release of unclaimed shares	10 working days	-
Issue of duplicate share certificate(s)	15 working days	-

* Subject to receipt and verification of valid documents and requisite approvals.

A status report on adherence to the said service standards is reviewed by the company secretary on a monthly basis.

All correspondence requesting any of the said services shall be sent to the ISD. The Corporation has designated an exclusive e-mail address as *investorcare@hdfc.com* to enable its shareholders/investors to lodge complaints/grievances. The said email address is monitored by the compliance officer of the Corporation.

A detailed report on the correspondence received and attended to is tabled at the meetings of the Stakeholders Relationship Committee, on a quarterly basis, for its review and noting.

Investors' Grievances

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		
	2013-14	2014-15	2015-16
Stock Exchanges and SEBI including SCORES	9	3	18
NHB, MCA and others	2	1	-
Directly received from investors	-	-	-
Total No. of complaints received	11	4	18
Total No. of complaints redressed	11	4	17
No. of complaints pending	-	-	1*

*As per SEBI Circular CIR/OIAE/1/2014 dated December 18, 2014, complaints can be treated as closed/resolved/dispensed only when SEBI disposes/closes the complaint in SCORES. As on the date of this document, no investor complaint is pending against the Corporation.

Unclaimed Shares

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 during the financial year 2015-16 and its status as on March 31, 2016, is detailed as under:

Sr. No.	Particulars	No. of shareholders	No. of equity shares of ₹ 2 each
I	Aggregate number of shareholders and the outstanding equity shares lying in the Unclaimed Suspense Account as on April 1, 2015.	463	6,36,475
II	Number of shareholders who approached the Corporation for transfer of equity shares from the said Unclaimed Suspense Account during the year ended March 31, 2016.	15	24,300
III	Number of shareholders (out of the said 15 shareholders) to whom equity shares were transferred from the Unclaimed Suspense Account during the year ended March 31, 2016.	8	12,900
IV	Aggregate number of shareholders and the outstanding equity shares lying in the Unclaimed Suspense Account as on March 31, 2016. (I-III)	455	6,23,575

In terms of the said Regulation, voting rights on the equity shares lying in the said Unclaimed Suspense Account shall remain frozen till the rightful owner claims such shares. Further, all corporate benefits in terms of securities accruing on the said unclaimed shares viz. bonus shares, split, etc., if any, shall also be credited to the said Unclaimed Suspense Account.

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. Subject to its receipt and verification, the Corporation may either transfer the said shares lying in the said Unclaimed Suspense Account to the depository account provided by the concerned shareholder(s) or deliver the physical share certificate to the registered address of the concerned shareholder(s).

Dematerialization of Shares and Liquidity

As on June 10, 2016, 99.09% of the total issued and paid-up equity share capital of the Corporation was held by shareholders in electronic form and the balance by shareholders in physical form.

Distribution of Shareholding as on June 10, 2016

No. of shares held	Physical Form		Electronic Form		Total		
	No. of shareholders	No. of shares	No. of shareholders	No. of shares	No. of shareholders	No. of shares	% to capital
1	0	0	5,692	5,692	5,692	5,692	0.00
2 - 10	17	125	43,963	3,10,639	43,980	3,10,764	0.02
11 - 100	436	39,395	84,038	38,72,037	84,474	39,11,432	0.25
101 - 200	600	1,18,715	16,283	24,90,924	16,883	26,09,639	0.17
201 - 500	1,878	8,52,791	18,840	68,99,334	20,718	77,52,125	0.49
501 - 1,000	3,199	30,79,233	14,220	1,20,97,525	17,419	1,51,76,758	0.96
1,001 - 5,000	3,806	83,70,650	20,947	4,62,29,257	24,753	5,45,99,907	3.45
5,001 - 10,000	116	8,07,525	1,936	1,36,70,104	2,052	1,44,77,629	0.92
10,001 - 50,000	37	6,58,875	1,579	3,45,06,733	1,616	3,57,30,873	2.26
50,001 - 1,00,000	3	2,05,150	380	2,69,14,543	383	2,71,19,693	1.72
1,00,001 and above	2	2,13,400	1,103	141,90,63,448	1,105	141,92,76,848	89.76
Total	10,094	1,43,45,859	2,08,981	156,60,60,236	2,19,075	158,09,71,360	100.00

Major Shareholders

Details of shareholders holding 1% or more of the total issued and paid-up share capital of the Corporation as on June 10, 2016, are given below:

Sr. No.	Name of the shareholder account	No. of shares	% to capital
1	Oppenheimer Developing Markets Fund	6,91,50,345	4.37
2	Life Insurance Corporation of India	5,78,10,673	3.66
3	Europacific Growth Fund	5,19,86,265	3.29
4	Government of Singapore	3,07,66,574	1.95
5	Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Fund	2,38,19,872	1.51
6	Virtus Emerging Markets Opportunities Fund	2,20,85,536	1.40
7	Copthall Mauritius Investment Limited	2,05,74,522	1.30
8	Ishares India Index Mauritius Company	1,74,18,785	1.10
9	Vanguard Total International Stock Index Fund	1,69,28,451	1.07
10	Aberdeen Global Indian Equity Limited	1,68,18,335	1.06
11	Stichting Depository APG Emerging Markets Equity Pool	1,59,59,351	1.01
	Total	34,33,18,709	21.72

Details of shareholding based on category of investors as on March 31, 2016, are provided in Form MGT-9 (Extract of Annual Return), which is provided elsewhere in the annual report.

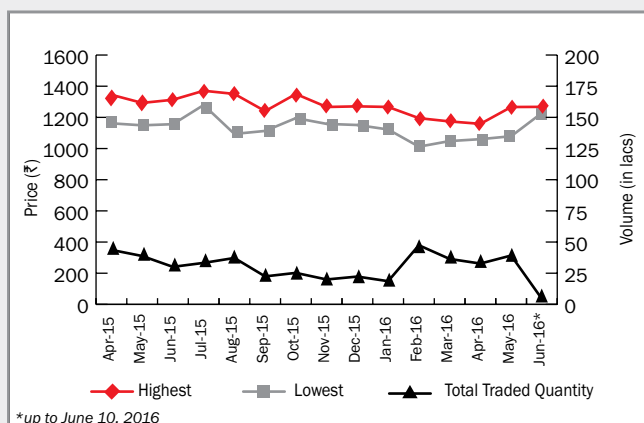
Stock Market Price Data

The monthly high and low price and the volume of shares traded on BSE and NSE are as under:

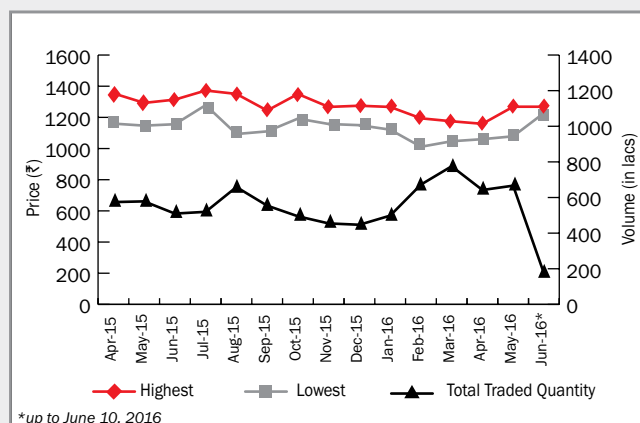
Month	BSE			NSE		
	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded
April-15	1,345.00	1,161.80	43,68,738	1,354.15	1,160.10	5,74,29,640
May-15	1,292.80	1,149.00	38,80,567	1,292.95	1,147.00	5,78,30,314
June-15	1,313.00	1,156.25	30,10,176	1,314.00	1,156.00	5,09,70,921
July-15	1,370.80	1,279.30	33,27,325	1,372.40	1,278.50	5,19,58,532
August-15	1,350.50	1,093.80	37,20,590	1,350.50	1,093.20	6,58,66,305
September-15	1,240.00	1,113.00	22,43,893	1,244.00	1,110.10	5,54,43,445
October-15	1,350.00	1,195.30	25,25,648	1,350.00	1,192.10	4,94,59,092
November-15	1,266.65	1,158.25	19,97,124	1,267.00	1,157.55	4,54,54,706
December-15	1,270.70	1,151.05	22,29,597	1,274.70	1,150.00	4,47,01,298
January-16	1,266.90	1,122.30	18,60,126	1,266.90	1,121.15	4,98,20,353
February-16	1,195.00	1,012.00	47,41,866	1,193.95	1,011.45	6,72,34,665
March-16	1,174.00	1,048.00	36,44,755	1,175.00	1,046.80	7,75,25,024
April-16	1,158.50	1,060.15	32,74,446	1,158.65	1,060.15	6,42,11,386
May-16	1,266.50	1,079.05	39,16,606	1,268.40	1,078.55	6,66,47,666
June-16 (up to June 10, 2016)	1,267.50	1,228.55	4,42,516	1,268.80	1,228.00	1,75,02,033

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

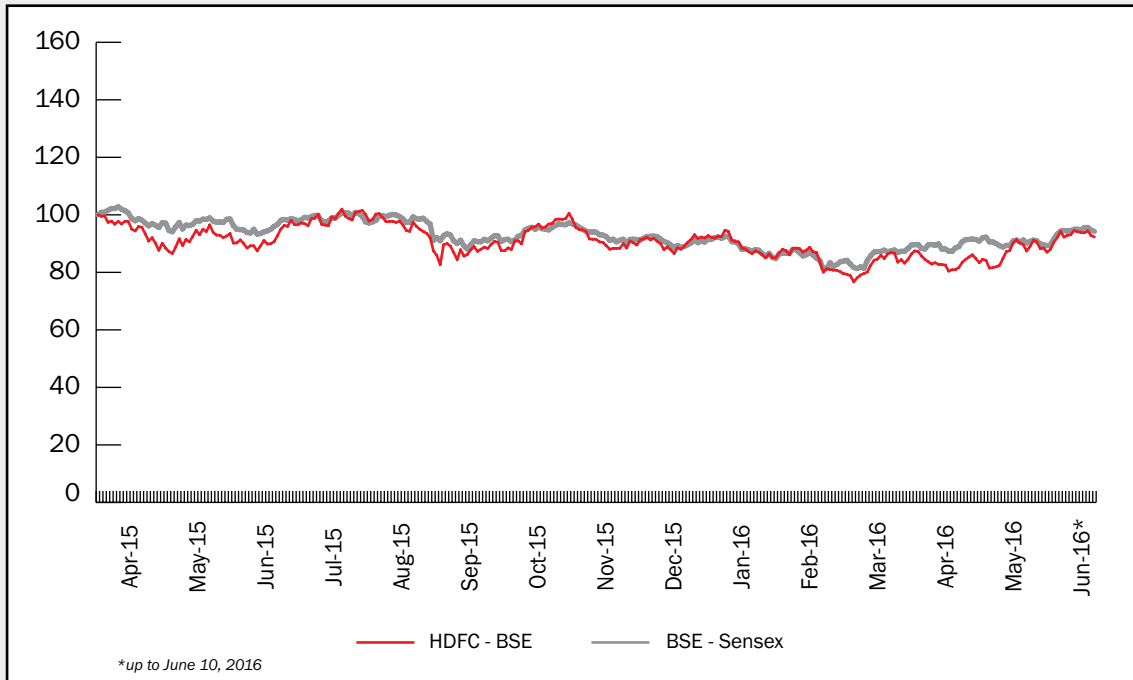
Share Price Movement on the BSE



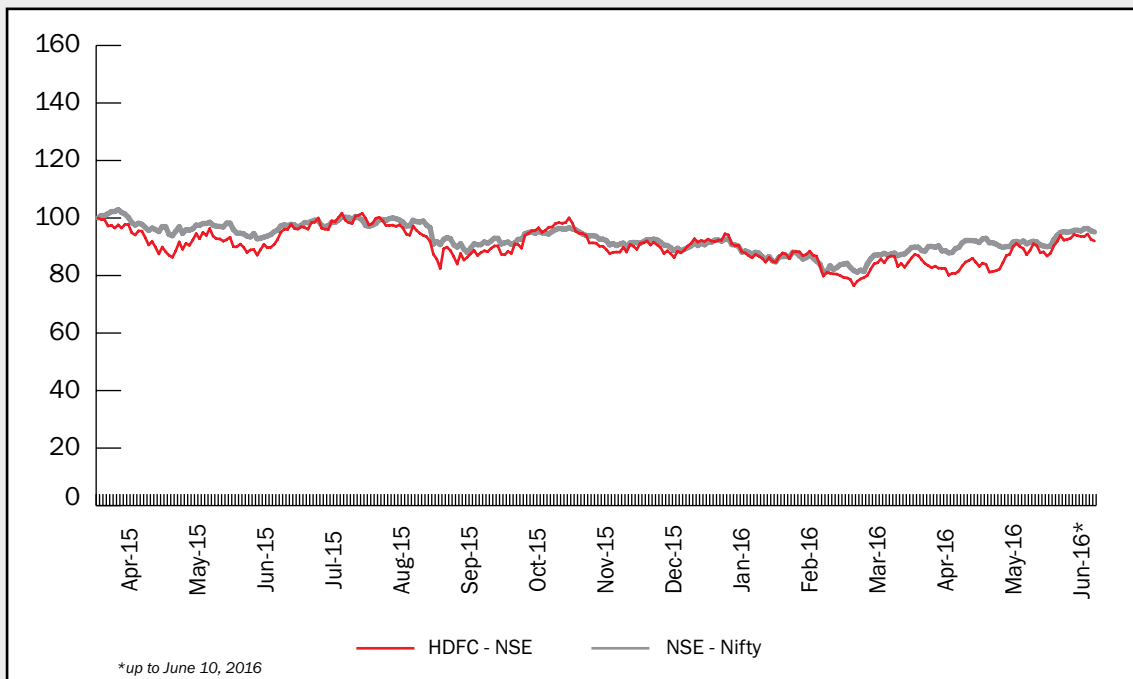
Share Price Movement on the NSE

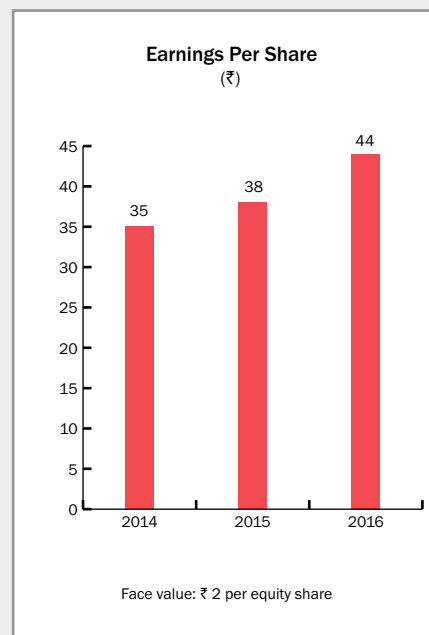
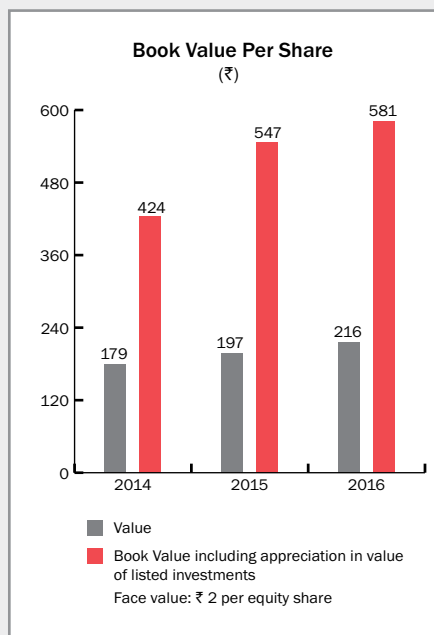


HDFC Share Price versus the BSE - Sensex
(Both rebased to 100)



HDFC Share price versus the NSE - Nifty
(Both rebased to 100)





OTHER IMPORTANT INFORMATION

Equity History

Particulars	No. of shares issued (of ₹ 2 each)	Year/date
Initial Issue	5,00,00,000	1978
Public cum Rights Issue	5,00,00,000	1987
Public cum Rights Issue	12,50,00,000	1990
Rights Issue of Fully Convertible Debentures	23,62,50,000	1992
Private Placement to Financial Institutions	4,50,00,000	1993
Private Placement to Foreign Investors	8,93,20,000	1995
Allotment under ESOS	1,42,33,565	Between March 2001 and November 2002
Bonus Issue (1:1)	60,98,03,565	December 30, 2002
Allotment under ESOS	1,34,78,475	Between January 2003 and March 2004
Allotment under ESOS	1,25,18,055	During Financial Year 2004-05
Allotment under ESOS	22,16,005	During Financial Year 2005-06
Allotment under ESOS	1,72,13,370	During Financial Year 2006-07

Particulars	No. of shares issued (of ₹ 2 each)	Year/date
Allotment on a preferential basis	7,62,50,000	July 11, 2007 - CMP Asia Limited
Allotment on a preferential basis	1,37,50,000	July 24, 2007 - Citigroup Strategic Holdings Mauritius Limited
Allotment under ESOS	54,89,840	During Financial Year 2007-08
Allotment pursuant to conversion of FCCB	5,96,67,050	During Financial Year 2007-08
Allotment under ESOS	9,07,850	During Financial Year 2008-09
Allotment pursuant to conversion of FCCB	11,71,775	During Financial Year 2008-09
Allotment under ESOS	1,01,56,830	During Financial Year 2009-10
Allotment pursuant to conversion of FCCB	31,24,730	During Financial Year 2009-10
Allotment pursuant to conversion of FCCB	1,41,55,105	During Financial Year 2010-11 (up to July 29, 2010)
Allotment under ESOS	1,71,80,475	During Financial Year 2010-11
Allotment under ESOS	1,00,23,420	During Financial Year 2011-12
Allotment pursuant to exchange of Warrants	59,900	During Financial Year 2011-12
Allotment pursuant to exchange of Warrants	5,46,83,250	During Financial Year 2012-13 (up to September 6, 2012)
Allotment under ESOS	1,46,93,995	During Financial Year 2012-13
Allotment under ESOS	1,41,85,350	During Financial Year 2013-14
Allotment under ESOS	1,41,65,065	During Financial Year 2014-15
Allotment under ESOS	51,48,670	During Financial Year 2015-16
Allotment under ESOS	11,25,020	Between April 1, 2016 and June 10, 2016
Total: (as on June 10, 2016)	158,09,71,360	

Note: The nominal face value of the equity shares of the Corporation was sub-divided from ₹ 100 per equity share to ₹ 10 per equity share, w.e.f. August 25, 1999 and thereafter from ₹ 10 per equity share to ₹ 2 per equity share, w.e.f. August 21, 2010. Accordingly, for ease of comparison, all issues have been represented by equity shares of ₹ 2 each.

Secretarial Compliance

The Corporation has complied with the applicable provisions of the Companies Act, 1956, Companies Act, 2013, the rules framed thereunder, the SEBI Act, 1992, rules, regulations and guidelines issued thereunder, the Listing Regulations and the erstwhile listing agreements. In this connection, Messrs Vinod Kothari & Company, practising

company secretaries has conducted a secretarial audit for the financial year 2015-16 and their report is given elsewhere in the annual report.

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.

Unclaimed Dividend

The details of the unclaimed dividends as on May 31, 2016 and the last date for claiming the same, prior to its transfer to the IEPF, are as under:

Financial Year	No. of members who have not claimed their dividend	Unclaimed dividend as on May 31, 2016 (₹)	Unclaimed dividend as % to total dividend	Date of declaration	Last date for claiming the dividend prior to its transfer to IEPF
2008-09	2,192	1,13,82,240	0.13	July 22, 2009	August 28, 2016
2009-10	2,694	1,59,40,044	0.15	July 14, 2010	August 20, 2017
2010-11	3,841	2,04,51,339	0.15	July 8, 2011	August 8, 2018
2011-12	3,480	2,68,24,512	0.16	July 11, 2012	August 10, 2019
2012-13	3,215	3,20,69,178	0.17	July 19, 2013	August 19, 2020
2013-14	3,217	3,96,48,504	0.18	July 21, 2014	August 20, 2021
Interim Dividend 2014-15	5,174	67,42,016	0.21	March 19, 2015	April 20, 2022
Final Dividend 2014-15	3,905	3,82,50,459	0.19	July 28, 2015	August 26, 2022

Accordingly, the concerned persons are requested to verify the details of their unclaimed dividends and lodge their claim with the Corporation, before the same is due for transfer to the IEPF.

In order to reduce the quantum of unclaimed dividends, the Corporation in addition to periodic communication with the concerned shareholders, directly credited the unclaimed dividend to the shareholders' accounts, who had updated their bank details with the Corporation/depositories, either through direct credit or NEFT. The Corporation also issued duplicate dividend drafts i.e., at-par cheques towards the unclaimed dividend for the financial year 2008-09 and dispatched the same to the concerned shareholders at the address registered with the Corporation/depositories.

As per the provisions of Section 205C of the Companies Act, 1956, unclaimed dividend amounting to ₹ 83,69,925 in respect of the financial year 2007-08 was transferred to the IEPF on September 8, 2015.

Further, the unclaimed dividend in respect of the financial year 2008-09 must be claimed by the concerned shareholder on or before August 28, 2016, as it is liable to be transferred to the IEPF within a period of 30 days from the said date.

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 securities shall vest in the event of his death. Where the securities of a company 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 prescribed nomination form to the ISD. Shareholders can download the prescribed nomination form from the 'Investors' section on the website of the Corporation. Shareholders holding shares in demat form are requested to contact their DP.

Nomination stands automatically rescinded on transfer/dematerialization of the shares.

Share Transfer Form

Section 56 of the Companies Act, 2013, provides that the transfer form shall be delivered to the company within a period of 60 days from the date of its execution, along with the share certificate or if no such certificate is in existence, along with the letter of allotment of securities.

The persons who may have acquired the equity shares of the Corporation in physical form and holding the transfer deed are requested to lodge their request for share transfer in the prescribed Form SH-4, duly signed by the transferor(s) and the transferee(s) and filled in all respects, along with the share certificate(s) and self-attested copies of PAN card of the transferor(s) and the transferee(s). Shareholders can download the prescribed transfer form from the 'Investors' section on the website of the Corporation.

Dispatch of documents in electronic form

The annual report for the financial year 2015-16, the notice convening the 39th AGM and other annexures will be sent by e-mail to those members who have registered their e-mail address(es) with their DP/the Corporation in accordance with the relevant provisions of the Companies Act, 2013, rules framed thereunder and the Listing Regulations.

In case any member wishes to receive a physical copy of the said documents, is requested to write to investorcare@hdfc.com, duly quoting his DP ID and Client ID or his Folio number, as the case may be, to enable the Corporation to record his decision and provide physical copy of the said documents.

Please note that the said documents will also be uploaded on the website of the Corporation and copies thereof will be made available for inspection at the registered office of the Corporation during business hours.

In case of any change in the e-mail address, the shareholders are requested to update the same. In case a shareholder fails to update the relevant e-mail address, the annual report and notice convening the 39th AGM will be sent to the old e-mail address and the same will be deemed to have been delivered, in terms of the relevant provisions of the Companies Act, 2013.

Members who have not yet registered their e-mail address are requested to register the same with their DP, in case shares are held in electronic form or with the Corporation in case shares are held in physical form.

Web links:

As required under the various provisions of the Companies Act, 2013 and Listing Regulations, the weblink of some of the important documents placed on the website of the Corporation is provided below:

Sr. No.	Details of document	Web link
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 Subsidiaries	https://www.hdfc.com/allpolicies/Policy-Material-Subsidiaries.pdf
6	Policy on Related Party Transactions	https://www.hdfc.com/allpolicies/Revised-Related-Party-Transaction-Policy-27012016-for-website.pdf
7	Board Familiarisation Programme	https://www.hdfc.com/allpolicies/Board-Familiarisation-Programme.pdf
8	Policy on Remuneration of Directors, Senior Management, KMPs and other employees	https://www.hdfc.com/allpolicies/Remuneration-Policy.pdf
9	Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	https://www.hdfc.com/allpolicies/CORPORATE-DISCLOSURE-POLICY-29042015-Final.pdf
10	Letter of Appointment to Independent Directors	https://www.hdfc.com/allpolicies/Letter-of-Appointment-to-Independent-Directors.pdf
11	Policy on Determination of Materiality	https://www.hdfc.com/allpolicies/policy-on-determination-of-materiality.pdf
12	Web Archival Policy	https://www.hdfc.com/allpolicies/Web-Archival-Policy.pdf
13	Business Responsibility Report	https://www.hdfc.com/sites/all/themes/hdfc/images/pdfs/Business-Responsibility-Report-2015-16.pdf
14	Disclosure under the SEBI (Share Based Employee Benefits) Regulations, 2014	https://www.hdfc.com/sites/all/themes/hdfc/images/pdfs/DisclosureonStockOptions2015-16.pdf

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.

CORPORATE OFFICE: HDFC House, Mumbai - 400 020. Tel. 66316000, 22820282

BRANCH OFFICES:

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(As of March 31, 2016.)

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- Top Indian Company in the 'FIs / NBFCs / Financial Services' category at the Dun & Bradstreet Corporate Awards 2016. The Company has won this award for the eighth time in the last nine years
- Awarded the CIBIL Data Quality Award 2016
- Awarded the 'Best Home Loan Provider of the Decade' at the CNBC Awaaz Real Estate Awards 2015
- 94.3 MY FM Stars of the Industry Award for Excellence in Home Loan Banking 2016 for the second consecutive year
- Gold award for the Annual report and the Wall Calendar at the ABCI awards
- 'AAA' rating for HDFC Deposits by CRISIL & ICRA for the 21st consecutive year
- Ranked amongst the world's largest 500 companies in 'Top Green Companies in the World 2016' on corporate sustainability and environmental impact by Newsweek



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