HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

HDFC

40 YEARS

ALL FOR HOUSING

FORTIETH ANNUAL REPORT 2016-17

From pioneering Housing Loans
to creating a financial conglomerate.

The strength of intent

The confidence of clarity

The knowledge that one can contribute to one's own and the society's growth with the single-minded pursuit of a cherished vision

Think integrity, transparency, trust and professionalism, and chances are more often than not, you will think of HDFC. Since our inception, we have focussed on the core objective of meeting the housing needs of our customers. In our journey so far, we have fulfilled the dreams of 5.8 million customers. We are forging ahead on the legacy we have inherited from Shri H T Parekh, our Founder Chairman.

Having partnered with all sections of the society in their home ownership quest, we have built a strong reputation as an able partner who guides its customers at every step of the journey. The Government's support to affordable housing has added momentum to this dream of home-ownership.

At HDFC, our pioneering housing finance efforts and learnings have led to several innovations in products, processes and services. We have evolved into a diversified financial services conglomerate with independent entities across varied services and have set the performance benchmark in most of the sectors we are present in – Banking, Insurance, Asset Management.

As a new decade starts, we re-affirm our commitment to anticipate and exceed our customers' expectations, creating value for all stakeholders.

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ANNUAL GENERAL MEETING (AGM)

Day/Date : Wednesday, July 26, 2017 Time: 2.30 pm

Venue : Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400020.

E-VOTING PERIOD

Commences on : Saturday, July 22, 2017 at 10.00 am

Closes on : Tuesday, July 25, 2017 at 5.00 pm

Financial Highlights

(₹ in Crore)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Gross Income	8,196	11,018	11,361	12,878	17,354	21,148	24,198	27,471	30,957	33,160
Profit After Tax	2,436	2,283	2,826	3,535	4,123	4,848	5,440	5,990[1]	7,093[1]	7,443[1]
Shareholders' Funds	11,947	13,137	15,198	17,317	19,018	24,830	27,955	30,970	34,121	39,645
Loans from Banks and Financial Institutions	21,200	25,372	32,137	42,490	40,697	17,824	32,952	26,194	42,802	37,270
Market Borrowings	36,655	39,110	41,347	48,296	62,138	89,071	94,443	1,16,317	1,20,845	1,56,690
Deposits	11,296	19,375	23,081	24,327	36,293	51,933	56,578	66,706	74,670	86,574
Loans Under Management[2]	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	3,38,478
Loans Outstanding	73,328	85,198	97,967	1,17,127	1,40,875	1,70,046	1,97,100	2,28,181	2,59,224	2,96,472
Dividend (%)	250	300	360	450	550	625	700	750	850	900
Book Value per Share (₹)[3]	84	92	106	118	129	162	179	197	216	250
Earnings per Share (₹)[3]	13[4]	16	20	24	28	32	35	38	44	46

[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.

From learning the ropes to defining service benchmarks.

Our excellence in customer service is the result of consistent ideation and development of several path-breaking products and processes. At every stage of growth, we always took the road less travelled, faced challenges and emerged successful.

From introducing the 'hub and spoke' model for offices to reducing the turn-around time for loan approvals, from providing Certificates of Deposits 'on the spot' to interest payments reaching depositors on their due dates, from dedicated customer service to a relentless commitment to increasing productivity, the entire process – from intent to execution kept evolving.

We continue to counsel and connect with our customers, assisting them to make an informed decision. Our product offerings too have evolved with the times: Home improvement loans, home extension loans, plot loans, non-residential premises loans, loans against property, top-up loans are some such examples. We are harnessing technology to increase our reach and have made our services easily accessible across the country.

Service and guidance now includes aspects like home-searching, home-building and home-caring, thus providing the customers a more-fulfilling and holistic experience.

From understanding customer needs to developing an eco system.

The positive response of home-owners to our initiatives has contributed to the growth of the industry. HDFC has reached out to varied geographies through new offices – the endeavour is to offer the whole gamut of services at every location. Outreach programmes has been one such example, where HDFC employees from the nearest HDFC branch interact with customers of a remote location on a weekly or fortnightly basis.

'HDFC Property Fair' was another innovative concept developed to bring together reputed developers and prospective customers under one roof. Changing with the times, our recent thrust on online exhibitions allow customers to choose from a wide variety of options from the comfort of their location.

We have always emphasised, it would need an industry, not a company to meet the housing finance needs of the entire nation. In keeping with this outlook, we not only promoted housing subsidiaries with other leading organisations, but also provided training for their first set of employees.

From defining value systems to building brand equity.

The secret to building a world-class organisation, as demonstrated by HDFC, is through fulfilling a social need, without compromising on sound business principles. To us, economic progress has to be accompanied by social progress.

As the Country's premier housing finance provider, our philosophy has always been to make the complex simple, to study changing trends in the society, and constantly innovate. Through the years, we have also built a strong rapport with all stakeholders of the housing finance industry: regulators, investors, employees, depositors and the customers.

Our management's emphasis on values and transparency in financial practices has held us in good stead, even when times were tough. The best practices are shared across the board helping every employee gain from the collective experience, while also ensuring the 'HDFC customer experience' is standardised across all branches.

From studying consumer insights to exceeding market expectations.

Leveraging consumer insights to develop and enhance our products and services is one of the key reasons why HDFC's products and services have always found resonance with the customers. We have evolved with the times - from providing personal guidance and counselling to the consumers on aspects of the loan process and real estate projects in the early days, now our advisory model is available online and retains its interactive nature.

Our ability to integrate the customer's voice to meaningful improvisations has led to many product, processes and service delivery refinements. Reduced waiting time, advanced online functions of disbursements and Electronic funds transfer (EFT) helping customers and developers alike, customised products for customers, longer tenure loans and loans for commercial properties, efficient recovery mechanisms, are a few cases in point. Our efforts to achieve customer delight have helped us consistently attract a major proportion of business through referrals.

We have also devised specific products for the rural economy, the informal and unorganised income segments by addressing their documentation challenges through new innovative methods of appraisals. Our own sales channels and partnerships with localised sourcing associates have helped us create several touch-points to reach these consumers.

The results are evident and our values and practices have often received national and international recognition.

From inspiring team spirit to encouraging accountability.

HDFC has always promoted the culture of team work. Our emphasis while recruiting people has always been on the core attributes of optimism, sincerity, adaptiveness and the ability to shoulder responsibility. This has helped build a sense of harmony in relationships within and outside the organisation.

Training and development is considered vital, and the efforts range from induction workshops for new management trainees to specialised training programmes for middle and senior management. Our training centre has been specially set up for enhancing knowledge not only of our staff, but also to provide training and technical assistance to housing finance institutions of developing countries.

Employee motivation and retention has been one of the reasons for our consistent performance. While we empower each team member with responsibility, we ensure they are aware and uphold ethical standards, compliance and accountability. Our value system finds resonance not only in HDFC, but also in our group companies.

As a responsible corporate leader, we need to stay rooted to our value systems, more than ever before. At no point has customers' goodwill been more relevant than now, and the values we hold dear are the guiding principles which will hold us in good stead in the coming times.

The value of legacy

The respect of equity

The wisdom to be future-ready, without any compromise on core values, furthering goodwill, transparency and customer-centricity in all our dealings.

Board of Directors

Mr. Deepak S. Parekh
Chairman

Mr. B. S. Mehta

Mr. D. M. Sukthankar

Mr. D. N. Ghosh

Dr. S. A. Dave

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. He is also the Chairman of the Corporate Social Responsibility Committee of Directors.

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 and 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, 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 and 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

Brief Profile of the Directors of the Corporation

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 and Remuneration Committee of Directors.

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 is also the Chairman of CII National Council on Corporate Governance. 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

SENIOR GENERAL MANAGERS

Mr. Praveen Kumar Bhalla
Mr. Nikhil B Dwivedi
Mr. Dipta Bhanu Gupta
Mr. Sudhir Kumar Jha
Mr. K Suresh Kumar
Ms. Sonal Modi
Mr. Subodh Salunke
Mr. R Sankaranarayan
Mr. Dilip Shetty

ADDITIONAL SENIOR GENERAL MANAGERS

Ms. Mala I Bhojwani
Mr. Prosenjit Gupta
Mr. S V Shaligram

GENERAL MANAGERS

Mr. Satrajit Bhattacharya
Mr. S K Chaudhari
Mr. Varghese George
Mr. Ankur Gupta
Mr. Arjun Gupta
Mr. T A Jaishanker
Mr. Sanjay Joshi
Ms. Iravati N Narvekar
Mr. Vinayak P Parkhi
Mr. T Ravishankar
Mr. Mahesh Shah
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.

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CHAIRMAN'S LETTER

To our Shareholders

As I sit down to gather my thoughts, I can hardly believe this is HDFC's 40th annual report. The excitement of growing the housing finance business today remains as palpable as our first day of operations.

I have pondered deeply on how to benchmark an organisation's performance over four decades. I can say with certainty that as an institution, we have been unwavering in our commitment to render exceptional service to our customers and build shareholder value. We treat our employees well so they in turn serve our customers well. We know our differentiator is our people-driven approach. This has made us a preferred institution for long-term investment, business and employment. We hope never to change this approach. It is embedded in our DNA and I am confident that the future leadership at HDFC will continue to uphold this as a tradition.

Forty years and on

Back in 1977, the strong institutional support we received for a never-tried-before venture in India was invaluable. We remain indebted to those who supported us at the very beginning. They believed in our vision and conviction of the need for retail housing finance in India. It is gratifying that many who had stood by us at inception, continue to do so even today. These are generational engagements. Such relationships are rare, precious and deeply valued.

Forty years ago, HDFC as the lone retail housing financier in India was 'All for Housing'. Now, these three crucial words have been flipped around to 'Housing for All'. This is momentous. The government has rightly pulled out all the stops to increase homeownership in the country. Every constituent in the housing chain has been incentivised and encouraged to play their role in the affordable housing mission.

As shareholders, you would have recognised that housing has multiplier effects on the economy through increased productivity, job creation and higher capital inflows.

Countries that accord importance to their housing markets rank better on almost every developmental indicator. People who have the security of a home have a sense of belonging and a key stake in society. Those who live in permanent housing structures are inherently better educated, healthier and happier.

Housing outlook - more for less for more

A rapidly growing country like India with a large young population needs more homes at affordable price points which in turn, would enable more households to become homeowners.

The thrust given to affordable housing has been extremely encouraging. Developers can now avail a 100% tax deduction on profits and gains if they construct affordable housing units. No other major sector of the economy has been given such attractive incentives. Further, according infrastructure status for affordable housing should help open up more avenues of lower cost, longer tenor funding.

For home loan customers, besides direct fiscal benefits, the government has also extended its support through interest rate subventions. The government's modified Credit Linked Subsidy Scheme is an outcome of the realisation that a small bit of support can go a long way in enabling both, the middle-income and lesser privileged groups to become homeowners earlier in life.

Subscribers of the Employees' Provident Fund Scheme can now withdraw up to 90% of their accumulated funds for a down payment to buy a home or service the equated monthly instalments through their provident fund account. This measure effectively helps increase the loan eligibility of a borrower. It facilitates extracting the borrower's own savings, which otherwise would have been locked up.

Segments of the real estate sector in India have many a times been a hotbed of undesirable activity. These practices should come to an end with the recent establishment of real estate regulatory authorities across the country. These regulators will be the confidence builders for consumers and watchdogs for compliance on the part of developers. Increased transparency benefits the entire housing ecosystem.

For years, the market craved an 'enabling environment' that would foster an increased supply of homes at the right price points and help widen the target group of customers for housing finance players. This government's policies on housing are practical and implementable. With the benefit of four decades of experience in this field, I can confidently say that I have never been as optimistic about the housing sector as I am currently.

Culture – our bedrock of sustainability

What differentiates HDFC is perhaps not our products or strategy; it is our culture. Culture is intangible and unique to each organisation. At HDFC, we believe our culture is our greatest strength, best reflected through the long-term commitment of our employees. We value loyalty immensely.

Our culture is our binding force. Our only ask of our employees is integrity, transparency and honesty in all dealings. These attributes are our 'non-negotiables'.

Every employee's role at HDFC is by default, designed to be that of a team player. This strong inter-dependence is mutually reinforcing for it helps keep egos aside. Our interactions are participatory, not confrontational.

Over the years, we have experimented and allowed an environment that provides an entrepreneurial zeal. Often, we have taken calculated risks. Where it has worked, we have shared our success with our stakeholders. As a people-driven organisation, we have learnt to make allowances for failure as well. The only condition is that we learn from our mistakes. A sense of openness and accountability provides the drive to keep extending our reach to customers and building new relationships.

Our organisation like any other, has witnessed various business cycles - extremes of both, euphoria and stress. It is in these situations in particular, that one realises the importance of corporate culture and its impact on long-term performance. Culture is the invisible force that lends consistency and endurance.

Rules, processes and systems ensure conformity and compliance. What is the outcome when there are no guideposts? This is where values, attitude, gut-feel and ethics come to play.

I am proud of HDFC's home-grown culture. It is not a given - we work on it every day, in all our dealings. Our culture is not a mandated goal, but simply an outcome of collective, repeated, emulated, refined and internalised set of behaviours. It is imbibed through demonstrative effect which starts at the top and flows down.

The assurance I offer investors is that as long as our culture remains sacred, HDFC will keep creating shareholder value for the years to come.

In for the long haul

"HDFC has a long way to go to fulfill the role for which it has been established. I can only hope and pray that HDFC will prove equal to the task it has undertaken."

H T Parekh - Founder Chairman
First Annual Report, 1978

Housing finance is a long-term business. The relationships we develop with customers are long-term as well. The time taken to build new homes in India is inordinately long. This begs the question - why are financial results looked at with such a short-term lens?

In any sector, the objective of disclosing quarterly financials is to provide an update on a company's performance. Yet, quarterly numbers need to be viewed with the right perspective.

Short-termism is becoming worryingly dominant. I strongly believe time has come for an open dialogue on the perils of extreme short-termism. We need a change in the mindset and perhaps a different matrix to better evaluate corporate performance. Patient, engaged and productive capital must not become elusive.

In any sector, when unrealistic expectations override, there is undue pressure on management to deliver. If this repeatedly happens every three months, it leaves little time to focus on the long-term, big picture. Short-termism undermines a company's ability to invest and grow.

We believe there is strong merit in investing time and effort through regular, open dialogue with our investors. This helps investors understand us better. At HDFC, we continually assess the environment to determine a sustainable growth trajectory. We shun short-cuts and myopic strategies. Growth expectations have to be recalibrated as the base gets larger. Market conditions, regulatory requirements and self-imposed prudence have meant that the time taken for loans to reflect profitability has increased. We maintain that our strategy of fortifying our balance sheet has held us in good stead.

Certain emerging market trends suggest that aggressive growth, particularly on loans against property is now experiencing some level of stress. For us, our priority has always been housing loans. Further, at an industry level, shifting of housing loans from one player's balance sheet to another does not tantamount to growth in the overall housing market. The overriding objective must always be funding incremental housing.

The outcome of the government's measures, however, will largely depend on the extent of supply of affordable housing. The final price point of these units is crucial.

What lends confidence is that certain well reputed and experienced developers have already committed to building affordable housing units. Yet, the reality is that in India, the building cycle is unduly lengthy. The last leg of change needed to boost the housing sector is streamlining building approvals.

Building approvals is the domain of state governments and local level authorities. If speedier delivery of projects is the need of the hour, then the process of multiple approvals at various stages of construction is counterproductive. Even if a few key states take the lead to fast-track approvals for affordable housing projects, it will set a precedent for others to emulate.

It is equally important to find the means to reduce land prices. A decade ago, the Reserve Bank of India had prohibited banks and housing finance companies (HFCs) from funding land transactions as they feared the build-up of a real estate bubble.

To acquire land, developers have to rely on funding by non-banking financial entities and private equity funds, but these are at exorbitant rates. While one appreciates the stress that the banking sector is undergoing on asset quality, it does appear illogical to continue to prohibit HFCs from funding land transactions. HFCs understand the needs of developers. No doubt, land financing requires strong checks and balances. HFCs can help reduce the cost of a home for the customer if they are allowed to fund the developer at the time of purchase of the land. One can only hope this repeated plea gets its due attention.

Our future

Over the last 25 years, we have seized every opportunity to diversify into various financial services as and when these sectors were liberalised.

HDFC has a unique structure as both, a single product financial company and parent of the group companies. Our subsidiary and associate companies are decentralised and managed and run by independent boards. Our only call on our group companies is performance evaluation of the group CEOs, succession planning, acquisitions and key investments.

We now hope to extract greater value from our group companies and explore listing opportunities, where conducive. To better reflect long-term value creation, investors of HDFC need to increasingly focus on the consolidated rather than the standalone entity.

To conclude, I would like to reiterate that India's macro-economic fundamentals have never been stronger than today. A number of structural reforms are underway which will place India on a higher growth trajectory. We are excited about our future as we are about India's future and we hope you partake in our optimism.

Sincerely,

Directors' Report

TO THE MEMBERS

Your directors are pleased to present the fortieth annual report of your Corporation with the audited accounts for the year ended March 31, 2017.

FINANCIAL RESULTS	**For the year ended March 31, 2017 (₹ in crore)**	For the year ended March 31, 2016 (₹ in crore)
Profit before Tax	**10,726.64**	10,108.10
Tax Expense (net of Deferred Tax Liability (DTL) on Special Reserve)	**2,852.44**	2,636.04
Profit after Tax but before DTL on Special Reserve	**7,874.20**	7,472.06
DTL on Special Reserve	**431.56**	378.96
Profit after Tax	**7,442.64**	7,093.10
Appropriations have been made as under:		
Special Reserve No. II	**1,247.00**	1,095.00
General Reserve	**-**	2,385.12
Statutory Reserve (under Section 29C of the National Housing Bank Act, 1987)	**245.00**	325.00
Shelter Assistance Reserve	**185.00**	150.00
Interim Dividend (₹ 3 per equity share of ₹ 2 each) & Tax on Interim Dividend	**476.18**	484.43
Tax on Dividend credit taken net of dividend pertaining to previous year paid during the year	**(6.26)**	(8.50)
Proposed Dividend (previous year)	**-**	2,211.78
Additional Tax on Proposed Dividend (previous year)	**-**	450.27
Surplus in the Statement of Profit & Loss	**5,295.72**	-
	7,442.64	7,093.10

Dividend

In March 2017, your directors declared an interim dividend of ₹ 3 per equity share of ₹ 2 each which was the same as in the previous financial year. The interim dividend was paid in March 2017.

Your directors recommend payment of final dividend for the financial year ended March 31, 2017 of ₹ 15 per equity share of ₹ 2 each compared to ₹ 14 per equity share for the previous year. The final dividend for the year amounts to ₹ 2,383.01 crore and the tax on final dividend is ₹ 485.12 crore.

The total dividend for the year is ₹ 18 per equity share as against ₹ 17 per equity share for the previous year.

The dividend pay-out ratio for the year ended March 31, 2017 is 44.9%.

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

In terms of the revised Accounting Standards, AS-4 'Contingencies and Events Occurring after the Balance Sheet Date' as notified by the Ministry of Corporate Affairs through amendments to the Companies (Accounting Standards) Rules, 2016, the Corporation has not appropriated the proposed final dividend (including tax) from the statement of profit and loss for the year ended March 31, 2017.

Increase in Authorised Share Capital

Pursuant to the receipt of approval of the members through a postal ballot in March 2017, the authorised share capital of the Corporation was increased from ₹ 340 crore comprising 170 crore equity shares of face value of ₹ 2 each to ₹ 350 crore, comprising 175 crore equity shares of face value of ₹ 2 each.

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

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and directions issued by the National Housing Bank (NHB), 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 placed on the Corporation's website. Members who wish to receive a physical copy of the BRR are requested to write to the Corporation. The policy on Business Responsibility is also placed on the Corporation's website.

Lending Operations

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

The Assets Under Management (AUM) as at March 31, 2017 was ₹ 3,38,478 crore as compared to ₹ 2,91,531 crore in the previous year.

On an AUM basis, the growth in the individual loan book was 16% and the non-individual loan book was 17%. The growth in the total loan book on an AUM basis was 16%.

During the year, the Corporation's loan book increased from ₹ 2,59,224 crore to ₹ 2,96,472 crore in March 2017, representing a growth of 14%. In addition, loans securitised and/ or assigned by the Corporation and outstanding as at March 31, 2017 amounted to ₹ 42,006 crore.

Further details of lending operations are provided in the Management Discussion and Analysis Report.

Market Borrowings

The Corporation is in compliance with the provisions of the Housing Finance Companies Issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014 and has been regular in making payments of principal and interest on the non-convertible debentures. Details of borrowings are provided in the Management Discussion and Analysis Report.

Deposits

Deposits outstanding as at March 31, 2017 amounted to ₹ 86,574 crore. There has been no default in repayment of deposits or payment of interest during the year. All the deposits accepted by the Corporation are in compliance with the requirements of Chapter V of the Companies Act, 2013.

As of March 31, 2017, public deposits amounting to ₹ 770 crore had not been claimed by 57,783 depositors. Since then, 9,034 depositors have claimed or renewed deposits of ₹ 167 crore. Depositors were intimated regarding the maturity of deposits with a request to either renew or claim their deposits. Where the deposit remains unclaimed, reminder letters are sent to depositors periodically and follow up action is initiated through the concerned agent or branch.

Deposits remaining unclaimed for a period of seven years from the date they became due for payment have to be transferred to the Investor Education and Protection Fund (IEPF) established by the central government. The concerned depositor can claim the deposit from the IEPF. During the year, an amount of ₹ 1.09 crore was transferred to the IEPF.

Capital Adequacy Ratio

The Corporation's capital adequacy ratio (CAR) stood at 14.5%, of which Tier I capital was 11.8% and Tier II capital was 2.7%. 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. Further, the proposed final dividend and tax thereon for the year ended March 31, 2017 has been reckoned in determining the net owned funds in the computation of the capital adequacy ratio.

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

Regulatory Guidelines

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

Corporate Social Responsibility (CSR)

The Corporation contributed directly and through H T Parekh Foundation to identified social sectors in urban and rural areas in sectors such as education, water & sanitation, skilling & livelihoods, healthcare, community development, differently abled persons, child welfare 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.

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, HDFC ERGO General Insurance Company Limited (HDFC ERGO) acquired L&T General Insurance Company Limited (L&T General) whereby it became a 100% subsidiary of HDFC ERGO. L&T General has been renamed HDFC General Insurance Limited.

The Board of Directors of the Corporation at the meeting held on July 27, 2016, approved the scheme of amalgamation of five of its wholly-owned subsidiaries, Windermere Properties Private Limited, Haddock Properties Private Limited, Grandeur Properties Private Limited, Winchester Properties Private Limited and Pentagram Properties Private Limited with itself. The applications for the proposed merger have been filed with the National Company Law Tribunal, Mumbai bench and the order on the same is awaited.

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.

A review of the key subsidiary and associate companies of the Corporation form part of the Management Discussion and Analysis Report which forms part of this report.

Particulars of Employees

HDFC had 2,305 employees as of March 31, 2017. During the year, 7 employees employed throughout the year were in receipt of remuneration of ₹ 1.02 crore or more per annum and 1 employee employed for part of the year was in receipt of remuneration of ₹ 8.5 lac or more per month.

In accordance with the provisions of Rule 5.2 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and particulars of the top ten employees in terms of remuneration drawn and of the aforesaid employees are set out in the annex to the Directors' Report. In terms of the provisions of Section 136(1) of the Companies Act, 2013 read with the rule, the Directors' Report is being sent to all shareholders of the Corporation excluding the annex. Any shareholder interested in obtaining a copy of the annex may write to the Corporation.

Further disclosures on managerial remuneration are annexed to this report.

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

The Corporation has a policy on prevention, prohibition and redressal of sexual harassment at the workplace. Members of the Internal Complaints Committee constituted by the Corporation are responsible for reporting and conducting inquiries pertaining to such complaints. The Corporation on a regular basis continues to sensitise all employees on prevention of sexual harassment at the workplace through workshops, group meetings and awareness programmes. During the year, 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, guarantees given and security provided is exempt under the provisions of Section 186(11) of the Companies Act, 2013.

As regards investments made by the Corporation, the details of the same are provided under notes 13 and 17 in the financial statements of the Corporation for the year ended March 31, 2017.

Particulars of Contracts or Arrangements with Related Parties

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

The Related Party Transactions policy of the Corporation ensures proper approval and reporting of the concerned transactions between the Corporation and related parties. The policy on Related Party Transactions is placed on the Corporation's website.

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

The particulars regarding foreign exchange earnings and expenditure appear under notes 26.1 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 the regulations have been placed on the website of the Corporation.

During the year, the members of the Corporation approved the issuance of 4,98,51,524 stock options representing 4,98,51,524 equity shares of ₹ 2 each under ESOS-17 through a postal ballot. However, during the year, no options were granted under ESOS-17.

Unclaimed Dividend and Unclaimed Shares

As at March 31, 2017, dividend amounting to ₹ 24.74 crore had not been claimed by shareholders of the Corporation. The Corporation takes various initiatives to reduce the quantum of unclaimed dividend and has been periodically intimating the concerned shareholders, requesting them to encash their dividend before it becomes due for transfer to the Investor Education and Protection Fund (IEPF).

Unclaimed dividend amounting to ₹1.07 crore for FY 2008-09 was transferred to the IEPF on September 22, 2016. In terms of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the Corporation will be transferring the corresponding shares to IEPF, where the dividends for the last seven consecutive years have not been claimed by the concerned shareholders.

Further, the unclaimed dividend in respect of FY 2009-10 must be claimed by shareholders on or before August 20, 2017, failing which the Corporation will be transferring the unclaimed dividend and the corresponding shares to the IEPF within a period of 30 days from the said date. The concerned shareholders, however, may claim the dividend and shares from IEPF, the procedure for which is detailed in the Shareholders' Information section.

Directors

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Corporation, Ms. Renu Sud Karnad and Mr. V. Srinivasa Rangan are liable to retire by rotation at the ensuing Annual General Meeting (AGM). They are eligible for re-appointment.

The necessary resolutions for the re-appointment of Ms. Renu Sud Karnad and Mr. V. Srinivasa Rangan and their detailed profiles have been included in the notice convening the ensuing AGM.

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

Dr. S. A. Dave is the Corporation's nominee director on the board of HDFC Life. This is in accordance with the 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 the number of board/ committee meetings held are provided in the Report of the Directors on Corporate Governance, which forms part of this report.

Auditors

Messrs Deloitte Haskins & Sells LLP, Chartered Accountants, (firm registration number 117366W/ W-100018 with the Institute of Chartered Accountants of India) have been the statutory auditors of the Corporation and will complete their term at the conclusion of the ensuing Annual General Meeting. Due to the mandatory rotation of statutory auditors in accordance with the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, Messrs Deloitte Haskins & Sells LLP are not eligible for re-appointment.

The board placed on record their appreciation for the professional services rendered by Messrs Deloitte Haskins & Sells LLP during their association with the Corporation as its auditors.

Pursuant to the recommendation of the Audit Committee of Directors, the board proposes to appoint Messrs B S R & Co. LLP, Chartered Accountants (firm registration number 101248W/W-100022) as the statutory auditors of the Corporation for a term of 5 consecutive years and to hold office from the conclusion of the 40th AGM until the conclusion of the 45th AGM.

Messrs B S R & Co. LLP have consented to the appointment and have issued a certificate to the effect that the appointment, if made, shall be in accordance with the conditions as prescribed in Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014. They have confirmed that they meet the criteria for independence, eligibility and qualification as prescribed in Section 141 of the Companies Act, 2013.

The appointment will be subject to ratification by the members of the Corporation at every AGM.

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

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 to undertake the secretarial audit of the Corporation. The Secretarial Audit Report is annexed to this report and does not contain any qualifications.

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 to 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, 2017 and of the profit of the Corporation for the year ended on that date;

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

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

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

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

Internal Financial Control

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

Extract of Annual Return – Form No. MGT-9

The details forming part of the extract of the Annual Return in Form No. MGT-9 is annexed to this report.

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

There are no material changes and commitments affecting the financial position of the Corporation which have occurred after March 31, 2017 till the date of this report.

Acknowledgements

It is with a great sense of pride that your directors present the 40th Annual Report of your Corporation. The Corporation is the pioneer of retail housing finance in India and has cumulatively financed over 5.8 million units. During all these years, the Corporation is grateful for the support and goodwill it received. The current thrust on affordable housing by the government bodes well to increase home ownership in India.

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

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

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

On behalf of the Board of Directors

MUMBAI
May 4, 2017

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 2017

Name	Designation	Ratio of remuneration to the median employees' remuneration
Mr. Deepak S. Parekh	Chairman	17:1
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	57:1
Ms. Renu Sud Karnad	Managing Director	86:1
Mr. Keki M. Mistry	Vice Chairman & CEO	92:1

Percentage increase in the remuneration of each director and key managerial personnel in FY 2017

Key Managerial Personnel

Name	Designation	Increase in Remuneration (%)
Mr. Keki M. Mistry	Vice Chairman & CEO	11
Ms. Renu Sud Karnad	Managing Director	12
Mr. V. Srinivasa Rangan	Executive Director	13
Mr. Ajay Agarwal	Company Secretary	14

Non-Executive Director

The commission paid in FY 2017 to each non-executive director (other than the Chairman of the Corporation) was ₹ 20 lac and to the Chairman was ₹ 1.80 crore, both of which were the same as in the previous year. There was no change in the sitting fees paid to the non-executive directors for attending meetings of board/committees.

Further details are provided in Form MGT- 9.

Percentage increase in the median remuneration of employees in FY 2017

The percentage increase in the median remuneration of employees in FY 2017 stood at 12%.

HDFC had 2,305 employees as of March 31, 2017.

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

The average increase in the remuneration of all employees was 12% in FY 2017. The average increase in remuneration of both, managerial personnel and non-managerial personnel was 12%.

The average increase in the remuneration of both, the managerial and non-managerial personnel was determined based on the overall performance of the Corporation. Further, the criteria for 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 and 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.

Annex to Directors' Report - 2

FORM NO. AOC - 2

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

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

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

2. Details of material contracts or arrangements or transactions at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	HDFC Bank Ltd., Associate Company	Consideration on Assignment/ Sale of Loans	April 2016 - March 2017	HDFC Bank Ltd. has an option to buy 70% of the loans disbursed out of the loans sourced by it for the Corporation. As per the agreements, the loans continue to be serviced by the Corporation, for which it is paid a consideration on mutually agreeable terms.	-	-
2	HDFC Bank Ltd., Associate Company	DSA Commission expense (home loans sourcing)	April 2016 - March 2017	The Corporation pays Direct Sourcing Arrangement (DSA) commission to HDFC Bank Ltd. for loans sourced at the prevailing market rate and based on the volume of loans sourced.	-	-
3	HDFC Sales Pvt. Ltd., Subsidiary Company	DSA Commission expense (home loans sourcing)	April 2016 - March 2017	HDFC Sales Pvt. Ltd. generates leads for the Corporation for which the Corporation pays commission on the conversion of such leads to loans. The Corporation pays a commission at the prevailing market rate after taking into account the leads and the infrastructure provided by it.	-	-
4	HDFC Bank Ltd., Associate Company	Loans against Discounting of Rent Receivables & Construction Finance Loans	April 2016 - March 2017	The Corporation had extended facilities of Discounting of Rent Receivables, Construction Finance & Line of Credit to borrower entities. HDFC Bank Ltd. participated in these facilities. The loans were sold to HDFC Bank Ltd. at the then prevailing rate charged by the Corporation.	-	-

On behalf of the Board of Directors

MUMBAI
May 4, 2017

DEEPAK S. PAREKH
Chairman

Annex to Directors' Report - 3

Annual Report on Corporate Social Responsibility (CSR) Activities

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

   Overview of HDFC's CSR activities:

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

   HDFC's CSR activities during the year have focused on sectors such as Education, Water & Sanitation and Skilling & Livelihoods.

   Education is one of the most powerful tools to ensure sustainable development and thus it remains a mainstay for HDFC's CSR initiatives. During the year, the Corporation has supported social organisations working on mainstreaming school dropouts in rural areas and programmes using low cost and innovative tools to improve the quality of education and learning outcomes. HDFC partnered with organisations building valuable learning resources which included a school for tribal children and an integrated centre for science education. Financial assistance was provided for the development of sustainable rural technologies to one of India's premier universities. HDFC also supported programmes imparting life skills training to children from rural and urban slum communities and provided financial assistance for training programmes for primary and secondary school teachers.

   The severe drought faced in large parts of India over the past two years, brought to fore the need for the management and conservation of water resources of India, to bring about long term water security. HDFC plans to closely monitor its current projects supporting this sector, as also to actively look for the right partners to expand its CSR spend in the water sector. During the year, HDFC's support has primarily been towards two aspects in this sector (i) programmes for effective watershed management in water deficient districts of rural Maharashtra and (ii) provision of clean and safe drinking water through community based water centres and dispensing units in the slums of New Delhi.

   HDFC remains committed to the cause of improving sanitation facilities in both urban slums and rural villages. The Corporation has expanded its support to existing partner organisations having domain expertise and the ability to successfully complete projects on time. During the year, HDFC has supported sanitation programmes across multiple locations with the goal to build ~ 3,000 household toilets over the next two years.

   With over half of its population below the age of 24 years, India could be a global supplier of skilled manpower provided adequate measures are taken to skill its youth. The government has also made skilling a thrust area to ensure that the country is able to cash in on its demographic dividend. During the year, HDFC has supported pilot projects in skill development and livelihood enhancement. Some of its key projects included skilling of construction workers, vocational training for youth with physical disabilities, non-traditional livelihood options for women, livelihood support for a section of Kutch artisans, skilling of Auxiliary Midwife Nurses (in the public healthcare system) and service industry linked training for under privileged youth. HDFC will continue to expand its support to this sector in the coming years.

   During the year, HDFC also partnered with the Government of Maharashtra for its 'Village Transformation Mission' (a joint initiative of the State government and the corporate sector), to be implemented in select villages across the State over a 2-3 year timeframe. The Corporation has commenced this project with 10 villages in the district of Palghar, approximately a 3 hour drive from Mumbai – a largely tribal district with one of the lowest Human Development Index (HDI) parameters in the State.

   In addition to the above focus areas, HDFC continued its support towards certain areas of healthcare, welfare for the differently abled, community & child development programmes, environmental sustainability projects and

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

sports. HDFC's healthcare initiatives focussed on programmes for addressing malnutrition, health facilities for quality paediatric care, transformational surgeries for underprivileged children, and support towards cancer and leprosy prevention, treatment and rehabilitation. In welfare for the differently abled children and adults, HDFC supported organisations working towards special education, vocational training, rehabilitation and institutional support for life care.

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

Note: During the year under review, the Committee met thrice, on May 2, 2016, October 26, 2016 and March 3, 2017. All the Members of the Committee attended all three meetings.

3. **Average net profit of the Company for the last three financial years:** ₹ 8,056.97 crore

4. **Prescribed CSR Expenditure (2% of the amount in Point 3 above):** ₹ 161.14 crore

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

   a. **Total amount spent during the financial year 2016-17:** ₹ 146.55 crore

   b. **Amount unspent, if any:** ₹ 14.59 crore

   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[2]	Amount Spent: Direct/ Implementing Agency[1]
			Districts (State)	₹ Crore	₹ Crore	₹ Crore	
1A	Support for education initiatives in rural areas	Education (Rural)	Chittoor (Andhra Pradesh); Dumka, Hazaribagh, Koderma, Palamu, Purbi Singhbam, Ranchi (Jharkhand); Bengaluru, Chitradurga, Dakshina Kannada (Karnataka); Chandrapur, Dahanu, Igatpuri, Palghar, Thane (Maharashtra); Alwar, Baran, Jaipur, Pali, Sirohi (Rajasthan); Chennai (Tamil Nadu); Khammam (Telangana)	12.34	12.34	14.35	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[2]	Amount Spent: Direct/ Implementing Agency[1]
			Districts (State)	₹ Crore	₹ Crore	₹ Crore	
1B	Support for various education projects in urban and peri-urban areas	Education (Urban)	Raipur (Chhattisgarh); Bardez (Goa); Ahmedabad, Baroda, Gandhinagar, Jamnagar, Surat, Vapi (Gujarat); Gurgaon (Haryana); Bengaluru (Karnataka); Mumbai, Navi Mumbai, Palghar, Pune, Thane (Maharashtra); New Delhi (New Delhi); Ferozepur, Ludhiana (Punjab); Dholpur, Udaipur (Rajasthan); Chennai (Tamil Nadu); Hyderabad (Telangana); Agra, Pilibhit, Ghaziabad, Lucknow, Saharanpur (Uttar Pradesh); Dehradun (Uttarakhand); Kolkata (West Bengal)	5.98	5.98	8.68	H T Parekh Foundation & Implementing Agency
1C	Programmes imparting life skills to children, training teachers and support for organisations promoting community awareness	Education (Life Skills and Community Awareness)	Bengaluru (Karnataka); Mumbai, Palghar, Pune (Maharashtra); New Delhi (New Delhi)	4.33	4.33	5.97	H T Parekh Foundation & Implementing Agency
2A	Programmes for effective watershed management in drought prone areas and provision of safe drinking water to slum communities	Water & Sanitation	New Delhi (New Delhi); Amravati, Beed, Latur, Palghar, Satara, Wardha, Yavatmal (Maharashtra)	11.91	11.91	11.91	H T Parekh Foundation
2B	Community led sanitation programmes in rural areas, urban slums and public spaces	Water & Sanitation	New Delhi (New Delhi); Kolhapur, Mumbai (Maharashtra); Tiruchirapalli (Tamil Nadu)	6.01	6.01	8.34	H T Parekh Foundation & Implementing Agency
3	Collaboration with the Government of Maharashtra for upliftment of select villages in the State	Rural Development	Palghar (Maharashtra)	10.00	10.00	10.00	H T Parekh Foundation

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[2]	Amount Spent: Direct/ Implementing Agency[1]
			Districts (State)	₹ Crore	₹ Crore	₹ Crore	
4A	Women focussed skilling & livelihood enhancement programmes	Skilling & Livelihoods (Empowering Women)	Bhuj (Gujarat); Mumbai, Pune, Wardha, Yavatmal (Maharashtra); New Delhi (New Delhi)	4.19	4.19	4.34	H T Parekh Foundation & Implementing Agency
4B	Skilling & livelihood enhancement programmes for youth from low income backgrounds	Skilling & Livelihoods (Youth)	Prakasam (Andhra Pradesh); Aravalli (Gujarat); Bengaluru, Chikballapur, Shimoga (Karnataka); Chhindwara, Sehore (Madhya Pradesh); Ahmednagar, Pune (Maharashtra); Balasor, Kalahandi (Odisha); Barmer, Jaipur (Rajasthan); Coimbatore, Kancheepuram (Tamil Nadu); Deoria (Uttar Pradesh); Howrah, Murshidabad (West Bengal)	3.53	3.53	3.53	H T Parekh Foundation
5A	Paediatric health facilities and nutrition for underprivileged children	Healthcare (Child Focused)	Mumbai, Palghar, Pune (Maharashtra); Chennai, Krishnagiri (Tamil Nadu)	5.52	5.52	7.40	H T Parekh Foundation & Implementing Agency
5B	Support for the detection, treatment and rehabilitation of underprivileged patients suffering from Cancer and Leprosy	Healthcare (Cancer and Leprosy programmes)	Guwahati (Assam); Amravati, Bhandara, Gondia, Mumbai, Nagpur, Nandurbar, Nashik, Raigad, Wardha (Maharashtra); Kolkata (West Bengal)	3.35	3.35	5.98	H T Parekh Foundation & Implementing Agency
5C	Support for transformational surgeries including cochlear implants, eye surgeries, heart transplants and to blood banks	Healthcare (Support for Surgeries)	Mumbai, Nashik (Maharashtra); Chennai (Tamil Nadu); Kolkata (West Bengal)	2.39	2.39	3.97	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[2]	Amount Spent: Direct/ Implementing Agency[1]
			Districts (State)	₹ Crore	₹ Crore	₹ Crore	
6	Support for special education, vocational training for mentally / physically challenged children and adults	Differently Abled (Special Education and Vocational Skills)	Bengaluru (Karnataka); Kochi (Kerala); Mumbai, Nashik, Navi Mumbai, Pune (Maharashtra); New Delhi (New Delhi); Dehradun (Uttarakhand); Kolkata (West Bengal)	2.91	2.91	3.56	H T Parekh Foundation & Implementing Agency
7	Programmes for child protection, geriatric and destitute care, and support for foster homes / orphanages/ day care centres	Community & Child Development	Ujjain (Madhya Pradesh); Lonavala, Mumbai, Navi Mumbai, Thane (Maharashtra); New Delhi (New Delhi); Chennai (Tamil Nadu); Varanasi (Uttar Pradesh)	2.79	2.79	3.07	H T Parekh Foundation & Implementing Agency
8	Programmes for environmental sustainability including solar power, recycling of plastic, composting and solid waste management	Environmental Sustainability	Kangra (Himachal Pradesh); Mumbai, Palghar,Thane (Maharashtra)	0.69	0.69	0.69	H T Parekh Foundation & Implementing Agency
9	Support for training and development of Indian athletes for global sporting events	Development of Indian Athletes	Mumbai (Maharashtra); New Delhi (New Delhi)	0.61	0.61	1.29	H T Parekh Foundation & Implementing Agency
10	Contribution to the corpus of the H T Parekh Foundation for various CSR activities, listed in HDFC's CSR Policy	Various sectors covered by Schedule VII of the Companies Act, 2013	Pan India	70.00	70.00	70.00	H T Parekh Foundation
	Grand Total			**146.55**	**146.55**	**163.08**	

Notes:

1. <u>Details of Implementing Agencies</u>: HDFC carries out its CSR activities primarily through the H T Parekh Foundation and other implementing agencies (non-profit organisations). During the current year, grants have been provided to 94 implementing agencies, of which some significant ones are as below (in alphabetical order):
   - Agastya International Foundation (Education)
   - ALERT-India (Healthcare)
   - Aseema Charitable Trust (Education)
   - AROEHAN (Water & Sanitation)
   - Foundation for Research in Community Health (Skilling & Livelihoods)

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

• Foundation for Education and Development	(Education)
• Foundation for Promotion of Sports & Games	(Development of Indian Athletes)
• Gramalaya Trust	(Water & Sanitation)
• Gujarat Mahila Housing SEWA Trust	(Water & Sanitation)
• Indian Cancer Society	(Healthcare)
• Indian Institute of Human Settlements	(Education)
• Indian Institute of Science	(Education)
• Jai Vakeel Foundation & Research Centre	(Differently Abled)
• ISKCON Food Relief Foundation	(Healthcare)
• Jaldhaara Foundation	(Water & Sanitation)
• Mobile Creches (multi location)	(Healthcare / Child Development)
• Paani Foundation	(Water & Sanitation)
• Sampark	(Education)
• Shelter Associates	(Water & Sanitation)
• Teach to Lead	(Education)
• The Bombay Community Public Trust	(Community & Child Development)
• The CHILDS Trust	(Healthcare)
• Vandana Foundation	(Skilling & Livelihoods)
• Village Social Transformation Foundation	(Rural Development)
• Vision Foundation of India	(Healthcare)
• Youth4Jobs Foundation	(Skilling & Livelihoods)

The complete list of implementing agencies is available for inspection.

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

   Administrative expenses and overheads of ₹ 1.21 crore, have been met primarily out of the interest income earned by the H T Parekh Foundation during the year.

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

   During the year under review, the Corporation spent 1.82% of its average net profit on CSR activities. Since the introduction of the CSR law in April 2014, HDFC has consciously scaled up its support to organisations based on their demonstrated capabilities over time. HDFC has also entered new sectors in FY 2016-17 such as Skilling & Livelihoods and Water, in which it proposes to gradually increase commitments overtime.

   HDFC will continue its work with existing and new partners, as also expand its geographical reach, in order to incrementally invest in CSR activities 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	KEKI M. MISTRY	DEEPAK S. PAREKH
May 4, 2017	Vice Chairman & CEO	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, 2017

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main Products/Services	NIC Code of the Product/Service	% of total turnover of the Company
1.	The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes, in India. All other activities of the Corporation revolve around the main business.	64192	96.84

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	58.5	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, 2nd Floor, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U65991MH1999PLC123026	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
5.	**HDFC ASSET MANAGEMENT CO. LTD.** HDFC House, 2nd Floor, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U65991MH1999PLC123027	Subsidiary	60	2(87)
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.** 13th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai 400 011	U99999MH2000PLC128245	Subsidiary	61.5	2(87)
9.	**HDFC ERGO GENERAL INSURANCE CO. LTD.$** HDFC House, 1st Floor, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U66010MH2002PLC134869	Subsidiary	50.8	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.	**HDFC CREDILA FINANCIAL SERVICES PVT. LTD.** B - 301, Citi Point, Next to Kohinoor Continental, Andheri-Kurla Road, Andheri (East), Mumbai 400 059	U67190MH2006PTC159411	Subsidiary	81.1	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.) 14th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai 400 011	U66020MH2011PLC218824	Subsidiary	61.5	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
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)
23.	**HDFC GENERAL INSURANCE LTD.$** (Through HDFC ERGO General Insurance Co. Ltd.) HDFC House, 1st Floor, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U66030MH2007PLC177117	Subsidiary	50.8	2(87)
24.	**GRIHA PTE. LTD.** (Through HDFC Investments Ltd.) 1 Raffles Place, #44-01, One Raffles Place, Singapore 048616	-	Subsidiary	100	2(87)
25.	**GRIHA INVESTMENTS** (Through HDFC Holdings Ltd.) IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Mauritius	-	Subsidiary	100	2(87)
26.	**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, 114 603, United Arab Emirates	-	Subsidiary	61.5	2(87)
27.	**HDFC BANK LTD.*** HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013	L65920MH1994PLC080618	Associate	21.2	2(6)
28.	**MAGNUM FOUNDATIONS PVT. LTD.** (Through HDFC Property Ventures Ltd.) No. 3, Mangesh Street, T. Nagar, Chennai 600 017	U45201TN1998PTC039924	Associate	50	2(6)
29.	**TRUE NORTH VENTURES PVT. LTD.** (Formerly known as 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.

@ Application for amalgamation with the Corporation is pending with National Company Law Tribunal (NCLT).

$ Approval of the NCLT is awaited for the merger of HDFC ERGO General Insurance Co. Ltd. with HDFC General Insurance 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, 2016)				No. of shares held at the end of the year (March 31, 2017)				% 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)	-	-	-	-	-	-	-	-	-

Annex to Directors' Report - 4 (Continued)

Category of shareholder	No. of shares held at the beginning of the year (April 1, 2016)				No. of shares held at the end of the year (March 31, 2017)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(B) Public Shareholding									
(1) Institutions									
(a) Mutual Funds	4,42,56,412	4,750	4,42,61,162	2.80	5,01,22,123	4,750	5,01,26,873	3.16	0.36
(b) Financial Institutions/ Banks	2,21,69,751	7,600	2,21,77,351	1.40	1,92,60,282	7,100	1,92,67,382	1.21	-0.19
(c) Central Government/ State Government(s)	13,16,383	-	13,16,383	0.08	11,55,369	-	11,55,369	0.07	-0.01
(d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e) Insurance Companies	9,76,04,048	-	9,76,04,048	6.18	9,63,77,569	500	9,63,78,069	6.07	-0.11
(f) Foreign Institutional Investors/Foreign Portfolio Investors	122,27,59,094	-	122,27,59,094	77.40	122,75,20,377	-	122,75,20,377	77.27	-0.13
(g) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(h) Any Other									
FDI - Foreign Institutions	21,41,732	-	21,41,732	0.14	13,62,593	-	13,62,593	0.09	-0.05
Sub-total (B)(1)	**139,02,47,420**	**12,350**	**139,02,59,770**	**88.00**	**139,57,98,313**	**12,350**	**139,58,10,663**	**87.87**	**-0.13**
(2) Non-institutions									
(a) Bodies Corporate	2,47,83,975	3,45,335	2,51,29,310	1.59	3,01,90,332	3,39,910	3,05,30,242	1.92	0.33
(b) Individuals -									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	10,04,44,299	1,38,72,604	11,43,16,903	7.24	9,69,95,278	1,30,74,599	11,00,69,877	6.93	-0.31
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2,75,51,332	2,08,550	2,77,59,882	1.76	2,53,50,620	1,56,950	2,55,07,570	1.60	-0.16
(c) Any Other (specify)									
Directors & their relatives	82,85,652	3,900	82,89,552	0.52	76,83,105	3,70,000	80,53,105	0.51	-0.01
Hindu Undivided Families	13,25,631	-	13,25,631	0.08	12,82,790	-	12,82,790	0.08	-
Foreign Nationals	600	-	600	-	1,484	-	1,484	-	-
NRIs	35,97,269	13,000	36,10,269	0.23	36,56,179	15,000	36,71,179	0.23	-
Clearing Members	43,54,921	-	43,54,921	0.28	81,73,651	-	81,73,651	0.51	0.23
Trusts	47,99,502	-	47,99,502	0.30	55,71,579	-	55,71,579	0.35	0.05
Sub-total (B)(2)	**17,51,43,181**	**1,44,43,389**	**18,95,86,570**	**12.00**	**17,89,05,018**	**1,39,56,459**	**19,28,61,477**	**12.13**	**0.13**
Total Public Shareholding (B) = (B)(1)+(B)(2)	**156,53,90,601**	**1,44,55,739**	**157,98,46,340**	**100**	**157,47,03,331**	**1,39,68,809**	**158,86,72,140**	**100**	-
TOTAL (A)+(B)	**156,53,90,601**	**1,44,55,739**	**157,98,46,340**	**100**	**157,47,03,331**	**1,39,68,809**	**158,86,72,140**	**100**	-
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A) + (B) + (C)	**156,53,90,601**	**1,44,55,739**	**157,98,46,340**	**100**	**157,47,03,331**	**1,39,68,809**	**158,86,72,140**	**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):**

Name	Shareholding at the beginning of the year (April 1, 2016)		Shareholding at the end of the year (March 31, 2017)	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Life Insurance Corporation of India*	5,41,39,702	3.43	6,75,11,918	4.25
Oppenheimer Developing Markets Fund*	6,91,50,345	4.38	6,72,69,951	4.24
Europacific Growth Fund*	6,70,66,265	4.25	5,31,09,265	3.34
Government of Singapore*	3,23,61,466	2.05	2,96,80,012	1.87
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Fund*	2,41,85,517	1.53	2,51,08,614	1.58
Copthall Mauritius Investment Limited*	2,09,30,873	1.32	2,02,04,736	1.27
Vanguard Total International Stock Index Fund#	1,63,39,522	1.03	1,90,52,532	1.20
Ishares India Index Mauritius Company*	1,76,42,172	1.12	1,82,21,317	1.15
First State Investments ICVC – Stewart Investors Asia Pacific Leaders Fund#	-	-	1,55,02,140	0.98
Virtus Emerging Markets Opportunities Fund*	2,46,36,497	1.56	1,45,71,523	0.92
Aberdeen Global Indian Equity Limited@	1,71,08,335	1.08	1,36,94,335	0.86
Abu Dhabi Investment Authority – Gulab@	1,73,55,366	1.10	61,69,674	0.39

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, 2016 and March 31, 2017
   @ Top 10 shareholders only as on April 1, 2016
   # Top 10 shareholders only as on March 31, 2017

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

Name of the Director/Key Managerial Person	Shareholding at the beginning of the year (April 1, 2016)	No. of shares allotted pursuant to exercise of stock options during FY 2016-17	No. of shares sold during FY 2016-17	Shareholding at the end of the year (March 31, 2017)	% of total shares of the Company
Mr. Deepak S. Parekh	16,00,000	3,00,000	3,00,000	16,00,000	0.10
Mr. D. M. Sukthankar	1,66,205	-	15,099	1,51,106	0.01
Mr. B. S. Mehta	4,35,000	-	-	4,35,000	0.03
Mr. D. N. Ghosh	1,53,935	-	12,000	1,41,935	0.01
Dr. S. A. Dave	3,75,215	20,000	10,000	3,85,215	0.02
Mr. Nasser Munjee	12,000	-	12,000	-	-
Dr. Bimal Jalan	15,000	-	-	15,000	-
Dr. J. J. Irani	65,000	-	-	65,000	-
Mr. V. Srinivasa Rangan	3,64,250	90,750	1,55,000	3,00,000	0.02
Ms. Renu Sud Karnad	25,15,322	6,05,750	5,97,312	25,23,760	0.16
Mr. Keki M. Mistry	6,01,735	3,80,655	5,32,191	4,50,199	0.03
Mr. Ajay Agarwal	43,690	15,250	16,450	42,490	-

* 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.

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	1,23,100.89	40,545.90	74,670.24	2,38,317.03
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)	**1,26,497.68**	**41,334.86**	**77,703.84**	**2,45,536.38**
Change in Indebtedness during the financial year				
i) Addition	8,327.42	22,825.17	12,585.60	43,738.19
ii) Reduction	-	-	-	-
Net Change	**8,327.42**	**22,825.17**	**12,585.60**	**43,738.19**
Indebtedness at the end of the financial year				
i) Principal Amount	1,30,860.20	63,099.11	86,574.23	2,80,533.53
ii) Interest due but not paid	-	-	107.20	107.20
iii) Interest accrued but not due	3,964.90	1,060.92	3,608.01	8,633.83
Total (i+ii+iii)	**1,34,825.10**	**64,160.03**	**90,289.44**	**2,89,274.56**

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	4,12,16,783	3,82,48,592	2,55,84,866	10,50,50,241
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961(*)	39,06,984	44,64,826	24,51,418	1,08,23,228
	(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	5,74,50,000	5,23,50,000	3,49,50,000	14,47,50,000
5.	Others, please specify	-	-	-	-
	Total	**10,25,73,767**	**9,50,63,418**	**6,29,86,284**	**26,06,23,469**
	Ceiling as per the Companies Act, 2013				**1075,50,59,217**

* Excludes value of perquisite on exercise of stock options.

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	9,00,000	2,40,00,000	-	2,49,00,000
Mr. D. M. Sukthankar	7,50,000	20,00,000	-	27,50,000
Mr. B. S. Mehta	10,00,000	20,00,000	-	30,00,000
Mr. D. N. Ghosh	9,00,000	20,00,000	-	29,00,000
Dr. S. A. Dave	12,50,000	20,00,000	-	32,50,000
Mr. Nasser Munjee	5,50,000	20,00,000	-	25,50,000
Dr. Bimal Jalan	4,50,000	20,00,000	-	24,50,000
Dr. J. J. Irani	7,50,000	20,00,000	-	27,50,000
Total	**65,50,000**	**3,80,00,000**	**-**	**4,45,50,000**
Overall Ceiling as per the Companies Act, 2013				**107,55,05,922**@

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

@ 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	21,83,938
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961(*)	4,73,376
	(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.	Others, please specify	-
	Total	**26,57,314**

* 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

FORM NO. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

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

To,

The Members,

Housing Development Finance Corporation Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Housing Development Finance Corporation Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate 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 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 year covered by our audit, that is to say, from April 01, 2016 to March 31, 2017 (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, 2017, 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. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings;

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

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

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

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

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

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

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

g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;

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

h. Guidelines on Fair Practices Code (FPC) for all HFCs;

i. Miscellaneous Circulars;

j. Policy Circulars; and

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

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

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

Management Responsibility:

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

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

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

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

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

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

Recommendations as a matter of best practice:

In the course of our audit, we have made certain recommendations for good corporate practices, separately placed before the Board, for its necessary consideration and implementation by the Company.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the Audit Period.

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.

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

We further report that there are adequate systems and processes in the Company 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 undertaken any specific events/ actions that can have a major bearing on the Company's compliance responsibility in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., except as follows:

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

During the Audit Period, the Company has issued NCDs amounting to INR 44,546 crore from series P-005 to R-005.

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

During the Audit Period, the Company allotted 88,25,800 equity shares of INR 2 each to its employees under the ESOS 2011 & 2014 and directors under ESOS 2011.

iii. Increase in the borrowing limit to INR 3,50,000 crore:

During the Audit Period, special resolution was passed at the 39th Annual General Meeting held on July 27, 2016 to increase the borrowing powers of the Company in terms of Section 180(1)(c) of the Act from INR 3,00,000 crore

(Rupees Three lac crore) to INR 3,50,000 crore (Rupees Three lac Fifty thousand crore).

iv. Merger of 5 Wholly Owned Subsidiaries (WOS) of the Company with the Company:

During the Audit Period, the Board of Directors of the Company approved the draft Scheme of Amalgamation of 5 WOS viz. Grandeur Properties Private Limited, Haddock Properties Private Limited, Winchester Properties Private Limited, Pentagram Properties Private Limited and Windermere Properties Private Limited with the Company. The Scheme of Amalgamation is pending for approval before the Hon'ble National Company Law Tribunal, Mumbai Bench.

v. Increase in the Authorised Share Capital:

During the Audit Period, the Company obtained the approval of its members through Postal Ballot (including e-voting) for increasing its Authorised Share Capital from INR 340,00,00,000 crore (Rupees Three hundred and Forty crore) to INR 350,00,00,000 crore (Rupees Three hundred and Fifty crore) and consequentially amending Clause V of its Memorandum of Association.

For M/s Vinod Kothari & Company
Practising Company Secretaries

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

MUMBAI
April 17, 2017

Report of the Directors on Corporate Governance

While core values and ethics of companies have to remain steadfast, companies need to continually adapt and refine their corporate governance practices within the framework of evolving regulation and law.

India has been well regarded for its corporate governance practices. A good corporate governance framework must establish minimum benchmark standards through regulations. Yet, companies need to constantly exercise their discretion and use their judgement to ensure that they abide by the spirit of the law.

The governance framework also needs to be flexible to allow modifications in light of the dynamic and changing operational environment. Companies must customise their internal governance practices so as to ensure the overall framework is long-term oriented and meets the requirements of the stakeholders.

Corporate implosions, increased regulatory vigilance and rising shareholder activism have redefined the importance of shareholder engagement. The momentum in corporate governance reporting is rightly shifting towards integrated reporting. The objective is to provide a holistic view which weaves in the long-term strategy and financial performance of a company along with benchmark standards with respect to human rights, sustainability, environmental, social and governance and corporate social responsibility. These are key considerations in the creation of long-term sustainable value.

Corporate Governance in HDFC

Since inception, the Corporation has inculcated a strong culture of values, ethics and integrity. Corporate governance policies and practices are designed to imbibe these values in all spheres of its activities.

The Corporation strives to cultivate long-term relationships with its borrowers, channel partners, depositors, agents, lenders, shareholders and other stakeholders with the objective of creating value for all.

The Corporation maintains that constant engagement in a consistent, credible and transparent manner will help stakeholders better understand the long-term strategies of the Corporation. It is for this reason that senior management devotes considerable time and effort towards investor relations.

The board remains committed towards upholding the highest standards of governance. The board has reviewed new regulations applicable to the Corporation on corporate governance. It has taken cognisance of guidance notes and other advisories pertaining to governance practices.

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

Board of Directors

Composition

The Board of Directors comprises 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 Section 149(6) of the Companies Act, 2013. None of the directors of the Corporation are related to each other. All the directors of the Corporation have confirmed that they satisfy the fit and proper criteria as prescribed under the applicable regulations.

The 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 the Listing Regulations and 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	6	2
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*	5	6	3
6	Mr. Nasser Munjee	10	6	5
7	Dr. Bimal Jalan	1	0	0
8	Dr. J. J. Irani	2	0	0
9	Mr. V. Srinivasa Rangan (Executive Director)*	10	8	0
10	Ms. Renu Sud Karnad (Managing Director)*	10	6	1
11	Mr. Keki M. Mistry (Vice Chairman & CEO)*	10	9	5

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.*

^ Includes Audit Committee and Stakeholders Relationship Committee in all public limited companies.

Responsibilities

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

The board reviews codes and policies approved by it on an annual basis to ensure that the same are in conformity with the applicable regulations.

Role of Independent Directors

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

The independent directors bring to the Corporation a wide range of experience, knowledge and 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 and 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. The composition and functioning of these committees is in compliance with the applicable provisions of the Companies Act, 2013, Listing Regulations and the corporate governance directions issued by National Housing Bank.

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

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

The Corporation has also provided directors with a reference manual which *inter alia* covers the roles, functions, powers and duties of the directors, disclosures and declarations to be submitted by directors and various codes and policies of the Corporation.

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. Members of the board are free to convene a board meeting at any time and shall inform the company secretary regarding the same.

The company secretary in consultation with the Chairman and the whole-time directors prepares a detailed agenda for the meetings. The board is provided with the relevant information as stipulated in the Listing Regulations. The 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 free to recommend inclusion of any matter in the agenda for discussion. The Chairman moderates the overall discussion to arrive at a conclusive and consensus opinion and also summarises the discussions to ensure that members are in agreement with the board's view on the issue discussed.

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

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

During the year under review, the board met six times. The meetings were held on May 2, 2016, July 27, 2016, October 26, 2016, December 12, 2016, January 30, 2017 and March 3, 2017. The attendance of the directors at the above-mentioned board meetings and the 39th Annual General Meeting (AGM) held on July 27, 2016, along with the sitting fees paid to them are listed below:

Directors	Board Meetings		Attendance at the 39th AGM
	Number of Meetings Attended	Sitting Fees Paid (₹)	
Mr. Deepak S. Parekh (Chairman)	6	6,00,000	No
Mr. D. M. Sukthankar	5	5,00,000	Yes
Mr. B. S. Mehta	6	6,00,000	Yes
Mr. D. N. Ghosh	6	6,00,000	Yes
Dr. S. A. Dave	6	6,00,000	Yes
Mr. Nasser Munjee	4	4,00,000	Yes
Dr. Bimal Jalan	4	4,00,000	Yes
Dr. J. J. Irani	6	6,00,000	Yes
Mr. V. Srinivasa Rangan (Executive Director)	6	-	Yes
Ms. Renu Sud Karnad (Managing Director)	6	-	Yes
Mr. Keki M. Mistry (Vice Chairman & CEO)	6	-	Yes

To facilitate participation at the board/committee meetings, directors may attend the meetings via video conferencing or other audio visual means, except for matters which are not permitted to be transacted through such modes.

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

The board met on May 4, 2017, to *inter alia* approve the audited annual financial results of the Corporation and the audited consolidated financial results for the year ended March 31, 2017.

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.

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 Audit Committee also reviews the information system audit of the internal systems and processes to assess the operational risks faced by the Corporation. The committee also ensures that the information system audit of internal systems and processes is conducted periodically.

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

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

During the year, the committee *inter alia* reviewed the statement of uses/application of funds raised by issuance of 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, status of compliances with the Know Your Customer and Prevention of Money Laundering Policy, status of compliance under Fair Practices Code 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 and other matters as mandated under Section 177 of the Companies Act, 2013 and Regulation 18(3) of the Listing Regulations. The committee also noted that there were no frauds, irregularity or failure of internal control systems of a material nature.

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 compliance officers are present at every audit committee meeting. Statutory auditors participate in the meetings of the committee when financial matters are being discussed.

During the year, the committee met five times. The meetings were held on May 2, 2016, July 27, 2016, October 26, 2016, January 30, 2017 and March 3, 2017. The Chairman of the committee was present at the 39th 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 4, 2017 to *inter alia* review the audited annual financial results of the Corporation and the audited consolidated financial results for the year ended March 31, 2017 and recommended the same to the board for its approval.

Nomination and Remuneration Committee

The Nomination and 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, non-executive directors, the board as a whole and board committees.

The committee's function includes identifying persons who are qualified to become directors of the Corporation, recommending their appointment or re-appointment of the existing directors to the board, ensuring that such persons meet the relevant criteria prescribed under applicable laws including qualification, area of expertise and experience, track record and integrity 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 twice during the year under review. The meetings were held on January 30, 2017 and March 3, 2017.

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)	2	1,00,000
Mr. Nasser Munjee	2	1,00,000
Dr. J. J. Irani	2	1,00,000

Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises a majority of non-executive directors. 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 the compliance officer under the Listing Regulations, 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 26, 2016, July 22, 2016, October 21, 2016 and January 20, 2017.

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)	4	2,00,000
Mr. D. M. Sukthankar	4	2,00,000
Mr. V. Srinivasa Rangan	4	-

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 an integrated risk management framework. The framework lays down the procedures for identification of risks, assessment of its impact on the business of the Corporation and the efficacy of the measures taken to mitigate the same. The risks are evaluated at an inherent and residual level, based on the impact of such risks and the likelihood of its occurrence. The regional managers and the functional heads of the Corporation are responsible for identifying, monitoring and periodically review the risk profile of their respective region/function, which is reviewed by the internal risk management committee.

The internal risk management committee comprising executive directors and members of senior management meets periodically. 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 apprises the RMC on key risks associated with the business, its root causes and measures taken to mitigate the same. The RMC in turn apprises the audit committee and the board which endorses and approves the overall integrated risk management strategy of the Corporation. The RMC met twice during the year under review on December 12, 2016 and March 3, 2017.

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*	1	-

** Members of Executive Management*

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

Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee consists of the Chairman, an independent director and three whole-time directors of the Corporation. The members of the committee are Mr. Deepak S. Parekh (Chairman), Mr. D. N. Ghosh, Mr. Keki M. Mistry, Ms. Renu Sud Karnad and Mr. V. Srinivasa Rangan.

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

During the year under review, the committee met three times. The meetings were held on May 2, 2016, October 26, 2016 and March 3, 2017, which were attended by all its members. Mr. Deepak S. Parekh and Mr. D. N. Ghosh have waived receipt of sitting fees for attending the meetings of the CSR Committee.

Meetings of Independent Directors

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

During the year, the independent directors held a meeting to evaluate the performance of the directors of the Corporation, the Chairman, the board as a whole and its committees thereof. Mr. B. S. Mehta chaired the meeting. At the said meeting, 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 on March 3, 2017. 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	1	50,000
Mr. D. N. Ghosh	1	50,000
Dr. S. A. Dave	1	50,000
Mr. Nasser Munjee	1	50,000
Dr. Bimal Jalan	1	50,000
Dr. J. J. Irani	1	50,000

Remuneration Policy

The remuneration policy, including the criteria for remunerating non-executive directors is recommended by the Nomination and Remuneration Committee and approved by the board. The key objective of the remuneration policy is to ensure that 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.

Details of the remuneration and shareholding of non-executive directors is provided in Form No. MGT-9 given elsewhere in the Annual Report.

Executive Directors

The elements of the remuneration package of executive directors comprise salary, 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 and 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 and 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 and Remuneration Committee. Service contracts and the notice period are as per the terms of agreement entered into by each whole-time director with the Corporation.

Details of remuneration paid/payable to the whole-time directors during the year under review is provided in Form No. MGT-9 given elsewhere in the Annual Report.

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 ₹45.73 lac, Ms. Renu Sud Karnad received ₹ 38.19 lac and Mr. V. Srinivasa Rangan received ₹ 28.80 lac towards fees from subsidiary companies. The whole-time directors of the Corporation have been appointed by the shareholders on a contractual basis for a fixed tenure ranging between 3 to 5 years, however their office is liable to retire by rotation.

Evaluation of the Board and Directors

During the year, SEBI issued a guidance note on board evaluation to be carried by listed companies, which *inter alia* contained the process of evaluation, including the criteria to be adopted for evaluation, action plan, disclosures to stakeholders, frequency of evaluation and responsibilities.

The Nomination and Remuneration Committee of Directors reassessed the methodology and criteria to evaluate the performance of the board as a whole and its committees as well as the performance of each director individually, including the Chairman and formulated a structured and comprehensive template and confirmed that the existing template meets the criteria laid in the guidance note. The said criteria *inter alia* includes effectiveness of the board and its committees, process of decision making, active participation, governance, independence, quality and content of agenda papers, team work, frequency of meetings, discussions at meetings, role in establishing a good corporate culture, cohesion in meetings, role of the chairman, contribution and management of conflict of interest.

The above is supplemented through discussions amongst directors at the meetings of the independent directors and the board, wherein the feedback is directly offered to the Chairman. Further, the Chairman on a periodic basis has one-on-one discussions with the directors to gauge their views on the functioning of the Corporation and also to discuss the means to implement the suggestions offered by them either collectively or individually.

The committee appointed Mr. B. S. Mehta, independent director and the Chairman of the Nomination and Remuneration Committee to oversee the entire exercise of board evaluation, aggregate the evaluation sheets and to further communicate the ratings based on such aggregation to the Chairman of the Corporation.

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

The Chairman shared the results of evaluation at the meeting of the Board of Directors. The board reviewed the results and expressed its satisfaction on the same.

Investor Grievances

Mr. Ajay Agarwal, company secretary of the Corporation is the compliance officer for the purpose of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

At the beginning of the financial year, there was one investor complaint that was unresolved as the complainant had not submitted the requisite documents to the Corporation. During the year, the Corporation received three investor complaints and all the complaints were resolved to the satisfaction of shareholders. There were no investor complaints pending as at March 31, 2017.

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

Subsidiary Companies

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 of the Corporation on a quarterly basis.

Code of Conduct and Management of Conflict of Interest

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

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

Share Dealing Code

HDFC Share Dealing 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.

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

The Corporation also has in place an Investor Relations Policy which *inter alia* lays out the procedures and systems to facilitate disclosure of material unpublished price sensitive 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, 2017, deposits held by non-executive directors in the Corporation amounted to ₹ 12.2 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

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

There were no transactions with related parties that may have potential conflict with the interest of the Corporation. Details of related party transactions entered into by the Corporation in the ordinary course of its business are included in the notes forming part of the financial statements. The details of material related party transactions with HDFC Bank Limited that require approval of the shareholders of the Corporation has 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.

The Audit Committee of Directors is updated on the vigil mechanism on a periodic basis, which *inter alia* includes the scope of the policy, process to lodge a complaint, redressal procedure, protection of whistleblowers and status of complaints received. During the financial year under review, two complaints were received and resolved. No complaint was pending for redressal as at March 31, 2017.

During the year, no person 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

During the year, no penalties or strictures were imposed on the Corporation by any stock exchange, SEBI or other statutory authority on matters relating to the capital markets.

The Supreme Court of India by way of an order dated July 22, 2015 had 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 paid the penalty in financial year 2015-16 and thus settled the issue.

Barring the above, during the last three years, 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 with the revised Schedule VI notified by the Ministry of Corporate Affairs (MCA).

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 ₹ 44,546 crore on a private placement basis, in various tranches. The Corporation also raised ₹ 8,300 crore through the issuance of unsecured rupee denominated bonds to overseas investors. Further details of the issues are provided in the Management Discussion and Analysis 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 issuance of rupee denominated bonds to overseas investors were used for the housing finance business requirements of the Corporation as well as for other general corporate purposes permitted by law. 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 2,14,753 shareholders as at March 31, 2017. 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 *inter alia* published in Business Standard, The Free Press Journal and Navshakti. Further, the Corporation also publishes certain key notices in widely circulated vernacular newspapers.

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 40th 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 (AGMs)

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
2013-14	37th AGM	July 21, 2014	3.00 p.m.	3
2014-15	38th AGM	July 28, 2015	3.00 p.m.	4
2015-16	39th AGM	July 27, 2016	3.00 p.m.	2

Postal Ballot

During the year, the members of the Corporation approved the following matters through postal ballot on March 10, 2017. A snapshot of the voting results of the postal ballot is as follows:

Resolution No.	Particulars	% of votes polled on outstanding shares	% of votes in favour on votes polled	% of votes against on votes polled
1.	Ordinary Resolution - Increase in the Authorised Share Capital	72.79%	94.41%	5.59%
2.	Special Resolution - Approval for issuance of equity shares under Employees Stock Option Scheme – 2017	72.78%	87.85%	12.15%

Mr. N. L. Bhatia, Partner, Messrs N. L. Bhatia & Associates, practising company secretaries was appointed to act as the scrutiniser for the postal ballot process. The detailed procedure mentioned in the postal ballot notice, the scrutiniser's report and the voting results are available on the website of the Corporation.

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

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.

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

Non-Mandatory Requirements

The Corporation is in compliance with 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 4, 2017

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 4, 2017

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 Chapter IV to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) for the period from April 1, 2016 to March 31, 2017. 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 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: P1996MH055800

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

MUMBAI
May 4, 2017

Management Discussion and Analysis Report

INDUSTRY STRUCTURE AND DEVELOPMENTS

Macroeconomic Overview

The financial year 2016-17 has been eventful both, globally and domestically. The global environment saw a rise in protectionism and anti-globalisation sentiments. Global growth though still fragile, began showing some signs of improving. Emerging markets gained traction during the year.

In India, the macro-economic parameters continued to remain on a strong footing. As per the Central Statistical Organisation, India's gross domestic product (GDP) is estimated to have grown at 7.1% in FY17, placing India amongst the fastest growing major economies. Agriculture registered a robust growth backed by good monsoons. The services sector growth was mildly subdued compared to the previous year, though industrial growth continued to struggle.

Factors working in favour of India included continued fiscal prudence, low current account deficit, moderate inflation and an adequate level of foreign currency reserves. Key structural reforms such as further liberalisation of foreign direct investment, the introduction of the Goods and Services Tax and the implementation of the Insolvency and Bankruptcy Code augurs well for India's future.

Market Overview

While the demand for affordable housing remained robust, there was a slowdown in sales of high-end luxury apartments in certain pockets of the country. However, with the boost given to affordable housing, more developers are recognising the benefits of increasing supply in this segment, where the real demand lies.

Affordable housing projects typically work on lower margins but higher volumes and sales tend to be swift in this segment. With many developers not keen on holding large stocks of unsold inventories, the affordable housing space has become more attractive.

The demonetisation exercise (withdrawal of specified bank notes) announced in November 2016 did not result in any sharp movement in property prices. The impact of demonetisation on the real estate sector was transitory, both in the primary and secondary residential markets.

During the year, the demand for commercial office space was strong, resulting in a pick-up in lease rental discounting transactions. The leasing activity has become more broad based, having shifted from the dominance of IT and IT enabled services to other sectors including banking, financial services and insurance, engineering and manufacturing, telecom, pharma and e-commerce, amongst others.

There has also been a surge in private equity investment in commercial real estate. A number of large foreign private equity funds have increased their exposure to India and have sizable investments in both, the commercial and residential real estate sector.

Housing Finance Sector

The number of new players in the housing finance sector increased, with most new entrants focusing on housing loans to customers from the informal sector.

In the immediate period post demonetisation in November 2016, there was a slowdown in individual home loan disbursements across the industry. Secondary market real estate transactions saw a slowdown in certain pockets of the country. Analysis by credit rating agencies indicated that lenders with sizable exposures to loans against property may have faced some stress in their portfolios.

As at March 31, 2017, the year-on-year overall credit growth of scheduled commercial banks stood at 5%, marking a multi-decade low. Housing loans of scheduled commercial banks grew by 15% compared to 19% in the previous year. During the year under review, housing finance companies gained market share.

Interest Rate Scenario

Inflationary pressures remained contained during the year. Lower food price inflation aided by good monsoons along with a prudent monetary policy stance adopted by the monetary policy committee helped rein in inflation.

During the period April to October 2016, the Reserve Bank of India (RBI) reduced the repo rate by 50 basis points, while the one-year median marginal cost of funds based lending rate (MCLR) of banks was reduced by 15 basis points. Following demonetisation in November 2016, monetary policy transmission strengthened, aided by surfeit liquidity. During the period November 2016 to March 2017, the one-year median MCLR of banks reduced by 70 basis points, even as key policy rates remained unchanged. The RBI resorted to a combination of conventional and unconventional instruments to reduce the surplus liquidity in the system.

INDUSTRY OUTLOOK

Government Thrust on Housing

Given the strong direct and indirect linkages of housing and the economy, the government has rightly focused on measures to boost its flagship scheme, Housing for All by 2022. Towards this end, the Union Budget 2017-18 provided several incentives to increase home ownership in India.

A significant step was the granting of infrastructure status to affordable housing. This would enable increased access to lower cost and longer tenor funding, especially from external commercial borrowings, insurance companies and pension and provident funds.

In a bid to increase the supply of affordable homes, the provisions to promote affordable housing were rationalised in the budget. Developers have been allowed 100% deduction of profits and gains for affordable housing units, where the size of a unit is 30 square metres in metro cities and 60 square metres in other areas. The size of the unit is now determined based on the carpet area as against the built-up area earlier. The carpet area represents the actual liveable area and is more transparent from a customer's perspective. The timeframe for completion of such projects has been increased from 3 years to 5 years. These measures will encourage developers to build more affordable housing units, which is where the demand is.

Some of the other measures for housing in the budget included increased funds for the National Housing Bank for refinancing home loans and increased allocations for rural housing.

One of the most promising measures undertaken by the government to help increase urban home ownership has been the introduction of the Credit Linked Subsidy Scheme (CLSS) for the Middle Income Groups (MIG), in addition to the CLSS for the Economically Weaker Sections (EWS) and Low Income Groups (LIG). The Corporation was actively involved with the government on the formulation of the new scheme.

Under these schemes, the interest subsidy accruing on the home loan is paid to the beneficiary upfront, thereby reducing the amount of the equated monthly instalment (EMI). The schemes are for housing loans disbursed with effect from January 1, 2017. The loan tenors are up to 20 years and the beneficiary family should not own a home.

Salient features of the CLSS Schemes

Criteria	CLSS – EWS & LIG	CLSS – MIG I	CLSS – MIG II
Household income per annum	Up to ₹ 6 lac	> ₹ 6 lac up to ₹ 12 lac	> ₹ 12 lac up to ₹ 18 lac
Property size (sq mtrs)	60	90	110
Maximum amount of loan qualifying for subsidy	Up to ₹ 6 lac	Up to ₹ 9 lac	Up to ₹ 12 lac
Interest subsidy	6.5%	4%	3%
Subsidy under CLSS	₹ 2.67 lac	₹ 2.35 lac	₹ 2.30 lac

The net present value rate of the interest subsidy is calculated at a discount rate of 9% on all the schemes.

All these measures, in addition to the implementation of the Real Estate (Regulation and Development) Act, 2016 augurs well for the deepening of the housing finance sector.

OPPORTUNITIES, THREATS, RISKS & CONCERNS

The mortgage to GDP ratio in India at 9% is considerably lower than many comparable countries in Asia. Given the acute shortage of housing and low mortgage penetration levels, there is tremendous scope to deepen the markets.

Rising income levels, rapid urbanisation, better job opportunities, continued fiscal benefits on the principal and interest component of a home loan, coupled with relatively stable residential property prices over the past three years are factors that help improve affordability.

The Corporation's strong brand name, extensive reach and ability to cater to varied requirements of customers through an array of products and services are its key strengths.

The home loan market is competitive. However, given India's young demographic profile and the high demand for home loans, the scope for the market to grow is immense. Key risks for the housing finance business include possibilities of widespread job losses, which could make servicing of the home loan difficult and a sharp deterioration of asset quality, particularly in the case of non-individual business. Other concerns include unanticipated changes in regulations which could impact the operations of the Corporation.

FINANCIAL AND OPERATIONAL PERFORMANCE

Financial Performance

The profit numbers for the financial year ended March 31, 2017 are not comparable with the previous year, owing to profit on sale of investments and consequent voluntary, additional provisioning made.

Total income of the Corporation for the year ended March 31, 2017 is ₹ 33,160 crore, an increase of 7% over the total income of ₹ 30,957 crore during the previous year.

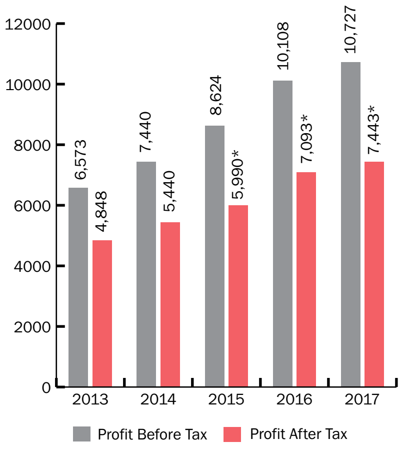
For the year ended March 31, 2017, the Corporation made a profit before tax of ₹ 10,727 crore as against ₹ 10,108 crore in the previous year -- an increase of 6%.

After providing ₹ 2,852 crore (PY ₹ 2,636 crore) for tax, the net profit before adjustment of Deferred Tax Liability (DTL) on Special Reserve was ₹ 7,875 crore as compared to ₹ 7,472 crore in the previous year.

After providing ₹ 432 crore (PY ₹ 379 crore) for DTL on Special Reserve, the profit after tax for the year ended March 31, 2017 stood at ₹ 7,443 crore as compared to ₹ 7,093 crore in the previous year, representing a growth of 5%.

During the year, the Corporation sold equity shares of HDFC ERGO General Insurance Company Limited for a profit of ₹ 920 crore. The Corporation had also created a one-time special provision of ₹ 275 crore as a charge to the statement of profit and loss. In the previous year, the Corporation had sold shares of HDFC Standard Life Insurance Company Limited for a profit of ₹ 1,513 crore. The Corporation had also created a one-time special provision of ₹ 450 crore as a charge to the statement of profit and loss in the previous year.

Profits
(₹ in crore)



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

After adjusting for these one-time transactions, the profit before tax for the year ended March 31, 2017 stood at ₹ 10,082 crore as compared to ₹ 9,045 crore in the previous year, thus representing a growth of 11%.

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 permitted HFCs to create the DTL 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, during the year, the Corporation created the last tranche of DTL of ₹ 1,119 crore on the balance of the accumulated Special Reserve as at April 1, 2014 by debiting the general reserve in accordance with the guidelines issued by NHB. Thus the aggregate amount created against DTL on the opening balance as at April 1, 2014 is now ₹ 2,238 crore.

The DTL on the amount of Special Reserve appropriated out of the profits of the Corporation for the financial year under review was ₹ 432 crore (PY ₹ 379 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, 2017. After taking this into account, the effective tax rate for the year stood at 30.6% (PY 29.8%).

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 the Corporation 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 never materialise.

Statement of Profit and Loss

Key elements of the statement of profit and loss for the year ended March 31, 2017 are:

- Net Interest Income grew by 14% during the year.
- Net Interest Margin for the year was 4.1%.
- The Corporation's cost to income ratio was 7.4% for the year ended March 31, 2017 as compared to 7.6% in the previous year. HDFC's cost to income ratio continues to be among the lowest in the financial sector in Asia.
- Administrative expenses as a percentage of average assets stood at 0.26% as at March 31, 2017 compared to 0.27% in the previous year.
- Pre-tax return on average assets was 3.6% and the post-tax return on average assets was 2.5%.
- In March 2017, the board declared and paid an interim dividend of ₹ 3 per equity share of ₹ 2 each. The board recommended a final dividend of ₹ 15 per equity share. The total dividend for the year is ₹ 18 per equity share as against ₹ 17 per equity share in the previous year.
- The dividend payout ratio is 44.9%.
- Return on equity was at 21%.

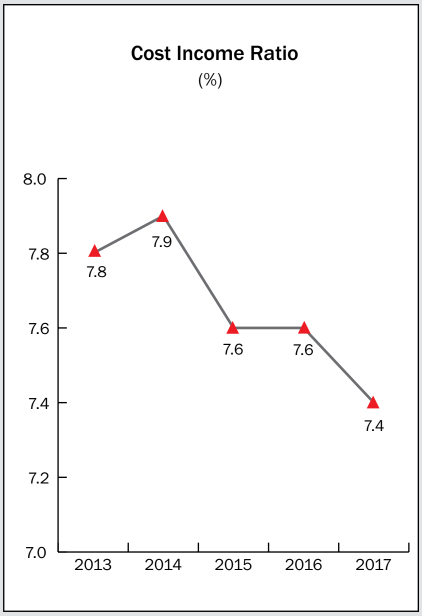
Spread on Loans

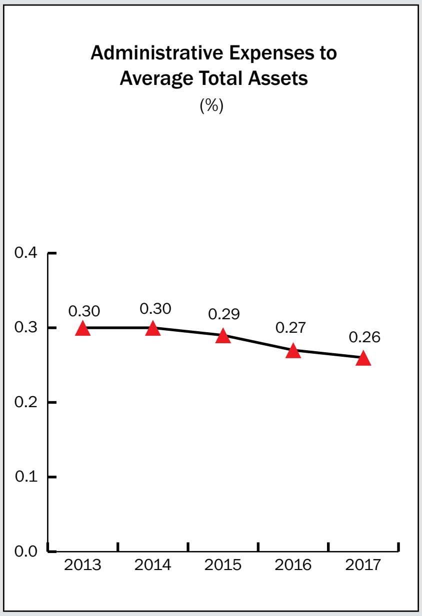
The average yield on loan assets during the year was 10.64% per annum compared to 11.22% in the previous year. The average all-inclusive cost of funds was 8.31% per annum as compared to 8.93% in the previous year. The spread on loans over the cost of borrowings for the year was 2.33% per annum as against 2.29% in the previous year. Spread on individual loans for the year was 1.99% and on non-individual loans was 3.09%.

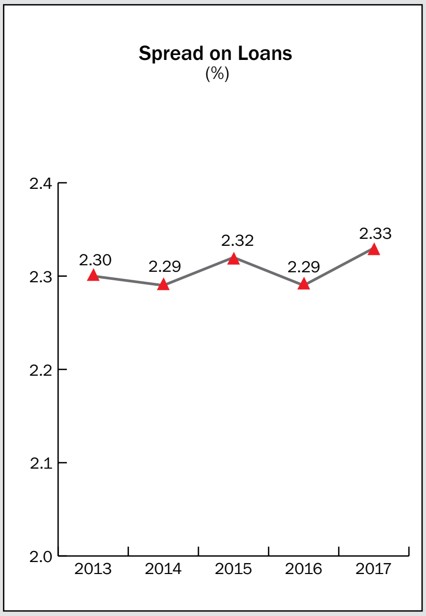
Operational Performance

Lending Operations

The inherent demand for home loans remains strong. The Corporation is focused on finding housing finance solutions for all customer segments and has introduced various niche housing finance products to cater







to these requirements. Besides deepening penetration in towns and cities, the Corporation has steadily grown its rural housing portfolio, thus deepening its geographic reach.

During the year, the Corporation expanded its bouquet of housing finance products. This included a specially designed home loan product for central, state, public sector unit employees and defence service employees, in light of the pay out of the Seventh Pay Commission. The Corporation also focused on promoting loans for women borrowers and instant top-up facilities for existing customers.

The Corporation extended its reach of affordable housing finance products which predominantly caters to self-employed customers from the unorganised sector. As a different set of credit assessment techniques and skills are required, the Corporation has prudently and steadily built-up expertise in these product offerings. Many of these customers were also beneficiaries of the interest rate subvention under the government's Credit Linked Subsidy Scheme for the Economically Weaker Sections and Low Income Group.

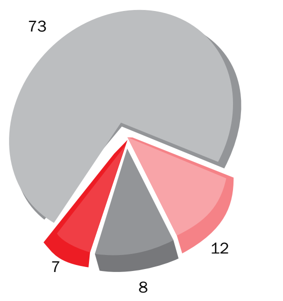
Growth in individual disbursements was robust in the first-half of the financial year. While the impact of demonetisation was transitory, it did result in subdued disbursement growth, particularly in the third quarter and part of the fourth quarter of the financial year under review. By the end of the financial year, the individual disbursement growth trajectory began normalising.

Individual loan disbursements grew 10% during the year. The Corporation has cumulatively financed 5.8 million housing units. The average size of individual loans stood at ₹ 25.6 lac as against ₹ 25 lac in the previous year.

The typical profile of a customer is largely a salaried employee or self-employed with a regular stream of income and generally not from informal, highly cash-dependent sectors. The customers are predominantly buyers in the primary market i.e. purchasing directly from the developer. The Corporation is extremely selective with the developers that it deals with and the projects that it approves for lending. Further, most of the Corporation's individual loans are housing loans and the exposure to loans against property is minimal.

The non-individual business saw a pick-up in growth during the second half of the year, largely led by increased demand in commercial lease rental discounting.

Composition of Loans (%)
On an AUM Basis
(As at March 31, 2017)



Loan Portfolio

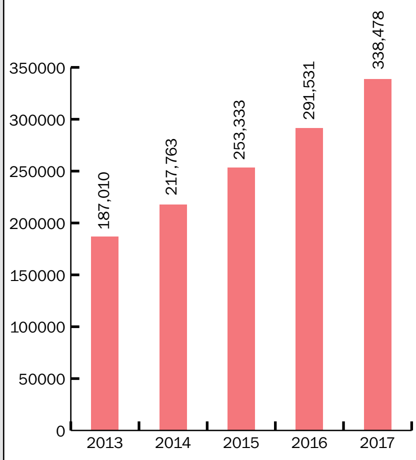
The loan approval process of the Corporation is decentralised, with varying approval limits. The Corporation has a three tiered committee of management structure with varying approval limits. Larger proposals, as appropriate, are referred to the Board of Directors.

The Assets Under Management (AUM) as at March 31, 2017 was ₹ 3,38,478 crore as compared to ₹ 2,91,531 crore in the previous year.

On an AUM basis, the growth in the individual loan book was 16% and the non-individual loan book was 17%. The growth in the total loan book on an AUM basis was 16%.

During the year, the Corporation's loan book increased from ₹ 2,59,224 crore to ₹ 2,96,472 crore as at March 31, 2017, representing a growth of 14%. In addition, total loans securitised and/or assigned by the Corporation and outstanding as at March 31, 2017 amounted to ₹ 42,006 crore.

Assets Under Management
(₹ in crore)



In accordance with the provisions of Schedule III of the Companies Act, 2013, the loan book has been classified into long-term loans and current maturities of long-term loans.

The table below provides a synopsis of the loan book of the Corporation as classified under the Schedule III of the Companies Act, 2013.

₹ crore

	Long-Term	Current	Total
Individuals	1,91,834	12,602	2,04,436
Corporate Bodies	69,190	18,187	87,377
Others	3,656	1,003	4,659
Loan Book	**2,64,680**	**31,792**	**2,96,472**

The provision for non-performing loans made by the Corporation was ₹ 738 crore.

The net increase in the loan book, (after removing the loans that have been sold) is ₹ 37,248 crore, which has been determined after taking into account loan repayments of ₹ 1,00,384 crore and loans written off during the year amounting to ₹ 37 crore.

Prepayments on retail loans were lower at 10.7% of the opening balance of individual loans compared to 11.3% in the previous year. 59% of these prepayments were full prepayments.

Of the total loan book (including loans sold), individual loans comprise 73%. The growth in the individual loan book, after adding back loans sold in the preceding twelve months was 23% (14% net of loans sold).

Non-individual loans grew by 16% and comprised 27% of the portfolio.

The total loan book, net of loans sold grew by 14% during the year. The growth in the total loan book would have been 21% had the Corporation not sold any loans during the year.

Assignment/Sale of Loans

During the year, the Corporation sold individual loans amounting to ₹ 16,027 crore, of which ₹ 6,476 crore qualified as priority sector advances for banks.

The Corporation, under the loan assignment route sold individual loans amounting to ₹ 13,146 crore to HDFC Bank pursuant to the buyback option embedded in the home loan arrangement between the Corporation and HDFC Bank and ₹ 2,881 crore was assigned/ securitised to other banks. In respect of the loans assigned/securitised during the year to banks other than HDFC Bank, the residual income is 2.36% per annum.

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, 2017, individual loans outstanding in respect of all loans assigned/securitised stood at ₹ 41,296 crore. HDFC continues to service these loans and is entitled to the residual income on the loans sold/assigned.

The residual income on the outstanding individual loans assigned/securitised is 1.24% 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.

Segment-wise Loan Performance

As at March 31, 2017, the segment-wise break-up of loans on an AUM basis was – individual loans: 73%, corporate loans: 8%, construction finance: 12% and commercial lease rental discounting: 7%. While the overall mix of the individual and non-individual portfolio remained the same compared to the previous year, in the non-individual loan segment, there was an increase in the share of commercial lease rental discounting.

During the year, on an AUM basis, 71% of the incremental growth in the loan book came from individual loans.

Sourcing of Loans

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

HDFC has third-party distribution tie-ups with commercial banks, small finance banks, non-banking financial companies and other distribution companies including e-portals for retail loans. All distribution channels only source loans, while the control over the credit, legal and technical appraisal continues to rest with HDFC, thereby ensuring that the quality of loans disbursed is not compromised in any way and is consistent across all distribution channels.

In value terms, HSPL, HDFC Bank and third party DSAs sourced 50%, 25% and 18% of home loans disbursed respectively during the year. Thus, total loans sourced from distribution channels accounted for 93% of individual loans disbursed by HDFC in value terms. 82% of the Corporation's individual loan business during the year was sourced directly or through the Corporation's affiliates.

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 ₹ 502 crore has been charged to the statement of profit and loss against fee income.

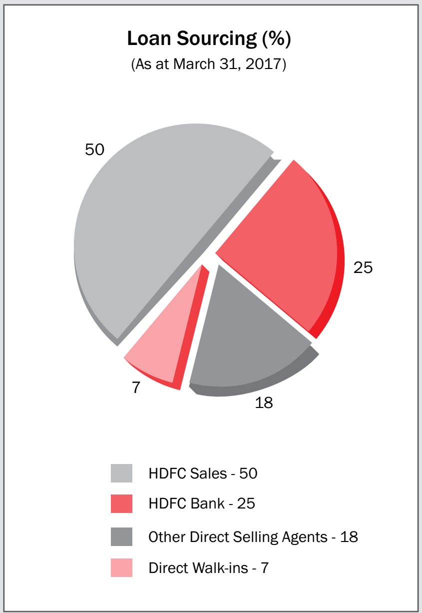
Marketing and Distribution

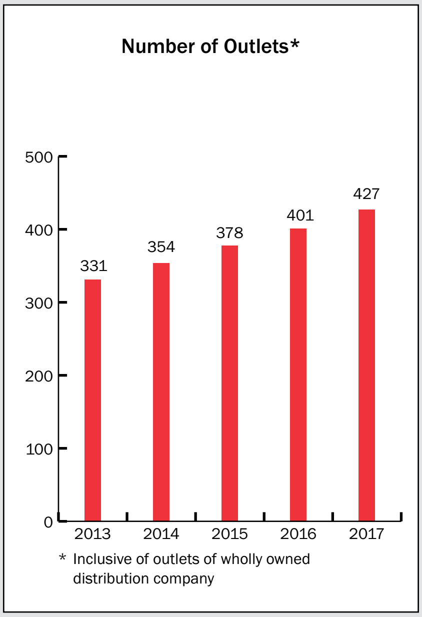
During the year, efforts were concentrated on further strengthening the distribution network. The Corporation's distribution network now spans 427 outlets, which includes 130 offices of HDFC's wholly owned distribution company, HDFC Sales Private Limited.

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, Oman, and Saudi Arabia.

Another mode of reaching out to customers is by participating in property fairs across the country. To cater to the Indian diaspora, the Corporation organised *'India Homes'* fairs in London, Singapore and Muscat where developers were invited to showcase their properties.

During the year, the Corporation enhanced its descriptive and predictive business analytical capabilities to gain deeper insights into customer behaviour, product segmentation and customer profitability. These insights help in optimising resources during the customer acquisition process.





The Corporation continued to enhance digital initiatives for the convenience of new and existing customers. *'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.

By capitalising on various social media platforms, the Corporation has been able to increase its interaction with prospective and existing customers. These platforms are used to engage productively with customers by educating them on various products and services. Customers often provide valuable feedback on digital platforms. This feedback is then integrated into the Corporation's customer centric processes and strategies.

Value Added Services and Cross Selling

HDFC's subsidiary companies have strong synergies with the Corporation. 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 offering comprehensive services across all aspects of real estate transactions. It has a presence in 19 locations across India. The portfolio of services include residential property sale and leasing, purchase, sale and leasing of commercial premises, consultation and valuation services, sale and purchases of land and pricing advisory services.

HDFCRED.com is a digital information hub that assists potential home buyers in identifying properties and provides leads for potential home loan customers. It offers information on over 32,000 properties spanning over 20 cities across India. It thus becomes an enabler for the Corporation to identify and proactively reach out to a large pool of potential home loan customers early in the home buying life cycle.

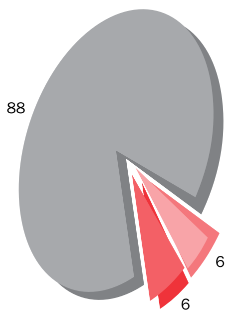
HDFC and HSPL are composite corporate agents for HDFC Standard Life Insurance Company Limited and HDFC ERGO General Insurance Company Limited.

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.

Asset Profile (%)



As at March 31, 2017, the investment portfolio stood at ₹ 20,410 crore. The proportion of investments to total assets was 6%.

As at March 31, 2017, the Corporation had invested in short-term cash management schemes of mutual funds amounting to ₹ 3,000 crore. These funds were primarily received from the proceeds of the Medium Term Note programme of Rupee Denominated Bonds issued to overseas investors on March 30, 2017.

Housing finance companies 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, 2017, the Corporation had ₹ 2,063 crore in bank deposits and National Housing Bank (NHB) bonds and ₹ 6,506 crore in government securities.

In November 2016, the Corporation assigned dues of a developer amounting to ₹ 869 crore to an asset reconstruction company (ARC). The ARC paid the Corporation ₹ 155 crore upfront and issued security receipts amounting to ₹ 705 crore. Prior to the assignment of the loans, the Corporation had as a matter of prudence, made provisions amounting to ₹ 240 crore in respect of these accounts. Thus no further provisioning was required by the Corporation as a result of the sale of loans to the ARC. After considering the provision of ₹ 240 crore, the net carrying value of the security receipts is ₹ 465 crore.

As at March 31, 2017, the treasury portfolio (excluding investments in equity shares) had an average balance period to maturity of 31.59 months. The average yield on the non-equity treasury portfolio for the year was 8.71% 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 amounted to ₹ 382 crore.

During the year, the Corporation booked profit on sale of investments amounting to ₹ 1,002 crore. Profit on sale of investments during the year included an amount ₹ 920 crore on account of sale of shares of HDFC ERGO General Insurance Company Limited.

Surplus from deployment of liquid funds in Cash Management Schemes of Mutual Funds was ₹ 445 crore.

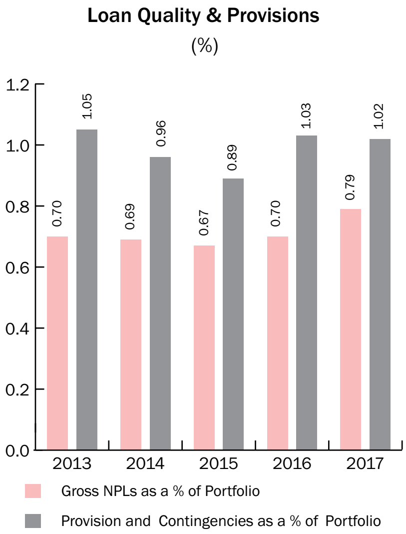
Dividend received during the year was ₹ 909 crore, of which ₹ 898 crore was received from subsidiary and associate companies.

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

Asset Quality

Gross non-performing loans outstanding amounted to ₹ 2,378 crore as at March 31, 2017, constituting 0.79% of the loan portfolio. The principal outstanding in respect of individual loans where the instalments were in arrears constituted 0.61% of the individual portfolio and the corresponding figure was 1.16% in respect of the non-individual portfolio.

The Corporation has written off loans aggregating to ₹ 37 crore during the year. These loans have been written off pursuant to one-time settlements, where the Corporation will continue making efforts to recover the money. The Corporation has, since inception, written off loans (net of subsequent recovery) aggregating to ₹ 296 crore. Thus as at March 31, 2017, the total loan write offs continues to stand at less than 4 basis points of cumulative disbursements since inception of the Corporation.



Portfolio includes loans and investments in debentures and corporate deposits for financing real estate projects.

Provisions and Contingencies

During the year, the Corporation made provisions and contingencies of ₹ 700 crore through a charge to the statement of profit and loss. The break-down comprised additional special provisioning of ₹ 275 crore, regulatory provisioning on standard new assets created of ₹ 264 crore and non-performing assets and other provisioning of ₹ 161 crore.

In accordance with past practice and with the objective of further strengthening the Corporation's balance sheet, as a prudent measure, HDFC utilised a part of the exceptional gains received from the sale of equity shares of HDFC ERGO General Insurance Company Limited to ERGO International AG, to build an additional buffer against any unexpected risk in the future. Accordingly, the Corporation made an additional special provision of ₹ 275 crore. This special provision was done voluntarily and not on account of any regulatory requirement. The Corporation holds adequate security in respect of all loans.

As per NHB norms, the Corporation is required to carry a total provision and contingencies of ₹ 2,396 crore of which ₹ 1,605 crore is against standard assets.

The provision and contingencies as at March 31, 2017 stood at ₹ 3,067 crore (inclusive of provision for non-performing loans of ₹ 738 crore). This provision and contingencies is equivalent to 1.02% of the loan portfolio. The provision coverage ratio stood at 129%.

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.

Fixed Assets

Net fixed assets as at March 31, 2017 amounted to ₹ 642 crore. Additions to fixed assets during the year was ₹ 28 crore.

Resource Mobilisation

Share Capital

As on April 1, 2016, the Corporation had a balance of ₹ 315.97 crore in the share capital account. The Corporation has allotted 88,25,800 equity shares of ₹ 2 each pursuant to exercise of stock options by certain employees/directors. After considering the above allotment during the year, the balance in the share capital account as on March 31, 2017 is ₹ 317.73 crore.

Pursuant to the receipt of approval of the members through a postal ballot in March 2017, the authorised share capital of the Corporation was increased from ₹ 340 crore comprising 170 crore equity shares of face value of ₹ 2 each to ₹ 350 crore, comprising 175 crore equity shares of face value of ₹ 2 each.

Subordinated Debt

As at March 31, 2017, the Corporation's outstanding subordinated debt stood at ₹ 5,500 crore. The debt is subordinated to present and future senior indebtedness of the Corporation and has been assigned the highest rating of 'CRISIL AAA/ Stable' and 'ICRA AAA/Stable'. The Corporation did not issue any subordinated debt during the year.

Based on the balance term to maturity, as at March 31, 2017, ₹ 4,600 crore of the book value of subordinated debt was considered as Tier II under the guidelines issued by the National Housing Bank (NHB) for the purpose of capital adequacy computation.

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

In October 2015, the Corporation issued Warrants with Non-Convertible Debentures to domestic Qualified Institutional Buyers on a Qualified Institutions Placement (QIP) basis. The Corporation had allotted 3.65 crore Warrants at an issue price of ₹ 14 per Warrant with a right exercisable by the Warrant holder to exchange each Warrant for one equity share of face value of ₹ 2 each of 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. The Warrants are listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). As of date, no Warrants have been lodged with the Corporation for exchange into equity shares.

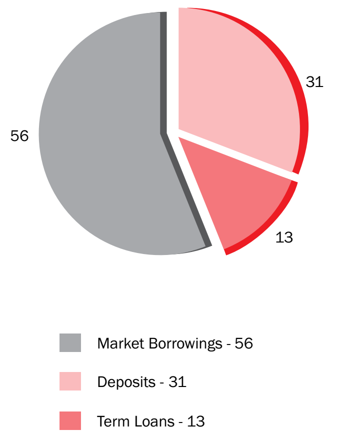
Simultaneously, the Corporation had issued 5,000 Secured Redeemable Non-Convertible Debentures (NCDs) of face value of ₹ 1 crore each due on March 28, 2017, with a coupon of 1.43% per annum payable annually for cash aggregating to ₹ 5,000 crore. The NCDs were redeemed on maturity.

Borrowings

Borrowings as at March 31, 2017 amounted to ₹ 2,80,534 crore as against ₹ 2,38,317 crore in the previous year - an increase of 18%. Borrowings constituted 84% of funds employed as at March 31, 2017. Of the total borrowings, debentures and securities constituted 56%, deposits 31% and term loans 13%.

Under the Companies Act 2013, assets and liabilities are classified into current and non-current to facilitate a fair portrayal of the financial and liquidity position of a company. Borrowings are bifurcated into long-term borrowings and short-term borrowings. Further the current maturities of long-term borrowings are disclosed separately under the head other current liabilities.

Breakdown of Borrowings (%)
(As at March 31, 2017)



The table below provides a synopsis of the total borrowings of the Corporation as classified under the Schedule III of the Companies Act, 2013.

Summary of Total Borrowings

₹ Crore

	Long-Term Borrowings	Short-Term Borrowings	Current maturities of long-term borrowings	Total
Term Loans	14,198	2,000	21,072	37,270
Market Borrowings	95,026	37,443	24,221	156,690
Deposits	40,838	2,687	43,049	86,574
Total Borrowings	**150,062**	**42,130**	**88,342**	**280,534**

Market Borrowings – Non-Convertible Debentures and Commercial Paper

During the year, the Corporation issued non-convertible debentures (NCDs) amounting to ₹ 44,546 crore on a private placement basis. The Corporation's NCD issues have been listed on the Wholesale Debt Market segment of the NSE and the BSE. The NCD issues have been assigned the highest rating of 'CRISIL AAA/ Stable' and 'ICRA AAA/Stable'. The Corporation has been regular in making payments of principal and interest on the NCDs.

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.

As at March 31, 2017, the outstanding Zero Coupon Debentures (ZCDs) amounted to ₹ 6,710 crore. The premium on the ZCDs is payable on the maturity of the ZCD. The proportionate premium on these ZCDs for the year (net of tax) amounting to ₹ 496 crore has been debited to the Securities Premium Account in accordance with Section 52 of the Companies Act, 2013.

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, 2017, the outstanding issues of commercial paper aggregated to ₹ 37,443 crore.

Rupee Denominated Bonds Overseas

During the year, the Corporation raised ₹ 5,000 crore through various issues of Rupee Denominated Bonds to overseas investors under the automatic route in accordance with the external commercial borrowing guidelines issued by the Reserve Bank of India (RBI). The Corporation was the first Indian corporate issuer of such bonds. This issuance enabled the Corporation to tap into a new source of fixed income investors overseas.

The Corporation also established a Medium Term Note Programme (MTN Programme) of up to USD 750 million so as to enable the Corporation to issue debt instruments in the international capital markets, subject to regulatory approvals. Under this programme, the Corporation raised ₹ 3,300 crore through the issuance of Rupee Denominated Bonds to overseas investors through the approval route. This was the largest issuance of such bonds.

The Corporation was also the largest issuer of Rupee Denominated Bonds during the year.

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

Deposits

As at March 31, 2017, total outstanding deposits stood at ₹ 86,574 crore compared to ₹ 74,670 crore in the previous year. The number of deposit accounts stood at over 19.1 lac.

Deposits accounted for 28% of the incremental borrowings in the current year.

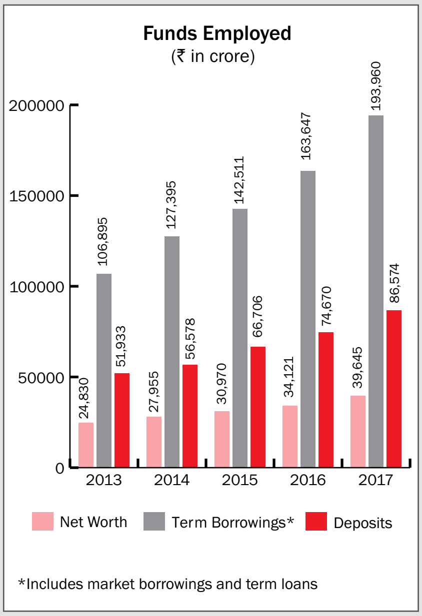
CRISIL and ICRA have for the twenty-second consecutive year, reaffirmed their 'CRISIL FAAA/Stable' and 'ICRA MAAA/Stable' ratings respectively for HDFC's deposits. These ratings represent the highest degree of safety regarding timely servicing of financial obligations and also carries the lowest credit 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. The Corporation has over 22,000 active key deposit agents.

Term Loans from Banks, Institutions and Refinance from NHB

As at March 31, 2017, the total loans outstanding from banks, institutions and NHB (including foreign currency borrowings from domestic banks) amounted to ₹ 37,270 crore as compared to ₹ 42,802 crore as at March 31, 2016.

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



During the year, the Corporation availed refinance from NHB under various refinance schemes such as Refinance Assistance for Flood Affected Areas of Tamil Nadu, Rural Housing Fund and Regular Refinance Scheme amounting to ₹ 3,607 crore.

In addition, 2,913 borrowers qualifying under the economically weaker section and low income group benefitted by availing interest rate subvention under the Credit Linked Subsidy Scheme of the government.

External Commercial Borrowing

The outstanding external commercial borrowings constitute borrowings from Asian Development Bank under the Housing Finance Facility Project (USD 41 million) and External Commercial Borrowing (ECB) under RBI's Low Cost Affordable Housing Scheme (USD 1,175 million). The entire principal on the foreign currency borrowings has been fully hedged.

During the year, the Corporation raised an ECB of USD 375 million in the form of a syndicated loan facility. The ECB was raised under the Low Cost Affordable Housing Scheme of the 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.

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. The Corporation 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.

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

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

As at March 31, 2017, the Corporation had foreign currency borrowings of USD 2,944 million equivalent. The entire principal on the foreign currency borrowings has been fully hedged through the above-mentioned instruments. Hence as at March 31, 2017, the Corporation's foreign currency exposure on borrowings net of risk management arrangements is nil.

In addition, the Corporation has entered into cross currency swaps of a notional amount of USD 49 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 37 million. The open position is at 0.09% of the total borrowings of the Corporation.

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, the Corporation has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of ₹ 30,655 crore as at March 31, 2017 for varying maturities into floating rate liabilities linked to various benchmarks.

Revaluation of Foreign Currency Assets and Liabilities

Assets and liabilities in foreign currencies net of risk management arrangements are converted at the rates of exchange prevailing at the year end, where not covered by forward contracts. Wherever the Corporation 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, 2017, an amount of ₹ 172 crore (net of future tax benefit of ₹ 59 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.

Consequent to the Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India, becoming effective from April 1, 2016, the Corporation has changed its accounting policy relating to derivative contracts from the aforesaid date. On and from that date, all derivative contracts are recognised on the balance sheet and measured at fair value. The fair value changes are recognised in the statement of profit and loss unless hedge accounting is used. Where hedge accounting is used, fair value changes of the derivative contracts are recognised through the statement of profit and loss in the same period as the offsetting losses and gains on the hedged item. The long-term monetary items other than derivatives continue to be amortised, through the statement of profit and loss over the balance period of such long term asset or liability. There is no material impact on the results of the Corporation for the year ended March 31, 2017.

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

As at March 31, 2017, assets and liabilities with maturity up to 1 year amounted to ₹ 73,634 crore and ₹ 64,915 crore respectively. Assets and liabilities with maturity of greater than 1 year and up to 5 years amounted to ₹ 1,50,992 crore and ₹ 1,78,377 crore respectively and assets and liabilities with maturity beyond 5 years amounted to ₹ 1,11,732 crore and ₹ 93,066 crore respectively.

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

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

Further, the Corporation has a fixed rate home loan scheme and has kept some liabilities on a fixed rate basis to match out the expected disbursals under the fixed rate product.

Capital Adequacy Ratio

As at March 31, 2017, the risk weighted assets stood at around ₹ 2,54,000 crore.

The Corporation's capital adequacy ratio (CAR) stood at 14.5%, of which Tier I capital was 11.8% and Tier II capital was 2.7%. 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. Further, the proposed final dividend and tax thereon for the year ended March 31, 2017 has been reckoned in determining the net owned funds in the computation of the capital adequacy ratio.

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

HDFC has instituted adequate internal control systems commensurate with the nature of its business and the size of its operations. Internal audit is carried out by independent firms of chartered accountants and cover all the offices and key areas of business. All significant audit observations and follow-up actions thereon are reported to the Audit Committee. The Audit Committee comprises three independent directors. The committee met five times during the financial year under review.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

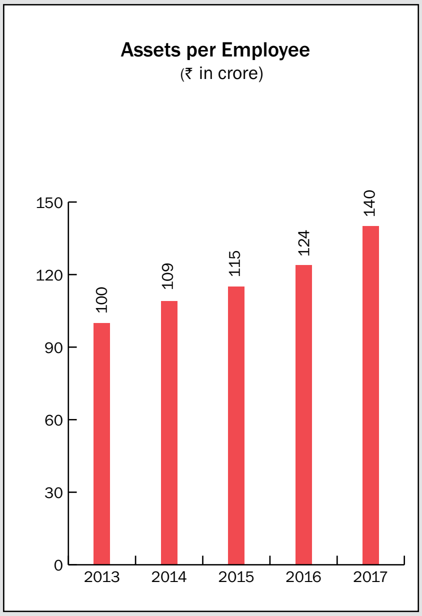
Human resources are HDFC's most valuable assets. The Corporation is focused on continuously training and upgrading the work skills of its staff across the organisation. During the year, new recruits participated in an induction programme at the Centre for Housing Finance, which is the Corporation's training centre in Lonavla. Other in-house programmes were in the areas of mentoring, train the trainer, negotiative skills and other operational related areas.

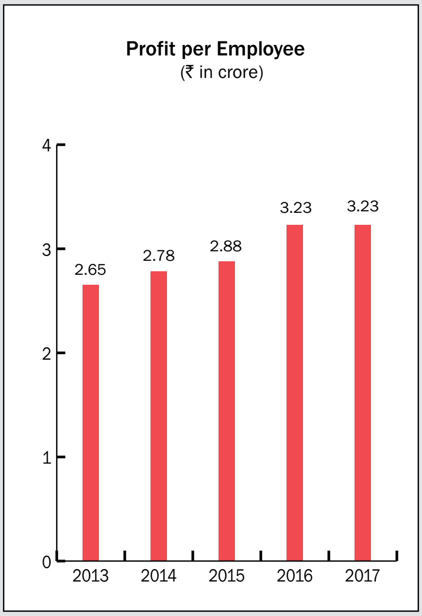
The Corporation has developed its own online learning management system called *'HDFC Aspire'*, which is an e-learning tool to enable employees to self-learn and upgrade their skills. Special e-learning modules launched during the year were in the areas of business development, credit risk management, affordable housing and legal and regulatory compliances.

Based on the assessments, the e-learning modules have been well received by the staff.

The efficiency of the Corporation's staff is evident from the fact that the number of offices increased from 41 in 1998 to 297 (excluding offices of HSPL) currently as against the number of employees which increased from 806 to 2,305 during the same period.

Total assets per employee as at March 31, 2017 stood at ₹ 140 crore as compared to ₹ 124 crore in the previous year. The net profit per employee as at March 31, 2017 was ₹ 3.2 crore.





International Housing Finance Initiatives

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

The Corporation conducted its own international programme, 'Housing Finance Management' at its training centre, Centre for Housing Finance, located at Lonavla. Participants from Asia and Africa attended the week-long residential training programme.

The Frankfurt School of Finance & Management and HDFC jointly organised the ninth '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 conducted customised training programmes for housing finance players from Indonesia, Bangladesh and Mauritius. The Corporation also entered into a memorandum of understanding with a leading Mauritian mortgage finance player to provide training in housing finance.

During the year, the Corporation's wholly owned subsidiary, HDFC Investments Limited entered into a shareholders' agreement with three local investors in Tanzania along with International Finance Corporation to set up 'First Housing Finance (Tanzania) Limited', which is Tanzania's first housing finance company. The Corporation will provide technical assistance and advisory services to the greenfield housing finance company.

Awards and Recognitions

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

- India's Leading Housing Finance Company -- Dun & Bradstreet BFSI Awards, 2017
- Winner in Financial Institutions/ Non-Banking Financial Companies/Financial Services sector -- Dun & Bradstreet Corporate Awards, 2016
- Leading Housing Finance Company of the Year - ASSOCHAM
- Listed amongst the world's top 10 consumer financial services companies -- Forbes
- Ranked amongst India's most attractive employers -- Universum Global
- Best Masala Bond – India – The Asset Asian Awards, 2016

Investments in Subsidiaries and Associates

Though housing finance remains the core business, the Corporation has continued to make investments in its subsidiary and associate companies. These investments are made in companies where there are strong synergies with the Corporation. The Corporation will continue to explore avenues for such investments with the objective of providing a wide range of financial services and products under the HDFC brand name.

During the year, the Corporation made gross investments in the equity share capital of its subsidiary companies -- HDFC Credila Financial Services Private Limited (₹ 55 crore) and HDFC ERGO General Insurance Company Limited (₹ 289 crore -- of which ₹ 281 crore was towards funding the acquisition of L&T General Insurance Company Limited).

In addition, during the year, the Corporation made investments in optionally convertible debentures in HDFC Education and Development Services Private Limited (₹ 38 crore), HDFC Realty Limited (₹ 20 crore) and HDFC Developers Limited (₹ 15 crore).

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, 2017, advances of HDFC Bank stood at ₹ 5,54,568 crore – an increase of 19% over the previous year. Total deposits stood at ₹ 6,43,640 crore – an increase of 18%. As at March 31, 2017, HDFC Bank's distribution network includes 4,715 branches and 12,260 ATMs in 2,657 locations.

For the year ended March 31, 2017, HDFC Bank reported a profit after tax of ₹ 14,550 crore as against ₹ 12,296 crore in the previous year, representing an increase of 18%. HDFC Bank has recommended a dividend of ₹ 11 per share of ₹ 2 each as against ₹ 9.50 per share for the previous year.

HDFC together with its wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited holds 21.2% of the equity share capital of HDFC Bank. During the year, the Corporation received dividend of ₹ 516 crore from HDFC Bank (includes ₹ 143 crore received by HDFC Investments Limited).

HDFC Standard Life Insurance Company Limited (HDFC Life)

Total premium income of HDFC Life for the year ended March 31, 2017 stood at ₹ 19,445 crore as compared to ₹ 16,313 crore in the previous year, reflecting a growth of 19%. The company has a portfolio of 30 retail products and 10 group products covering saving, investment, protection and retirement needs of its customers.

The company ranked first in group business on received premium and third in the individual segment based on weighted received premia (WRP) in the private sector. The company had a market share of 24.3% on group premia and 12.7% for individual WRP in the private sector.

HDFC Life has reported a standalone profit after tax of ₹ 892 crore for the year ended March 31, 2017 as against ₹ 818 crore in the previous year.

The new business margin based on actual expenses (post overrun) stood at 21.6% (PY: 19.9%).

As at March 31, 2017, the Market Consistent Embedded Value stood at ₹ 12,389 crore (PY: ₹ 10,233 crore). The operating return on embedded value stood at 21%.

During the year, HDFC Life paid an interim dividend of ₹ 1.10 per equity share of ₹ 10 each compared to ₹ 0.90 per equity share in the previous year.

The solvency ratio of the company was 192% as at March 31, 2017 as against the minimum regulatory requirement of 150%.

HDFC holds 61.5% of the equity share capital of HDFC Life. During the year, the Corporation received dividend of ₹ 135 crore from HDFC Life.

On August 8, 2016, the Board of Directors of HDFC Life, Max Life Insurance Company Limited (Max Life), Max Financial Services Limited and Max India Limited at their respective board meetings, approved entering into definitive agreements for the amalgamation of the businesses between the above entities through a composite Scheme of Arrangement (scheme).

In September 2016, an application was filed by Max Life and HDFC Life seeking in-principle approval of the Insurance Regulatory and Development Authority of India (IRDAI) for the above-mentioned scheme. The insurance regulator expressed certain reservations on the proposed scheme. The company believes that the scheme is in compliance with all the applicable laws and has accordingly furnished necessary representations to the IRDAI. The company is currently awaiting further directions/approval from the IRDAI. The closing of the proposed transaction will be subject to approval of the IRDAI, as well as other applicable approvals including the Competition Commission of India, the Securities and Exchange Board of India, relevant stock exchanges and the National Company Law Tribunal.

HDFC Asset Management Company Limited (HDFC-AMC)

As at March 31, 2017, 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 2017 stood at ₹ 2.46 lac crore (which is inclusive of average assets under discretionary portfolio management/ advisory services). HDFC Mutual Fund is the second largest mutual fund in India based on quarterly average assets under management for the quarter ended March 31, 2017, with an overall market share of 12.96%. The number of investor accounts was in excess of 62 lac as at March 31, 2017. HDFC-AMC has 166 investor service centres across the country.

For the year ended March 31, 2017, HDFC-AMC reported a profit after tax of ₹ 550 crore as against ₹ 478 crore in the previous year.

HDFC holds 60% of the equity share capital of HDFC-AMC. During the year, the Corporation received dividend of ₹ 139 crore from HDFC-AMC.

HDFC ERGO General Insurance Company Limited (HDFC ERGO)

HDFC ERGO continued to retain its market ranking as the third largest private sector player in the general insurance industry.

The company offers a complete range of insurance products like motor, health, travel, crop, home and personal accident in the retail segment and customised products like property, marine, aviation and liability insurance in the corporate segment. The company had a balanced portfolio mix with the retail segment accounting for 47% of the business.

The gross direct premium of HDFC ERGO for the year ended March 31, 2017 stood at ₹ 5,840 crore as against ₹ 3,380 crore in the previous year, representing a growth of 73%. Growth during the year was from crop, motor and health insurance.

For the year ended March 31, 2017, the profit after tax of HDFC ERGO stood at ₹ 277 crore as against ₹ 151 crore in the previous year, registering a growth of 83%.

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

The combined ratio as at March 31, 2017 stood at 100.7% (after motor and declined risk pool losses). The solvency ratio of the company was 171% as at March 31, 2017 as against the minimum regulatory requirement of 150%.

In June 2016, the Corporation sold 12,33,57,262 equity shares of ₹ 10 each of HDFC ERGO at a price of ₹ 90.97 per share to ERGO International AG. The total consideration was ₹ 1,122 crore. The shares sold represent 22.9 percent of the total issued, subscribed and paid-up equity capital of HDFC ERGO.

In September 2016, HDFC ERGO acquired 100% shares of L&T General Insurance Company Limited (LTGI) for a consideration of ₹ 531 crore. Accordingly, LTGI became a wholly owned subsidiary of HDFC ERGO. Post-acquisition, the name of LTGI was changed to HDFC General Insurance Limited (HDFC General). Approval of the National Company Law Tribunal is awaited for the merger of HDFC ERGO with HDFC General.

The Corporation made gross investments in the equity share capital of its subsidiary company, HDFC ERGO amounting to ₹ 289 crore – of which ₹ 281 crore was towards funding the acquisition of L&T General Insurance Company Limited.

HDFC holds 50.8% of the equity share capital of HDFC ERGO. During the year, the Corporation received dividend of ₹ 38 crore from 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's scheme, HDFC India Real Estate Fund (HI-REF), had an initial corpus of ₹ 1,000 crore. HI-REF had 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.

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 final closing in April 2015 with a total corpus of USD 321 million. The fund is in the process of investing the balance fund corpus.

HDFC Capital Advisors Limited is in the business of providing investment advisory services for real estate private equity financing. The company 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) which is registered with SEBI as a Category II Alternative Investment Fund.

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 advanced stages of raising the balance amount. The fund has commenced the investment process with a commitment of ₹ 800 crore across 4 projects. 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 in the affordable housing segment with a retail network of 185 offices spread across 11 states. As at March 31, 2017, the loan book stood at ₹ 13,244 crore compared to ₹ 11,115 crore in the previous year – an increase of 19%. The gross non-performing loans stood at 0.31% of the total loans outstanding and the net non-performing loans were nil. This does not consider the temporary relaxation given by NHB on non-performing loans. The average size of loans disbursed during the year was ₹ 8.9 lac.

As at March 31, 2017, the capital adequacy ratio stood at 18.3%, of which Tier I capital was 16.8% and Tier II capital was 1.5%.

For the year ended March 31, 2017, GRUH reported a profit after tax of ₹ 297 crore as compared to ₹ 244 crore – representing a growth of 22%.

The board recommended payment of dividend for the year ended March 31, 2017 of ₹ 2.80 per equity share of ₹ 2 each as against ₹ 2.30 per equity share in the previous year.

HDFC's holding in GRUH currently stands at 58.5%. During the year, the Corporation received dividend of ₹ 49 crore from GRUH.

HDFC Sales Private Limited (HSPL)

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

HSPL has a presence in 130 locations. During the year under review, HSPL sourced loans accounting for 50% of individual loans disbursed by HDFC.

HSPL is a wholly owned subsidiary of HDFC.

HDFC Credila Financial Services Private Limited (HDFC Credila)

During the year, the board of directors of the Corporation granted approval to change the name of Credila Financial Services Private Limited to HDFC Credila Financial Services Private Limited. Post the receipt of requisite approvals, the company's name was changed in February 2017. The objective of the name change was for the company to be identified as an HDFC company.

HDFC Credila is India's first dedicated education loan company, providing loans to students pursuing higher education in India and abroad. As at March 31, 2017, HDFC Credila had cumulatively disbursed ₹ 4,659 crore to over 35,000 customers. The outstanding loan book stood at ₹ 3,314 crore, registering a growth of 34% over the previous year. The average loan amount disbursed during the year was ₹ 17.8 lac. For the year ended March 31, 2017, HDFC Credila reported a profit after tax of ₹ 65 crore as against ₹ 45 crore in the previous year – representing a growth of 45%.

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

During the year, the Corporation made an investment of ₹ 55 crore in the equity of HDFC Credila.

The Corporation holds 90.1% of the shareholding in HDFC Credila on a fully diluted basis.

HDFC Education and Development Services Private Limited (HDFC Edu)

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

The objective of HDFC Edu is to imbibe best practices in education and provide affordable, quality education across the country.

The first school, *'The HDFC School'* in Gurugram was inaugurated in March 2015. During the year, a new building which is owned by HDFC Edu was completed and classes have commenced in the new premise.

The second school in Pune will commence its first session in June 2017. The third school in Bengaluru is expected to be operational in the next academic year.

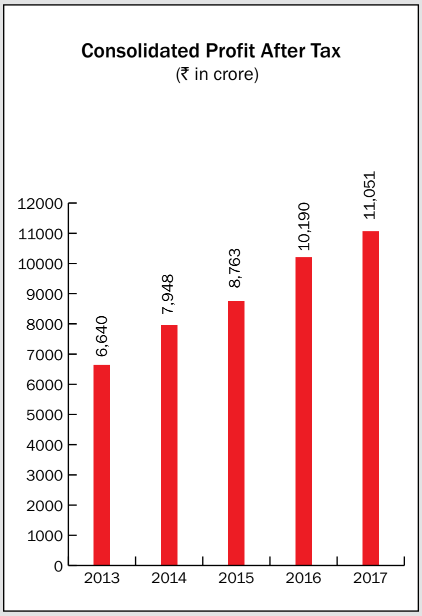
All The HDFC Schools follow the National Curriculum Framework, 2005 and are affiliated with the Central Board of Secondary Education.

Another initiative undertaken during the year was supporting a government owned primary school in Samaspur, Haryana with the objective of assisting in improving the infrastructure as well as providing academic assistance to the school.

During the year, the Corporation made an investment of ₹ 38 crore in optionally convertible debentures issued by HDFC Edu.

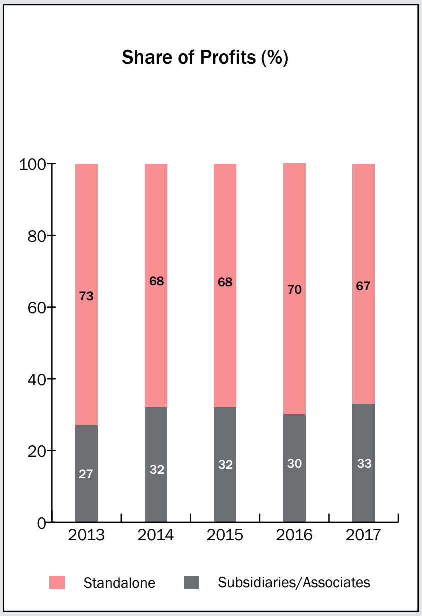
AUDITED CONSOLIDATED ACCOUNTS

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, 2017 the profit before tax was ₹ 12,650 crore as compared to ₹ 11,613 crore in the previous year representing a growth of 9%.



After providing ₹ 4,021 crore (PY ₹ 3,639 crore) for tax, the profit for the year was ₹ 8,629 crore as compared to ₹ 7,974 crore in the previous year.

After adjusting for share of profit of minority interest of ₹ 797 crore (PY ₹ 529 crore) and for net share of profit from associates of ₹ 3,219 crore (PY ₹ 2,745 crore), the profit after tax attributable to the group was ₹ 11,051 crore as compared to ₹ 10,190 crore in the previous year representing a growth of 8%.

Consolidated Share of Profits

The standalone profit after tax of the Corporation increased from ₹ 7,093 crore in the previous year to ₹ 7,443 crore in the year ended March 31, 2017. The consolidated profits of the subsidiaries and the net share of profits from associates (equity method) stood at ₹ 3,608 crore compared to ₹ 3,097 crore in the previous year.

For the year ended March 31, 2017, the share of the profit from subsidiaries and associates in the consolidated profit after tax was 33%.

The post tax return on assets for the consolidated group accounts for the year ended March 31, 2017 was 2.5%. The return on equity stood at 20.4%. The basic and diluted earnings per share (on a face value of ₹ 2 per share) for the group was ₹ 68.87 and ₹ 68.30 respectively.

STANDALONE FINANCIAL STATEMENTS

Independent Auditors' Report

TO THE MEMBERS OF

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (the "Corporation"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information in which are incorporated the returns for the year ended on that date audited by the branch auditor of the Corporation's branch at Dubai.

Management's Responsibility for the Standalone Financial Statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Corporation's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Corporation's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditor is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the branch auditor on the financial statements of the branch, the aforesaid standalone financial statements give the information required by the Act, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Corporation as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

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

Our opinion is not modified in respect of this matter.

Other Matter

We did not audit the financial statements of Dubai branch included in the standalone financial statements of the Corporation whose financial statements reflect total assets of ₹ 0.27 crore as at March 31, 2017 and total revenues of ₹ 0.50 crore for the year ended on that date, as considered in the standalone financial statements. The financial statements of this branch has been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of that branch, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid branch, is based solely on the report of such branch auditor.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act based on our audit and on the consideration of the report of the branch auditor, referred to in the Other Matter paragraph above we report, to the extent applicable that:

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

b) In our opinion, proper books of account as required by law have been kept by the Corporation so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from Dubai branch not visited by us.

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

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

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

f) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

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

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

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

iv. The Corporation has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the Management we report that the disclosures are in accordance with the books of account maintained by the Corporation and as produced to us by the Management.

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

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

P. R. Ramesh
Partner
(Membership No. 70928)

MUMBAI
May 4, 2017

Annexure "A" to the Independent Auditors' Report

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

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

We have audited the internal financial controls over financial reporting of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (the "Corporation") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Corporation for the year ended on that date which includes internal financial controls over financial reporting of the Corporation's branch.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the branch auditor, in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Corporation's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the report of the branch auditor on internal financial controls system over financial reporting of the branch referred to in the Other Matter paragraph below, the Corporation has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal control stated in the Guidance Note.

Other Matter

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

Our opinion is not modified in respect of this matter.

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

P. R. Ramesh
Partner
(Membership No. 70928)

MUMBAI
May 4, 2017

Annexure "B" to the Independent Auditors' Report

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

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

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

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

Particulars of the land and building	₹ crore	Remarks
Freehold land and building of Global Perspectives Limited located at Gurgaon, admeasuring 2.07 acres	72.10	The Corporation is in the process of transferring these asset in its name. The process will be concluded after the necessary regulatory clearances have been obtained.
Freehold land and building of Colossal Properties Private Limited located at New Delhi, admeasuring 2.52 acres	42.00	

In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Corporation, where the Corporation is the lessee in the agreement.

(ii) The Corporation does not have any inventory and hence reporting under Clause 3(ii) of the Order is not applicable.

(iii) To the best of our knowledge and according to the information and explanations given to us, the Corporation has granted loans, secured or unsecured, to companies or other parties covered in the register maintained under section 189 of the Act, in respect of which:

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

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

(c) There is no overdue amount remaining outstanding as at the year end.

(iv) To the best of our knowledge and according to the information and explanations given to us, the Corporation has not granted any loans, made investments or provide guarantees under the provisions of Sections 185 and 186 of the Act and hence reporting under Clause 3(iv) of the Order is not applicable.

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

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

(vii) To the best of our knowledge and according to the information and explanations given to us, in respect of statutory dues:

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

(b) There were no undisputed amounts payable in respect of Income Tax, Sales Tax, Work Contract Tax, Value Added Tax, Service Tax, Cess, Provident Fund, Employees' State Insurance and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Wealth tax, Interest on Lease Tax and Employees' State Insurance which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved ₹ crore	Amount Unpaid ₹ crore
The Wealth Tax Act, 1957	Wealth Tax	Assistant Commissioner of Wealth Tax	1998-99	0.12	0.12
Maharashtra Sales Tax on the Transfer of the Right to use any Goods for any Purpose Act, 1985	Interest on Lease Tax	Commissioner of Sales Tax (Appeals)	1999-2000	0.02	0.02
Employees State Insurance Act, 1948	Payment towards Employer's Contribution to ESIC	Assistant/Deputy Director – ESIC	2010-2011	0.01	0.01

(viii) To the best of our knowledge and according to the information and explanations given to us, the Corporation has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders. The Corporation has not taken loans or borrowings from government.

(ix) To the best of our knowledge and according to the information and explanations given to us, the money raised by way of the public offer of rupee denominated global bonds and term loans have been applied by the Corporation during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds.

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

(xi) To the best of our knowledge and according to the information and explanations given to us, the Corporation has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

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

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

(xiv) To the best of our knowledge and according to the information and explanations given to us, the Corporation has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under Clause 3(xiv) of the Order is not applicable to the Corporation.

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

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

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

P. R. Ramesh
Partner
(Membership No. 70928)

MUMBAI
May 4, 2017

Balance Sheet as at March 31, 2017

	Notes	₹ in Crore	March 31, 2016 ₹ in Crore
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2	317.73	315.97
Reserves and surplus	3	39,276.55	33,753.99
Money received against warrants	3.14	51.10	51.10
		39,645.38	34,121.06
NON-CURRENT LIABILITIES			
Long-term borrowings	4	1,50,062.23	1,09,292.25
Deferred tax liability (Net)	14	2,388.58	902.21
Other long-term liabilities	5	2,205.26	1,613.39
Long-term provisions	6	2,336.17	2,127.34
		1,56,992.24	1,13,935.19
CURRENT LIABILITIES			
Short-term borrowings	7	42,130.33	41,502.68
Trade payables	8	147.71	122.92
Other current liabilities	9		
- Borrowings		87,539.59	86,968.01
- Others		9,726.27	9,389.68
Short-term provisions	10	176.37	2,837.08
		1,39,720.27	1,40,820.37
		3,36,357.89	2,88,876.62
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
(i) Tangible assets	11	638.21	660.20
(ii) Intangible assets	12	4.13	4.33
Non-current investments	13	16,829.94	14,837.84
Long-term loans and advances	15		
- Loans		2,63,941.42	2,32,870.54
- Others		6,552.85	2,668.73
Other non-current assets	16	1,406.34	847.53
		2,89,372.89	2,51,889.17
CURRENT ASSETS			
Current investments	17	3,580.16	507.59
Trade receivables	18	109.48	144.66
Cash and bank balances	19	6,318.80	5,320.67
Short-term loans and advances	20		
- Loans		31,792.41	25,787.70
- Others		4,021.32	2,526.04
Other current assets	21	1,162.83	2,700.79
		46,985.00	36,987.45
		3,36,357.89	2,88,876.62

See accompanying notes forming part of the financial statement

As per our report attached.

Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

P. R. Ramesh
Partner

MUMBAI, May 4, 2017

Deepak S. Parekh
Chairman
(DIN: 00009078)

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

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Nasser Munjee
(DIN: 00010180)

B. S. Mehta
(DIN: 00035019)

D. N. Ghosh
(DIN: 00012608)

D. M. Sukthankar
(DIN: 00034416)

J. J. Irani
(DIN: 00311104)

S. A. Dave
(DIN: 00001480)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Statement of Profit and Loss for the year ended March 31, 2017

	Notes	₹ in Crore	Previous Year ₹ in Crore
INCOME			
Revenue from Operations	23	32,111.06	29,257.31
Profit on Sale of Investments	24	1,001.73	1,647.81
Other Income	25	46.81	51.45
Total Revenue		33,159.60	30,956.57
EXPENSES			
Finance Cost	26	20,896.20	19,374.51
Employee Benefit Expenses	27	388.80	349.09
Establishment Expenses	28	86.22	84.19
Other Expenses	29	305.78	271.40
Depreciation and Amortisation	11 & 12	55.96	54.28
Provisions and Contingencies	39.5.1	700.00	715.00
Total Expenses		22,432.96	20,848.47
PROFIT BEFORE TAX		10,726.64	10,108.10
Tax Expense			
- Current Tax		2,789.00	2,873.00
- Deferred Tax	14	495.00	142.00
PROFIT FOR THE YEAR		7,442.64	7,093.10
EARNINGS PER SHARE (Face Value ₹ 2)	30		
- Basic		46.08	44.43
- Diluted		45.70	44.10

See accompanying notes forming part of the financial statement

As per our report attached.

Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

P. R. Ramesh
Partner

MUMBAI, May 4, 2017

Deepak S. Parekh
Chairman
(DIN: 00009078)

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(DIN: 00001480)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Cash Flow Statement for the year ended March 31, 2017

		Notes	₹ in Crore	Previous Year ₹ in Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before tax		**10,726.64**	10,108.10
	Adjustments for:			
	Depreciation and Amortisation	**11 & 12**	**55.96**	54.28
	Provisions and Contingencies		**700.00**	715.00
	Interest Expense	**26**	**20,716.51**	19,183.49
	Net Loss / (Gain) on translation of foreign currency monetary assets and liabilities	**26.2**	**30.59**	52.00
	Net gain on derivative valuation of INR derivatives & underlying hedging instrument	**26.1**	**(20.59)**	-
	Interest Income	**23**	**(30,405.51)**	(27,761.16)
	Utilisation of Shelter Assistance Reserve	**3**	**(146.27)**	(85.31)
	Profit on Sale of Investments		**(1,001.73)**	(1,647.81)
	Dividend Income	**23**	**(909.06)**	(806.88)
	(Profit) / Loss on Sale of Investment in Properties		**2.14**	(1.48)
	Surplus from deployment in Cash Management Schemes of Mutual Funds	**23**	**(444.64)**	(307.87)
	(Profit) / Loss on Sale of Fixed Assets (Net)		**0.08**	(2.35)
	Operating Profit before Working Capital changes		**(695.88)**	(499.99)
	Adjustments for:			
	Current and Non-Current Assets		**1,463.36**	(2,091.85)
	Current and Non-Current Liabilities		**312.80**	(155.11)
	Cash generated from Operations		**1,080.28**	(2,746.95)
	Interest Received		**30,561.21**	27,643.13
	Interest Paid		**(19,183.68)**	(18,755.92)
	Premium Paid on Redemption of Debentures		**(1,714.53)**	(100.86)
	Dividend Received		**909.06**	806.88
	Taxes Paid		**(3,515.91)**	(2,945.50)
	Net cash from Operations		**8,136.43**	3,900.78
	Loans disbursed (net)		**(37,289.81)**	(30,879.71)
	Corporate Deposits (net)		**(4,410.48)**	(425.66)
	Net cash used in operating activities		**(33,563.86)**	(27,404.59)
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		**(27.97)**	(37.38)
	Sale of Fixed Assets		**0.62**	3.16
			(27.35)	(34.22)
	Investments in Subsidiaries		**(416.97)**	(22.04)
	Investment in Cash Management Schemes of Mutual Funds		**(3,86,372.00)**	(3,46,702.00)
	Other Investments		**(3,741.97)**	(1,916.35)
	Sale proceeds of Investments :			
	- in Subsidiary Company		**1,120.50**	1,784.62
	- in Cash Management Schemes of Mutual Funds		**3,83,816.64**	3,47,009.87
	- in other Companies and Properties		**1,675.44**	729.68
	Net cash from investing activities		**(3,945.71)**	849.56
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share Capital - Equity	**2.1**	**1.77**	1.03
	Securities Premium	**3**	**680.62**	345.30
	Money received against share warrants		**-**	51.10
	Deposits, CPs and other Short Term Borrowings (Net)		**22,879.99**	7,739.86
	Proceeds from long-term borrowings		**82,228.10**	66,009.90
	Repayment of long-term borrowings		**(63,101.94)**	(45,379.01)
	Dividend paid - Equity Shares		**(3,159.71)**	(2,050.29)
	Tax paid on Dividend		**(440.96)**	(416.53)
	Net cash from financing activities		**39,087.86**	26,301.36
	Net (Decrease) / Increase in cash and cash equivalents [A + B + C]		**1,578.29**	(253.66)
	Add : Cash and cash equivalents as at the beginning of the year	**19**	**2,638.10**	2,888.05
	Add : Exchange difference on bank balance		**(7.48)**	3.71
	Cash and cash equivalents as at the end of the year	**19**	**4,208.90**	2,638.10
	Earmarked balances with banks:			
	- Unclaimed Dividend Account		**24.74**	493.44
	- Towards Guarantees Issued by Banks		**0.30**	0.06
	- Other Against Foreign Currency Loans		**24.86**	23.97
	Short-term bank deposits		**2,060.00**	2,165.10
	Cash and Bank balances at the end of the year	**19**	**6,318.80**	5,320.67

See accompanying notes forming part of the financial statement

As per our report attached.

Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

P. R. Ramesh
Partner

MUMBAI, May 4, 2017

Deepak S. Parekh
Chairman
(DIN: 00009078)

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S. A. Dave
(DIN: 00001480)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Notes forming part of the standalone financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

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

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

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

1.2 SYSTEM OF ACCOUNTING

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

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

1.3 INFLATION

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

1.4 OPERATING CYCLE

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

1.5 CASH FLOW STATEMENT

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

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

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

1.7 LOANS AND RECEIVABLES AND CREDIT LOSS ALLOWANCES

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

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

1.8 **INTEREST INCOME ON LOANS**

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

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

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

1.9 **DIVIDEND**

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

1.10 **FEES AND OTHER REVENUE**

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

1.11 **INCOME FROM LEASES**

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

1.12 **INCOME FROM INVESTMENTS**

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

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

1.13 **BORROWING AND BORROWING COSTS**

The Corporation borrows funds, primarily in Indian Rupees, that carry a fixed rate or floating rate of interest. As a part of its risk management strategy, the Corporation converts some of such borrowings into floating rate or foreign currency borrowings by entering into interest rate swaps or cross currency interest rate swaps having the same notional amount and maturity as the underlying borrowings and generally holds these instruments till maturity.

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

Notes forming part of the standalone financial statements (Continued)

1.14 **TRANSLATION OF FOREIGN CURRENCY**

Initial recognition

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

Measurement at the Balance Sheet date

Assets and liabilities in foreign currencies are converted at the rates of exchange prevailing at the year-end. Wherever the Corporation has entered into a forward contract or an instrument that is, in substance, a forward exchange contract, the difference between the forward rate and the exchange rate on the date of the transaction is recognised as income or expense over the life of the contract.

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

1.15 **ACCOUNTING FOR DERIVATIVE CONTRACTS**

Consequent to the Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India, becoming effective from April 1, 2016, on and from that date, all derivative contracts are recognised in the balance sheet and measured at fair value. The corresponding fair value changes are recognised in the Statement of Profit and Loss unless hedge accounting is applied.

In case of fair value hedges, fair value changes of the derivative contracts are recognised through the Statement of Profit and Loss in the same period as the offsetting losses and gains on the hedged item.

For derivative contracts designated as cash flow hedges, the hedging instrument is measured at fair value and any gain or loss that is determined to be an effective hedge is recognised within equity i.e., Cash Flow Hedge Reserve. Amounts recognised in equity are transferred to the Statement of Profit and Loss in the same period as the cash flows of hedged items affect the Statement of Profit and Loss. When a derivative contract expires or is sold or if a hedge no longer meets the criteria for hedge accounting, any cumulative profit or loss in the Cash Flow Hedge Reserve is retained in equity until the hedged cash flow is recognised in the Statement of Profit and Loss. However, if hedged cash flows are no longer expected to occur, the profit or loss against the corresponding derivative contract, accumulated in the Cash Flow Hedge Reserve, is immediately released through the Statement of Profit and Loss.

Changes in the fair values of derivative instruments that do not qualify for hedge accounting are recognised immediately in the Statement of Profit and Loss.

1.16 **BROKERAGE AND INCENTIVE ON DEPOSITS**

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

1.17 **OPERATING LEASES**

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

1.18 **INVESTMENTS**

Investments are capitalised at cost inclusive of brokerage and stamp charges and are classified into two categories, viz. Current or Long-term. Long-term investments (excluding investment in properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Provision for diminution in

Notes forming part of the standalone financial statements (Continued)

the value of investments is made in accordance with the guidelines issued by the National Housing Bank and the Accounting Standard on 'Accounting for Investments' (AS 13), and is recognised through the Provision for Contingencies Account. Investment in properties acquired as part of the debt asset settlement are recorded at the fair value on the date of the transfer. Investment in properties are carried individually at cost less accumulated depreciation and impairment, if any.

1.19 **TANGIBLE FIXED ASSETS**

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

1.20 **INTANGIBLE ASSETS**

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

1.21 **DEPRECIATION AND AMORTISATION**

Tangible Fixed Assets

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

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

Computers and data processing equipment - 4 years

Vehicles - 5 years

Leasehold land is amortised over the duration of the lease.

Intangible Assets

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

Computers Software - 4 years

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

Investment In Properties

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

1.22 **PROVISIONS AND CONTINGENCIES**

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

1.23 **PROVISION FOR NON-PERFORMING ASSETS AND CONTINGENCIES**

The Corporation's policy is to carry adequate amounts in the Provision for Non-Performing Assets Account and the Provision and Contingencies account to cover the amount outstanding in respect of all non-performing

Notes forming part of the standalone financial statements (Continued)

assets and standard assets respectively as also all other contingencies. All loans and other credit exposures where the instalments, interest are overdue for ninety days and more are classified as non-performing assets in accordance with the prudential norms prescribed by the National Housing Bank (NHB). The provision for non-performing assets is deducted from loans and advances. The provisioning policy of the Corporation covers the minimum provisioning required as per the NHB Guidelines.

1.24 **STANDARD ASSET PROVISIONING (COLLECTIVE ALLOWANCES)**

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

1.25 **EMPLOYEE BENEFITS**

Employee Stock Option Scheme (‘ESOS’)

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

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

Defined contribution plans

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

Defined benefit plans

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

In the case of Dubai branch of the Corporation, the provision for gratuity is made in accordance with the prevalent local laws.

Notes forming part of the standalone financial statements (Continued)

Short-term employee benefits

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

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

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

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

1.26 EARNINGS PER SHARE

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

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

1.27 TAXES ON INCOME

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

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets.

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

Notes forming part of the standalone financial statements (Continued)

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

1.28 **SERVICE TAX INPUT CREDIT**

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

1.29 **SECURITISED LOANS AND SECURITISATION LIABILITIES**

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

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

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

2. SHARE CAPITAL

	As at March 31, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
AUTHORISED		
175,00,00,000 Equity Shares of ₹ 2 each	**350.00**	340.00
(Previous Year 170,00,00,000 Equity Shares of ₹ 2 each)		
	350.00	340.00
ISSUED, SUBSCRIBED AND FULLY PAID UP		
158,86,72,140 Equity Shares of ₹ 2 each	**317.73**	315.97
(Previous Year 157,98,46,340 Equity Shares of ₹ 2 each)		
	317.73	315.97

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

Particulars	**As at March 31, 2017**		As at March 31, 2016	
	Number	**₹ in Crore**	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**157,98,46,340**	**315.97**	157,46,97,670	314.94
Shares allotted pursuant to exercise of stock options	**88,25,800**	**1.77**	51,48,670	1.03
Equity shares outstanding as at the end of the year	**158,86,72,140**	**317.73**	157,98,46,340	315.97

Notes forming part of the standalone financial statements (Continued)

2.2 Details of shareholders' holding more than 5 percent shares in the Corporation as at March 31, 2017 are given below. There were no shareholder holding more than 5 percent shares in the Corporation as at March 31, 2016.

Particulars	As on March 31, 2017	
	Number	Percentage of shares held to total Shares
Life Insurance Corporation of India (All accounts)	8,60,26,344	5.41%

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

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

As at March 31, 2017 **12,29,51,224 shares** (Previous Year 8,19,25,500 shares) were reserved for issuance as follows:

a) **8,64,51,224 shares** of ₹ 2 each (Previous Year 4,54,25,500 shares of ₹ 2 each) towards outstanding Employees Stock Options granted / available for grant, including lapsed options [Refer Note 2.4].

b) **3,65,00,000 shares** of ₹ 2 each (Previous Year 3,65,00,000 shares of ₹ 2 each) towards outstanding share warrants [Refer Note 3.12].

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

In terms of ESOS-14, the options would vest over a period of 1-3 years from the date of grant, but not later than October 7, 2017, depending upon options grantee completing continuous service of three years with the Corporation. Accordingly, during the year **1,57,799 options** (Previous Year 59,58,841 options) were vested. In the current year **22,390 options** (Previous Year 51,427 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

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

In terms of ESOS - 11, the options would vest over a period of 1-3 years from the date of grant, but not later than May 22, 2015, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, during the year **Nil options** (Previous Year 36,043 options) were vested. In the current year **1,936 options** (Previous Year 2,884 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

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 **228 options** (Previous Year Nil options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

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

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

Method used for accounting for share based payment plan:

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

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

Particulars	ESOS-14	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**60,71,671**	62,24,019
Granted during the year	-	-
Vested during the year	**1,57,799**	59,58,841
Exercised during the year	**6,40,917**	1,00,921
Lapsed during the year	**22,390**	51,427
Outstanding at the end of the year	**54,08,364**	60,71,671
Unvested at the end of the year	**49,902**	2,22,048
Exercisable at the end of the year	**53,58,462**	58,49,623
Weighted average price per option	**₹ 5,073.25**	

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	**28,13,951**	37,45,586
Granted during the year	**-**	-
Vested during the year	**-**	36,043
Exercised during the year	**11,24,243**	9,28,751
Lapsed during the year	**1,936**	2,884
Outstanding at the end of the year	**16,87,772**	28,13,951
Unvested at the end of the year	**-**	-
Exercisable at the end of the year	**16,87,772**	28,13,951
Weighted average price per option	**₹ 3,177.50**	

Particulars	ESOS-08	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**5,102**	5,102
Granted during the year	**-**	-
Vested during the year	**-**	-
Exercised during the year	**-**	-
Lapsed during the year	**228**	-
Outstanding at the end of the year	**4,874**	5,102
Unvested at the end of the year	**-**	-
Exercisable at the end of the year	**4,874**	5,102
Weighted average price per option	**₹ 1,350.60**	

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

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

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

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

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

₹ in Crore

Particulars	Current Year	Previous Year
Net Profit (as reported)	**7,442.64**	7,093.10
Less : Stock-based compensation expenses determined under fair value based method, net of tax: [Gross ₹ **Nil** (Previous Year ₹ 338.50 crore)] (pro-forma)	-	221.35
Net Profit (pro-forma)	**7,442.64**	6,871.75
Less : Amounts utilised out of Shelter Assistance Reserve	**146.27**	85.31
Net Profit considered for computing EPS (pro-forma)	**7,296.37**	6,786.44

Amount in ₹

Particulars	Current Year	Previous Year
Basic earnings per share (as reported)	**46.08**	44.43
Basic earnings per share (pro-forma)	**46.08**	43.03
Diluted earnings per share (as reported)	**45.70**	44.10
Diluted earnings per share (pro-forma)	**45.70**	42.70

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

Notes forming part of the standalone financial statements (Continued)

3. RESERVES AND SURPLUS

		As at March 31, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
SPECIAL RESERVE No. I	[Refer Notes 3.1 & 3.2]	**51.23**	51.23
SPECIAL RESERVE No. II	[Refer Notes 3.1 & 3.2]		
Opening Balance		**8,564.95**	7,469.95
Add: Transfer from Statement of Profit and Loss	[Refer Note 3.3]	**1,247.00**	1,095.00
		9,811.95	8,564.95
GENERAL RESERVE			
Opening Balance		**11,367.13**	9,541.55
Less: Utilised towards Deferred Tax Liability for Special Reserve	[Refer Note 3.2]	**1,119.08**	559.54
Less: Opening impact of Derivative Transition (net of Deferred Tax of ₹ **127.70 crore**)	[Refer Note 3.5]	**241.31**	-
Add: Transfer from Statement of Profit and Loss		**-**	2,385.12
		10,006.74	11,367.13
STATUTORY RESERVE (As per Section 29C of The National Housing Bank Act, 1987)			
Opening Balance		**3,604.42**	3,279.42
Add : Transfer from Statement of Profit and Loss	[Refer Note 3.3]	**245.00**	325.00
		3,849.42	3,604.42
SECURITIES PREMIUM			
Opening Balance		**10,133.82**	10,256.81
Add : Received during the year		**680.62**	345.30
		10,814.44	10,602.11
Less: Utilised during the year (Net) [Net of tax effect of ₹ **303.76 crore** (Previous Year ₹ 247.84 crore)]	[Refer Note 3.4]	**573.95**	468.29
		10,240.49	10,133.82
SHELTER ASSISTANCE RESERVE			
Opening Balance		**154.47**	89.78
Add: Transfer from Statement of Profit and Loss		**185.00**	150.00
		339.47	239.78
Less: Utilised during the year	[Refer Note 34]	**146.27**	85.31
		193.20	154.47
CAPITAL RESERVE		**0.04**	0.04
FOREIGN CURRENCY MONETARY ITEMS TRANSLATION DIFFERENCE ACCOUNT (Debit Balance)	[Refer Note 3.6]		
Opening Balance (Debit)		**(122.07)**	(33.75)
Add/(Less): Effect of foreign exchange rate variations during the year		**(269.02)**	(199.39)
Add/(Less): On fair valuation of derivatives as on April 1, 2016		**162.20**	-
Add/(Less): Amortisation for the year	[Refer Note 3.7]	**57.20**	111.07
Closing balance - (Debit)		**(171.69)**	(122.07)
CASH FLOW HEDGE RESERVE		**(0.54)**	-

Notes forming part of the standalone financial statements (Continued)

		As at March 31, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
SURPLUS IN THE STATEMENT OF PROFIT AND LOSS:			
Opening Balance		-	-
Profit for the year		**7,442.64**	7,093.10
Amount available for appropriations		**7,442.64**	7,093.10
Appropriations:			
Special Reserve No. II	[Refer Note 3.3]	**1,247.00**	1,095.00
General Reserve		-	2,385.12
Statutory Reserve (As per Section 29C of The National Housing Bank Act, 1987)	[Refer Note 3.3]	**245.00**	325.00
Shelter Assistance Reserve		**185.00**	150.00
Interim Dividend	[Refer Note 3.9]	**476.14**	473.95
[Dividend ₹ **3.00** per equity share of ₹ 2 each (Previous Year ₹ 3.00 per equity share of ₹ 2 each)]			
Tax on Interim Dividend		**0.04**	10.48
Proposed Dividend	[Refer Note 3.8]	-	2,211.78
(Previous Year ₹ 14.00 per equity share of ₹ 2 each)			
Tax on Proposed Dividend		-	450.27
Tax on Dividend credit taken	[Refer Note 3.10]	**(9.98)**	(11.14)
Dividend including tax of ₹ **0.63** crore (Previous Year ₹ 0.45 crore) pertaining to previous year paid during the year	[Refer Note 3.11]	**3.72**	2.64
		5,295.72	-
		39,276.55	33,753.99

3.1 Special Reserve has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961, out of the distributable profits of the Corporation. Special Reserve No. I relates to the amounts transferred upto the Financial Year 1996-97, whereas Special Reserve No. II relates to the amounts transferred thereafter.

3.2 Vide circular NHB(ND)/DRS/Pol. 62/2014 dated May 27, 2014, the National Housing Bank (NHB) had directed Housing Finance Companies (HFCs) to provide for deferred tax liability in respect of the balance in the “Special Reserve” created under Section 36(1)(viii) of the Income-Tax Act, 1961. Vide circular NHB(ND)/DRS/Pol. 65/2014 dated August 22, 2014, NHB has permitted HFCs to create the Deferred Tax Liability over a period of 3 years, in a phased manner in the ratio of 25:25:50. Accordingly, the Corporation had created 50 percent of deferred tax liability of ₹ 1,119.08 crore on the balance of accumulated Special Reserve as on April 1, 2014 by debiting the General Reserve in earlier years. During the year the Corporation has created balance 50 percent of deferred tax liability of ₹ **1,119.08 crore** (Previous Year ₹ 559.54 crore) by debiting the General Reserve [Refer Note 14].

3.3 As per Section 29C of The National Housing Bank Act, 1987 (the “NHB Act”), the Corporation is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Corporation under Section 36(1)(viii) of the Income-tax Act, 1961, is considered to be an eligible transfer. The Corporation has transferred an amount of ₹ **1,247 crore** (Previous Year ₹ 1,095 crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of ₹ **245 crore** (Previous Year ₹ 325 crore) to “Statutory Reserve (As per Section 29C of The NHB Act)”.

Notes forming part of the standalone financial statements (Continued)

3.4 During the year, the Corporation utilised ₹ **573.95 crore** (net of tax effect of ₹ **303.76 crore**) [(Previous Year ₹ 468.29 crore (net of tax effect of ₹ 247.84 crore)] in accordance with Section 52 of the Companies Act, 2013, towards the proportionate premium payable on redemption of Zero Coupon Secured Redeemable Non Convertible Debentures and issue expenses in respect of Rupee Denominated Bonds and Medium Term Note Programme (MTN Programme).

3.5 The Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India was effective from April 1, 2016. On and from that date, all derivative contracts are recognised on the balance sheet and measured at fair value. The fair value changes are recognised in the Statement of Profit and Loss unless hedge accounting is used. Where hedge accounting is used, fair value changes of the derivative contracts are recognised through the Statement of Profit and Loss in the same period as the offsetting losses and gains on the hedged item. As a result of the change, in accordance with the transitional provisions of the Guidance Note, the Corporation has debited an amount of ₹ **241.31 crore** (net of deferred tax of ₹ **127.70 crore**) on account of the cumulative impact of all derivatives contracts outstanding as of April 1, 2016, to the opening reserves. The long term monetary items other than derivatives continue to be amortised, through the Statement of Profit and Loss over the balance period of such long term asset or liability as explained in Note 3.6.

The figures in Notes 3.6, 3.7 and 26.2 are not comparable with those of the previous year due to revision in the accounting policy during the year upon alignment with the accounting recommended in the said Guidance Note.

3.6 Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities. Consequently, an amount of ₹ **171.69 crore** (without considering future tax benefit of ₹ **59.42 crore**) [(Previous Year ₹ 122.07 crore) (without considering future tax benefits of ₹ 42.25 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2017. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 4 years.

3.7 During the year, there was a net addition of ₹ **49.62 crore** (Previous Year net addition ₹ 88.32 crore) in the Foreign Currency Monetary Items Translation Difference Account as under :

₹ in Crore

Particulars	**Current Year**	Previous Year
Adjusted against General Reserve on fair valuation of derivatives as on April 1, 2016	**162.20**	-
Net Revaluation of monetary assets & liabilities	**(351.59)**	(140.32)
Net Debit/(Credit) to the Statement of Profit & Loss on account of repayments during the year	**82.57**	(59.07)
Net amortisation Debit/(Credit) during the year	**57.20**	111.07
Net reduction/(addition) during the year	**(49.62)**	(88.32)

3.8 The Board of Directors have proposed dividend on equity shares at ₹ **15 per share** at their meeting held on May 4, 2017. As per the Companies (Accounting Standard) Amendment Rules, 2016, the dividend will be recorded after the approval in Annual General Meeting.

Notes forming part of the standalone financial statements (Continued)

3.9 The Board of Directors of the Corporation at its meeting held on March 3, 2017, *inter alia*, has approved the payment of an interim dividend of ₹ 3 per equity share of face value of ₹ 2 each of the Corporation, for the financial year 2016-17.

3.10 During the year, the Corporation availed a credit of ₹ **9.98 crore** (for FY 2015-16) [Previous Year ₹ 11.14 crore (for FY 2014-15)], which is adjusted against the dividend tax paid by the subsidiary companies of the Corporation on the dividend paid to the Corporation as per Section 115-O(1A) of the Income Tax Act, 1961.

3.11 In respect of equity shares issued pursuant to Employee Stock Option Schemes between April 1, 2016 and the date of the Annual General Meeting, the Corporation paid dividend of ₹ **3.09 crore** for the year 2015-16 (₹ 2.19 crore for the year 2014-15) and tax on dividend of ₹ **0.63 crore** (Previous Year ₹ 0.45 crore) as approved by the shareholders at the Annual General Meeting held on July 27, 2016.

3.12 The Corporation had on October 5, 2015 issued 3,65,00,000 warrants, convertible into 3,65,00,000 equity share of ₹ 2 each at a conversion price of ₹ 1,475.00 each, simultaneously with the issue of 5,000 secured redeemable non-convertible debentures of face value of ₹ 1,00,00,000 each, to eligible qualified institutional buyers by way of a qualified institutions placement in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and Sections 42 and 71 of the Companies Act, 2013 and the rules made thereunder. An amount of ₹ 51.10 crore was received towards subscription of warrants. The warrants may be converted into equivalent number of shares on payment of the conversion price at any time on or before October 5, 2018. In the event the warrants are not converted into shares within the said period, the Company is eligible to forfeit the amounts received towards the warrants.

4. LONG-TERM BORROWINGS

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Bonds and Debentures [Refer Notes 4.3 & 4.11]	**95,026.36**	63,267.20
Term Loans :		
- Banks [Refer Note 4.11]	**2,432.00**	5,415.69
- External Commercial Borrowing - Low Cost Affordable Housing [Refer Notes 4.5 & 4.11]	**7,619.87**	5,318.40
- Others [Refer Note 4.11]	**4,145.83**	2,104.66
	1,09,224.06	76,105.95
Deposits [Refer Note 4.3]	**40,838.17**	33,186.30
Total	**1,50,062.23**	1,09,292.25

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, 2017	As at March 31, 2016
	Secured : [Refer Note 4.2]		
a)	**Bonds and Debentures**		
	- Bonds	**34.20**	40.50
	- Non Convertible Debentures	**81,192.16**	57,726.70
	Sub-Total	**81,226.36**	57,767.20
b)	**Term Loans from Banks**		
	- Scheduled Banks	**1,432.00**	4,731.81
	Sub-Total	**1,432.00**	4,731.81
c)	**Term Loans from other parties**		
	- Asian Development Bank [Refer Note 4.4]	**260.26**	312.91
	- National Housing Bank	**3,885.57**	1,791.75
	Sub-Total	**4,145.83**	2,104.66
	Total Secured	**86,804.19**	64,603.67
	Unsecured :		
a)	**Bonds and Debentures**		
	- Non-Convertible Subordinated Debentures [Refer Note 4.11]	**5,500.00**	5,500.00
	- Synthetic INR Denominated Bonds	**8,300.00**	-
b)	**Term Loans from Banks**		
	- Scheduled Banks	**1,000.00**	683.88
c)	**External Commercial Borrowing - Low Cost Affordable Housing**	**7,619.87**	5,318.40
d)	**Deposits** [Refer Note 4.9]	**40,838.17**	33,186.30
	Total Unsecured	**63,258.04**	44,688.58
	Total	**1,50,062.23**	1,09,292.25

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

4.3 Non-Convertible Debentures includes ₹ **665.00 crore** (Previous Year ₹ 676.00 crore) and Deposits includes ₹ **2.95 crore** (Previous Year ₹ 0.01 crore) from related parties [Refer Note 35].

4.4 The Corporation has availed a loan of USD 100 million from the Asian Development Bank (Loan II). In respect of tranches 1 and 2 aggregating to USD 60 million, as per the agreements with a scheduled bank, the Corporation has handed over the dollar funds to the bank overseas and has obtained rupee funds in India amounting to ₹ 200 crore by way of a term loan and ₹ 100 crore through the issue of bonds which have been subscribed by the bank.

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

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

Notes forming part of the standalone financial statements (Continued)

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

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

During the Financial year, the Corporation has availed an ECB of **USD 375 million** for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India ("RBI") guidelines dated December 17, 2012. The borrowing has a maturity of five years. In terms of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps.

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

4.6 During the year, the Corporation raised ₹ **5,000 crore** through various issues of Rupee Denominated Bonds to overseas investors under the automatic route in accordance with the external commercial borrowing guidelines issued by the Reserve Bank of India ("RBI"). The Corporation was the first Indian corporate issuer of such bonds.

The Corporation also established a Medium Term Note Programme (MTN Programme) of up to **USD 750 million** so as to enable the Corporation to issue Rupee Denominated debt instruments in the international capital markets, subject to regulatory approvals. Under this programme, the Corporation raised ₹ **3,300 crore** through the issuance of Rupee Denominated Bonds to overseas investors through the approval route.

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

4.7 As on March 31, 2017, the Corporation has foreign currency borrowings of **USD 2,944.46 million equivalent** (Previous Year USD 1,447.36 million equivalent). The Corporation has undertaken currency swaps, options and forward contracts on a notional amount of **USD 2,554.92 million equivalent** (Previous Year USD 1,295.81 million equivalent) to hedge the foreign currency risk. As on March 31, 2017, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD Nil** (Previous Year USD Nil).

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

As a part of asset liability management on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of ₹ **30,655 crore** (Previous Year ₹ 19,935 crore) as on March 31, 2017 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, the Corporation has entered into currency swaps of a notional amount of **USD 49.42 million equivalent** (Previous Year USD 243.11 million equivalent) through which it has converted its rupee liabilities into foreign currency liabilities and the interest rate is linked to the benchmarks of respective currencies.

Notes forming part of the standalone financial statements (Continued)

4.8 Monetary assets and liabilities denominated in foreign currencies are revalued at the rate of exchange prevailing at the year end.

For forward contracts or instruments that are in substance, forward exchange contracts, the exchange differences on such contracts are being amortised over the life of contracts. The amount of exchange difference in respect of such contracts to be recognised as expense in the Statement of Profit and Loss over subsequent accounting periods is ₹ **270.58 crore** (Previous Year ₹ 84.98 crore).

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

4.10 As at March 31, 2017, the Corporation's outstanding subordinated debt is ₹ **5,500 crore** (Previous Year ₹ 5,975 crore). These debentures are subordinated to present and future senior indebtedness of the Corporation and qualify as Tier II capital under National Housing Bank (NHB) guidelines for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2017, **83.64%** (Previous Year 85.36%) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.

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

A) BONDS AND DEBENTURES

Previous Year figures are in (brackets)
₹ in Crore

Bonds and Debentures - Secured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
7.4% - 8%		**18,866.00** *(500.00)*	**-** -	**3,000.82** -	**21,866.82** *(500.00)*
8.01% - 10%		**29,263.84** *(25,515.70)*	**13,201.53** *(13,536.00)*	**7,390.38** *(8,895.00)*	**49,855.75** *(47,946.70)*
10.01% - 11.95%		**4,215.28** *(5,320.00)*	**-** -	**-** -	**4,215.28** *(5,320.00)*
Zero Coupon		**5,254.31** *(1,960.00)*	**-** *(2,000.00)*	**-** -	**5,254.31** *(3,960.00)*
Variable Rate - Linked to G Sec		**14.10** *(13.15)*	**15.90** *(14.95)*	**4.20** *(12.40)*	**34.20** *(40.50)*
Total Secured	**A** *A*	**57,613.53** *(33,308.85)*	**13,217.43** *(15,550.95)*	**10,395.40** *(8,907.40)*	**81,226.36** *(57,767.20)*
Bonds and Debentures - Unsecured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
Non Convertible Subordinated Debentures					
8.65% - 9.6%		**500.00** -	**2,000.00** *(1,500.00)*	**3,000.00** *(4,000.00)*	**5,500.00** *(5,500.00)*
Synthetic INR Denominated Bonds					
6.87% - 7.88%		**5,000.00** -	**3,300.00** -	**-** -	**8,300.00** -
Total Unsecured	**B** *B*	**5,500.00** -	**5,300.00** *(1,500.00)*	**3,000.00** *(4,000.00)*	**13,800.00** *(5,500.00)*
Total (Secured and Unsecured)	**A+B** *A+B*	**63,113.53** *(33,308.85)*	**18,517.43** *(17,050.95)*	**13,395.40** *(12,907.40)*	**95,026.36** *(63,267.20)*

Notes forming part of the standalone financial statements (Continued)

B) TERM LOANS FROM BANKS

Previous Year figures are in (brackets)
₹ in Crore

Term Loans from Banks - Secured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
Term Loans from Scheduled Banks - Rupee					
8% - 9%		**132.00** *(32.00)*	**1,000.00** -	**300.00** *(300.00)*	**1,432.00** *(332.00)*
9.01% - 9.5%		- *(2,900.00)*	- *(100.00)*	- *(1,000.00)*	- *(4,000.00)*
Term Loans from Scheduled Banks-Foreign Currency					
USD LIBOR +150 - 200 bps		- *(399.81)*	- -	- -	- *(399.81)*
Total Secured	**A** *A*	**132.00** *(3,331.81)*	**1,000.00** *(100.00)*	**300.00** *(1,300.00)*	**1,432.00** *(4,731.81)*
Term Loans from Banks - Unsecured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
Term Loans from Scheduled Banks - Rupee					
7.60% - 9.25%		- *(285.00)*	**1,000.00** -	- -	**1,000.00** *(285.00)*
Term Loans from Scheduled Banks - Foreign Currency					
USD LIBOR + 200 - 325 bps		- *(398.88)*	- -	- -	- *(398.88)*
Total Unsecured	**B** *B*	- *(683.88)*	**1,000.00** -	- -	**1,000.00** *(683.88)*
Total (Secured and Unsecured)	**A+B** *A+B*	**132.00** *(4,015.69)*	**2,000.00** *(100.00)*	**300.00** *(1,300.00)*	**2,432.00** *(5,415.69)*

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

Previous Year figures are in (brackets)
₹ in Crore

Maturities -	**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest				
USD LIBOR + 107 - 175 bps	**1,945.50** *(1,994.40)*	- -	- -	**1,945.50** *(1,994.40)*
USD LIBOR + 120 bps	- -	**3,242.50** *(3,324.00)*	- -	**3,242.50** *(3,324.00)*
USD LIBOR + 126 bps	- -	**2,431.87** -	- -	**2,431.87** -
Total Unsecured	**1,945.50** *(1,994.40)*	**5,674.37** *(3,324.00)*	- -	**7,619.87** *(5,318.40)*

Notes forming part of the standalone financial statements (Continued)

D) TERM LOANS FROM OTHER PARTIES - SECURED

Previous Year figures are in (brackets)

₹ in Crore

Maturities -	1-3 years	3-5 years	> 5 years	TOTAL
Rates of Interest				
Asian Development Bank				
USD LIBOR + 40 bps	**54.55**	**61.68**	**16.65**	**132.88**
	(52.59)	*(59.46)*	*(49.65)*	*(161.70)*
Variable linked to Bank PLR	**28.04**	**31.71**	**8.55**	**68.30**
	(26.37)	*(29.82)*	*(24.89)*	*(81.08)*
Variable linked to G Sec	**24.25**	**27.43**	**7.40**	**59.08**
	(22.81)	*(25.79)*	*(21.53)*	*(70.13)*
National Housing Bank				
6% - 8%	**1,687.72**	**1,260.95**	**250.17**	**3,198.84**
	(180.43)	*(77.73)*	*(108.05)*	*(366.21)*
8.01% - 10%	**663.92**	**22.81**	**-**	**686.73**
	(1,334.32)	*(91.22)*	-	*(1,425.54)*
Total Secured	**2,458.48**	**1,404.58**	**282.77**	**4,145.83**
	(1,616.52)	*(284.02)*	*(204.12)*	*(2,104.66)*

5. OTHER LONG-TERM LIABILITIES

₹ in Crore

Particulars	March 31, 2017	March 31, 2016
Interest accrued but not due on borrowings	**1,443.52**	974.58
Premium payable on redemption of Debentures	**690.25**	557.38
Security and other deposits received	**6.11**	6.63
Income received in advance	**45.18**	66.47
Others	**20.20**	8.33
Total	**2,205.26**	1,613.39

6. LONG-TERM PROVISIONS

₹ in Crore

Particulars	March 31, 2017	March 31, 2016
Provision for Employee Benefits [Refer Note 27.3]	**60.10**	49.87
Provisions and Contingencies [Refer Notes 6.1 & 6.2]	**2,276.07**	2,077.47
Total	**2,336.17**	2,127.34

Notes forming part of the standalone financial statements (Continued)

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

Accordingly, the Corporation is required to carry a minimum provision of ₹ **1,604.92 crore** (Previous Year ₹ 1,341.03 crore) towards standard assets.

6.2 Movement in Provisions and Contingencies Account during the year is as under: [Refer Note 31.1]

₹ in Crore

Particulars	Current Year	Previous Year
Opening Balance	**2,077.47**	1,501.44
Additions during the year (Net)	**527.29**	629.58
Utilised during the year – towards Diminution in Value of Investments	**(291.43)**	(17.02)
Utilised during the year - towards loans written off	**(37.26)**	(36.53)
Closing Balance	**2,276.07**	2,077.47

7. SHORT-TERM BORROWINGS

₹ in Crore

Particulars	March 31, 2017	March 31, 2016
Loans repayable on demand:		
Deposits - Unsecured [Refer Notes 7.2 & 4.9]	**2,687.05**	3,786.19
Other loans and advances:		
Scheduled Banks - Secured [Refer Note 7.1]	**2,000.00**	10,800.00
Scheduled Banks - Unsecured	-	1,190.00
Commercial Papers - Unsecured [Refer Note 7.3]	**37,443.28**	25,726.49
	39,443.28	37,716.49
Total	**42,130.33**	41,502.68

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

7.2 Deposits includes ₹ **15.40 crore** (Previous Year ₹ 0.50 crore) from related parties [Refer Note 35].

7.3 Commercial papers of the Corporation have a maturity value of ₹ **38,380 crore** (Previous Year ₹ 26,650 crore). Yield on commercial paper varies between **6.50% to 9.20%** (Previous Year 7.38% to 9.50%).

Notes forming part of the standalone financial statements (Continued)

8. TRADE PAYABLES

₹ in Crore

Particulars	March 31, 2017	March 31, 2016
Trade Payables	**147.71**	122.92
Total	**147.71**	122.92

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

₹ in Crore

Particulars	Current Year	Previous Year
a) Amount outstanding but not due as at year end	-	-
b) Amount due but unpaid as at the year end	**0.18**	0.15
c) Amount paid after appointed date during the year	-	-
d) Amount of interest accrued and unpaid as at year end	-	-
e) The amount of further interest due and payable even in the succeeding year	-	-
	0.18	0.15

8.2 As required under Section 125 of the Companies Act, 2013, the Corporation has transferred ₹ **2.16 crore** (Previous Year ₹ 2.22 crore) to the Investor Education and Protection Fund (IEPF) during the year. As of March 31, 2017, no amount was due for transfer to the IEPF.

8.3 Trade Payables includes ₹ **34.98 crore** (Previous Year ₹ 25.19 crore) due to related parties [Refer Note 35].

9. OTHER CURRENT LIABILITIES

₹ in Crore

Particulars	March 31, 2017	March 31, 2016
Current maturities of long-term borrowings	**87,539.59**	86,968.01
Interest accrued but not due on borrowings	**6,359.50**	5,553.58
Premium payable on redemption of Debentures	**380.06**	1,349.77
Interest accrued and due on matured deposits	**107.20**	74.35
Income and other amounts received in advance	**370.96**	339.77
Unclaimed dividend	**24.74**	19.48
Interim Dividend Payable	-	473.95
Unclaimed matured deposits	**801.39**	554.09
Payable against Derivatives	**866.99**	-
Other payables		
- Statutory Remittances	**174.88**	148.59
- Financial Assistance received from Kreditanstalt für Wiederaufbau	**7.78**	7.78
- Amounts payable - Securitised Loans	**574.60**	580.87
- Amounts payable on swaps	-	211.79
- Others	**58.17**	75.66
	9,726.27	9,389.68
Total	**97,265.86**	96,357.69

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, 2017	March 31, 2016
	Secured [Refer Notes 9.2 & 9.3]		
(i)	**Bonds and Debentures**		
	- Bonds	**6.30**	6.00
	- Non Convertible Debentures	**24,213.86**	31,370.00
(ii)	**Term Loans from Banks**		
	- Scheduled Banks	**16,586.11**	15,524.59
(iii)	**Term Loans from other parties**		
	- Asian Development Bank	**48.69**	46.38
	- National Housing Bank	**1,201.05**	750.25
	Total Secured	**42,056.01**	47,697.22
	Unsecured		
(i)	**Bonds and Debentures**	**-**	475.00
(ii)	**Term Loans from Banks**		
	- Scheduled Banks	**3,235.95**	1,649.13
(iii)	**Term Loans from other parties**		
	- Under a line from Kreditanstalt für Wiederaufbau	**-**	3.00
(iv)	**Deposits** [Refer Notes 4.9 & 9.3]	**42,247.63**	37,143.66
	Total Unsecured	**45,483.58**	39,270.79
	Total (Secured and Unsecured)	**87,539.59**	86,968.01

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

9.3 Current maturities of Non-Convertible Debentures includes ₹ **592.00 crore** (Previous Year ₹ 141.00 crore) and Deposits includes ₹ **0.01 crore** (Previous Year ₹ 2.48 crore) from related parties [Refer Note 35].

10. SHORT-TERM PROVISIONS

₹ in Crore

Particulars	March 31, 2017	March 31, 2016
Provision for Employee benefits [Refer Note 27.3]	**116.91**	113.09
Provision for Tax (Net of Advance Tax)	**59.46**	61.94
Proposed Dividend	**-**	2,211.78
Additional Tax on Dividend	**-**	450.27
Total	**176.37**	2,837.08

Notes forming part of the standalone financial statements (Continued)

11. TANGIBLE ASSETS

Previous Year figures are in (brackets)

₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2016	Additions	Adjustment	Deductions	As at March 31, 2017	As at March 31, 2016	For the Year	Adjustment	Deductions	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Land :												
Freehold	15.67	-	-	-	15.67	-	-	-	-	-	15.67	15.67
	(15.70)	-	-	(0.03)	(15.67)	-	-	-	-	-	(15.67)	(15.70)
Leasehold	370.25	-	-	-	370.25	11.82	8.88	-	-	20.70	349.55	358.43
	(370.25)	-	-	-	(370.25)	(2.94)	(8.88)	-	-	(11.82)	(358.43)	(367.31)
Buildings :												
Own Use	240.10	0.18	-	0.29	239.99	43.97	4.58	-	0.07	48.48	191.51	196.13
	(228.16)	(9.90)	(2.51)	(0.47)	(240.10)	(39.35)	(4.34)	(0.41)	(0.13)	(43.97)	(196.13)	(188.81)
Leasehold Improvements	60.16	5.35	-	0.21	65.30	40.26	13.29	-	0.21	53.34	11.96	19.90
	(55.96)	(4.62)	-	(0.42)	(60.16)	(27.76)	(12.91)	-	(0.41)	(40.26)	(19.90)	(28.20)
Computer Hardware	78.86	8.20	-	5.05	82.01	61.18	8.84	-	5.05	64.97	17.04	17.68
	(77.89)	(6.90)	-	(5.93)	(78.86)	(58.63)	(8.48)	-	(5.93)	(61.18)	(17.68)	(19.26)
Furniture and Fittings :												
Own Use	63.23	3.44	-	1.71	64.96	40.61	3.92	-	1.61	42.92	22.04	22.62
	(59.27)	(4.63)	-	(0.67)	(63.23)	(37.25)	(3.96)	-	(0.60)	(40.61)	(22.62)	(22.02)
Under Operating Lease	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment etc.:												
Own Use	58.95	5.20	-	1.53	62.62	36.42	4.56	-	1.40	39.58	23.04	22.53
	(56.68)	(3.78)	-	(1.51)	(58.95)	(32.81)	(4.96)	-	(1.35)	(36.42)	(22.53)	(23.87)
Under Operating Lease	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles	14.01	3.15	-	0.78	16.38	6.77	2.74	-	0.53	8.98	7.40	7.24
	(13.18)	(3.37)	-	(2.54)	(14.01)	(6.51)	(2.60)	-	(2.34)	(6.77)	(7.24)	(6.67)
Leased Assets :												
Plant & Machinery*	129.18	-	-	-	129.18	129.18	-	-	-	129.18	-	-
	(129.18)	-	-	-	(129.18)	(129.18)	-	-	-	(129.18)	-	-
Vehicles*	16.37	-	-	-	16.37	16.37	-	-	-	16.37	-	-
	(16.37)	-	-	-	(16.37)	(16.37)	-	-	-	(16.37)	-	-
Total	1,046.78	25.52	-	9.57	1,062.73	386.58	46.81	-	8.87	424.52	638.21	660.20
Previous Year	(1,022.64)	(33.20)	(2.51)	(11.57)	(1,046.78)	(350.80)	(46.13)	(0.41)	(10.76)	(386.58)	(660.20)	(671.84)

*Assets held for disposal

11.1 Depreciation charge for the financial year above, excludes ₹ **6.50 crore** (Previous Year ₹ 5.28 crore) being depreciation charge on investment in Properties.

12. INTANGIBLE ASSETS

Previous Year figures are in (brackets)

₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2016	Additions	Adjustment	Deductions	As at March 31, 2017	As at March 31, 2016	For the Year	Adjustment	Deductions	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Computer Software Licences	17.92	2.45	-	-	20.37	13.59	2.65	-	-	16.24	4.13	4.33
(Acquired)	(15.84)	(2.08)	-	-	(17.92)	(10.72)	(2.87)	-	-	(13.59)	(4.33)	(5.12)
Total	17.92	2.45	-	-	20.37	13.59	2.65	-	-	16.24	4.13	4.33
Previous Year	(15.84)	(2.08)	-	-	(17.92)	(10.72)	(2.87)	-	-	(13.59)	(4.33)	(5.12)

Notes forming part of the standalone financial statements (Continued)

13. NON-CURRENT INVESTMENTS (AT COST)

	As at March 31, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
Trade Investments :		
Equity Shares - Subsidiaries and Associate Companies	**8,223.36**	8,080.01
Preference Shares - Convertible - Subsidiary Company	**67.00**	67.00
Debentures - Convertible - Subsidiary Company	**118.00**	310.18
Venture Funds	**296.24**	121.26
Non Trade Investments :		
Equity Shares	**735.96**	633.12
Preference Shares - Convertible	**-**	0.50
Preference Shares - Cumulative Redeemable	**5.99**	5.99
Debentures and Bonds - Redeemable - for Financing Real Estate Projects	**63.33**	63.33
Debentures and Bonds - Convertible - Others*	**0.00**	0.00
Debentures and Bonds - Redeemable - Others	**25.00**	25.00
Pass Through Certificates and Security Receipts - for Financing Real Estate Projects	**763.91**	35.51
Security Receipts - Others	**12.34**	11.73
Government Securities	**6,277.02**	5,087.40
Mutual Funds	**20.00**	-
Venture Funds	**236.64**	103.22
Properties [Net of Depreciation of ₹ **25.99 crore** (Previous Year ₹ 19.97 crore)	**357.30**	377.42
	17,202.09	14,921.67
Less : Provision for other than temporary Diminution in Value of Investments	**372.15**	83.83
	16,829.94	14,837.84

*Amount less than ₹ 50,000

	Book Value ₹ in Crore	Market Value ₹ in Crore
Aggregate of Quoted Investments	**5,885.70**	**65,836.12**
Previous Year	*5,817.40*	*47,397.58*
Aggregate of Investments listed but not quoted	**6,365.35**	
Previous Year	*5,150.73*	
Aggregate of Investments in Unquoted Mutual Funds (Refer note 2 below)	**20.00**	**20.05**
Previous Year	-	-
Aggregate of Unquoted Investments (Others)	**4,222.09**	
Previous Year	*3,492.29*	
Properties	**336.80**	
Previous Year	*377.42*	
	16,829.94	
Previous Year	*14,837.84*	

Notes forming part of the standalone financial statements (Continued)

Trade Investments :

	Number of Shares	Face Value per Share ₹	**As at March 31, 2017 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2016 ₹ in Crore
Equity Shares - Subsidiaries and Associate Companies (fully paid)						
Subsidiaries						
HDFC Credila Financial Services Private Limited (Erstwhile Credila Financial Services Private Limited)	4,92,72,003	10	**102.97**	4,22,72,003	10	47.97
GRUH Finance Ltd.* (Refer Note 1)	21,30,77,850	2	**60.74**	21,30,77,850	2	60.74
HDFC Asset Management Co. Ltd.	1,50,96,600	10	**235.88**	1,50,96,600	10	235.89
HDFC Developers Ltd.	59,90,000	10	**5.99**	59,90,000	10	5.99
HDFC Education and Development Services Pvt. Ltd.	3,02,00,000	10	**30.20**	3,02,00,000	10	30.20
HDFC ERGO General Insurance Co. Ltd.	30,50,05,688	10	**733.33**	39,66,08,250	10	644.96
HDFC Holdings Ltd.	18,00,070	10	**102.40**	18,00,070	10	102.40
HDFC Investments Ltd.	2,66,70,500	10	**66.14**	2,66,70,500	10	66.15
HDFC Property Ventures Ltd.	10,00,000	10	**1.00**	10,00,000	10	1.00
HDFC Capital Advisors Ltd.	19,97,660	10	**2.00**	19,97,600	10	2.00
HDFC Realty Ltd.	97,50,070	10	**9.31**	97,50,070	10	9.31
HDFC Sales Pvt. Ltd.	40,10,000	10	**4.02**	40,10,000	10	4.02
HDFC Standard Life Insurance Co. Ltd.	122,97,60,125	10	**1,316.56**	122,97,60,125	10	1,316.56
HDFC Trustee Co. Ltd.	1,00,000	10	**0.10**	1,00,000	10	0.10
HDFC Venture Capital Ltd.	4,02,500	10	**0.40**	4,02,500	10	0.40
HDFC Ventures Trustee Co. Ltd.	50,000	10	**0.05**	50,000	10	0.05
			2,671.09			2,527.74
Associate Companies						
HDFC Bank Ltd.*	39,32,11,100	2	**5,549.74**	39,32,11,100	2	5,549.74
True North Ventures Private Limited (Erstwhile India Value Fund Advisors Private Limited)	9,75,002	4	**0.03**	9,75,002	4	0.03
RuralShores Business Services Pvt. Ltd.	4,76,351	10	**2.50**	4,76,351	10	2.50
			5,552.27			5,552.27
			8,223.36			8,080.01
* listed shares						
Preference Shares - Convertible - Subsidiary Company (fully paid)						
0.01% HDFC Credila Financial Services Pvt. Ltd. (Erstwhile Credila Financial Services Private Limited) (Compulsorily Fully Convertible)	6,69,99,956	10	**67.00**	6,69,99,956	10	67.00
			67.00			67.00

Debentures - Convertible - Subsidiary Companies

	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	**As at March 31, 2017 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2016 ₹ in Crore
Debentures - Convertible - Subsidiary Companies - for Financing Real Estate Projects - Redeemable (fully paid)						
6.40% Haddock Properties Pvt. Ltd.			-	6,981	1,00,000	56.39
9.00% Pentagram Properties Pvt. Ltd.			-	5,532	1,00,000	54.47
6.50% Winchester Properties Pvt. Ltd.			-	3,912	1,00,000	39.12
7.70% Windermere Properties Pvt. Ltd.			-	11,520	1,00,000	115.20
			-			265.18

Notes forming part of the standalone financial statements (Continued)

	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	**As at March 31, 2017 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2016 ₹ in Crore
Debentures - Convertible						
- Subsidiary Companies - Zero Coupon						
HDFC Sales Pvt. Ltd.	1,00,00,000	10	**10.00**	1,00,00,000	10	10.00
HDFC Education and Development Services Pvt. Ltd.	4,50,00,000	10	**63.00**	2,50,00,000	10	25.00
HDFC Developers Ltd.	2,50,00,000	10	**25.00**	1,00,00,000	10	10.00
HDFC Realty Limited	2,00,00,000	10	**20.00**			-
			118.00			45.00
			118.00			310.18
Venture Funds						
HDFC Investment Trust			**141.56**			-
HDFC Investment Trust II			**154.68**			121.26
			296.24			121.26

Non-Trade Investments:

	Number of Shares	Face Value per Share ₹	**As at March 31, 2017 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2016 ₹ in Crore
Equity Shares (fully paid)						
Unlisted :						
AEC Cements and Constructions Ltd.	2,80,000	10	**0.28**	2,80,000	10	0.28
Asset Reconstruction Co. (India) Ltd.	75,41,137	10	**46.37**	75,41,137	10	46.37
Computer Age Management Services Pvt. Ltd.	54,06,680	10	**1.51**	54,06,680	10	1.51
Citrus Processing India Pvt. Ltd. (Refer Note 1)	11,51,234	10	**34.09**	11,51,234	10	34.09
Feedback Infra Pvt. Ltd.	7,53,114	10	**24.93**	7,53,114	10	24.93
GMR Chhattisgarh Energy Limited	13,95,60,000	10	**139.56**	-	-	-
GVFL Ltd.	1,50,000	10	**0.27**	1,50,000	10	0.27
Goods & Services Tax Network	10,00,000	10	**1.00**	10,00,000	10	1.00
IDFC Infrastructure Finance Limited (Erstwhile IDFC Infra Debt Fund Ltd.)	6,00,00,000	10	**60.00**	6,00,00,000	10	60.00
Idhasoft Ltd.	4,71,06,525	1	**8.21**	4,71,06,525	1	8.21
Iridium India Telecom Ltd.*	31,75,750	10	**0.00**	31,75,750	10	0.00
INCAB Industries Ltd.	76,188	10	**0.23**	76,188	10	0.23
Infrastructure Development Corporation (Karnataka) Ltd.	1,50,000	10	**0.15**	1,50,000	10	0.15
Infrastructure Leasing & Financial Services Ltd.	1,15,87,194	10	**78.11**	1,15,87,194	10	78.11
IVF Advisors Pvt. Ltd.*	2,000	10	**0.01**	2,000	10	0.01
Kesoram Textile Mills Ltd. (received on demerger in 1999-2000)	22,258	2	**-**	22,258	2	-
MIEL e-Security Pvt. Ltd.	1,11,112	10	**4.11**	1,11,112	10	4.11
National Stock Exchange of India Ltd.	-	-	**-**	73,750	10	21.45
Next Gen Publishing Ltd.	19,35,911	10	**1.70**	19,35,911	10	1.70
Novacel Life Sciences Ltd.	7,50,000	10	**0.75**	7,50,000	10	0.75
OCM Private Ltd. (Erstwhile OCM India Ltd.)	22,56,295	10	**3.41**	22,56,295	10	3.41
Tamil Nadu Urban Infrastructure Financial Services Ltd.	150,000	10	**0.15**	1,50,000	10	0.15
Tamil Nadu Urban Infrastructure Trustee Co. Ltd.	15,000	10	**0.02**	15,000	10	0.02
The Greater Bombay Co-operative Bank Ltd.*	40	25	**0.00**	40	25	0.00
TVS Credit Services Ltd.	50,00,000	10	**10.00**	50,00,000	10	10.00
VBHC Value Homes Private Limited [Erstwhile Value & Budget Housing Corporation (India) Pvt. Ltd.]	1,89,394	10	**6.08**	1,89,394	10	6.08
Vayana Enterprises Pvt. Ltd.	6,87,614	10	**2.29**	687,614	10	2.29
Ziqitza Healthcare Ltd. (Conversion of Preference Shares Into Equity Shares)	2,350	10	**0.50**	-	-	-
			423.73			305.12

Notes forming part of the standalone financial statements (Continued)

	Number of Shares	Face Value per Share ₹	**As at March 31, 2017 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2016 ₹ in Crore
Listed :						
Andhra Cements Ltd.	2,59,57,055	10	**49.82**	2,59,57,055	10	49.82
Bharat Bijlee Ltd.	122,480	10	**2.65**	1,22,480	10	2.65
CL Educate Ltd.* (Refer Note 1)	594,233	10	**35.08**	5,94,233	10	35.08
Coromandel International Limited * (received under Scheme of Arrangement in 2003-04)	269,330	2	**-**	2,69,330	2	-
Hindustan Oil Exploration Co. Ltd.	1,48,26,303	10	**105.50**	1,48,26,303	10	105.50
Indraprastha Medical Corporation Ltd.	61,46,897	10	**26.39**	61,46,897	10	26.39
Infosys Ltd.	85,000	5	**9.32**	85,000	5	9.32
IDFC Limited (Erstwhile Infrastructure Development Finance Company Ltd.)			**-**	3,72,159	10	0.22
IDFC Bank Ltd.	-	-	**-**	19,94,319	10	0.79
Kotak Mahindra Bank Ltd.	-	-	**-**	166,201	5	10.58
RBL Bank Ltd.	88,04,680	10	**58.99**	88,04,680	10	58.99
Siemens Ltd.	76,353	2	**2.70**	76,353	2	2.70
State Bank of India	3,25,000	10	**7.82**	3,25,000	10	7.82
Sun Pharmaceuticals Industries Ltd.	1,60,768	1	**13.96**	1,60,768	1	13.96
Tata Power Company Ltd.			**-**	7,00,000	1	4.18
			312.23			328.00
* Amount less than ₹ 50,000			**735.96**			633.12
Preference Shares - Convertible (fully paid)						
0.02% Ziqitza Healthcare Ltd.* (Compulsorily Fully Convertible Preference Shares)			**-**	2,350	10	0.50
			-			0.50
* Conversion of Preference Shares Into Equity Shares						
Preference Shares - Cumulative Redeemable (fully paid)						
0.001% BPL Ltd.	5,99,014	100	**5.99**	5,99,014	100	5.99
			5.99			5.99

	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	**As at March 31, 2017 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2016 ₹ in Crore
Debentures and Bonds - Redeemable						
- for financing Real Estate Projects (fully paid)						
- Zero Coupon Bonds						
- Listed Unquoted						
NHB Sumeru Zero Coupon Bonds (Refer Note 3) (yield to maturity - 9%)	1,50,000	10,000	**63.33**	1,50,000	10,000	63.33
			63.33			63.33
Debentures and Bonds - Convertible - Others (fully paid)						
17.50% Iridium India Telecom Ltd*	28,750	1,000	**0.00**	28,750	1,000	0.00
* Amount less than ₹ 50,000			**0.00**			0.00
Debentures and Bonds - Redeemable - Others (fully paid)						
- Listed						
10.25% RBL Bank Ltd.	250	10,00,000	**25.00**	250	10,00,000	25.00
			25.00			25.00

Notes forming part of the standalone financial statements (Continued)

	As at March 31, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
Pass Through Certificates & Security Receipts		
- for financing Real Estate Projects		
Pass Through Certificates	**39.23**	15.54
Security Receipts	**724.68**	19.97
	763.91	35.51
- Others		
Security Receipts	**12.34**	11.73
	12.34	11.73
Government Securities		
Government of India Loans	**6,277.02**	5,087.40
	6,277.02	5,087.40
Schemes of Mutual Funds		
HDFC Mutual Fund	**20.00**	-
	20.00	-
Venture Funds		
Faering Capital India Evolving Fund	**39.36**	37.16
HDFC Capital Affordable Real Estate Fund – I	**58.73**	0.59
IDFC Private Equity Fund IV	**7.16**	-
True North Fund (Erstwhile India Value Fund)	**85.45**	48.75
Jhelum Investment Fund	**36.57**	-
Kaizen Domestic Scheme 1	**9.37**	8.92
Tata Capital Growth Fund	**-**	7.80
	236.64	103.22

Notes:

1) Unquoted investments include ₹ **94.09 crore** (Previous Year ₹ 100.17 crore) in respect of equity shares, which are subject to restrictive covenant. Quoted investments include ₹ **35.08 crore** (Previous Year ₹ Nil) in respect of equity shares which are subject to a lock-in period and include ₹ **60.74 crore** (Previous Year ₹ 60.74 crore) in respect of equity shares, which are subject to restrictive covenant.

2) Market value of Investments in Unquoted Mutual Funds represents the repurchase price of the units issued by the Mutual Funds.

3) NHB Sumeru Zero Coupon Bonds are held as Capital Assets under Section 2(48) of the Income Tax Act, 1961.

14. DEFERRED TAX ASSET/LIABILITY

In compliance with the Accounting Standard (AS 22) relating to 'Accounting for Taxes on Income', the Corporation has taken debit of ₹ **495.00 crore** (Previous Year ₹ 142.00 crore) in the Statement of Profit and Loss for the year ended March 31, 2017 towards deferred tax liability (net) for the year, arising on account of timing differences, ₹ **1,119.08 crore** (Previous Year ₹ 559.54 crore) has been adjusted against the General Reserve (as per Note 3.2).

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	-	**54.75**	-	58.92
b) Special Reserve I & II	-	**3,413.45**	-	1,862.81
c) Provisions and Contingencies	**1,120.39**	-	959.04	-
d) Provision for Employee Benefits	**53.85**	-	47.80	-
e) Others (net)	-	**94.62**	12.68	-
Total	**1,174.24**	**3,562.82**	1,019.52	1,921.73
Net Deferred Tax Liability	**2,388.58**		902.21	

15. LONG-TERM LOANS AND ADVANCES

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Loans: [Refer Notes 15.3, 15.4 & 15.5]		
- Individuals	**1,91,833.93**	1,69,017.37
- Corporate Bodies	**69,189.92**	61,071.84
- Others	**3,655.58**	3,347.49
	2,64,679.43	2,33,436.70
Less: Provision for Sub-Standard and Doubtful loans [Refer Note 15.6]	**(738.01)**	(566.16)
(A)	**2,63,941.42**	2,32,870.54
Others:		
Corporate Deposits	**2,958.88**	5.80
Capital Advances - Unsecured; considered good	**16.39**	9.94
Advance against Investment in Properties	**113.18**	-
Security Deposits - Unsecured; considered good	**24.17**	19.47
Instalments due from borrowers - Secured; Considered doubtful	**130.61**	108.84
Others - Unsecured; Considered doubtful	**49.71**	49.71
Other Long-term Loans and Advances:		
- Staff Loans Others - Secured; considered good [Refer Note 15.1]	**18.47**	18.14
- Prepaid Expenses - Unsecured; considered good	**173.00**	111.97
- Advance Tax (Net of Provision)	**3,121.01**	2,396.57
	6,605.42	2,720.44
Less : Provision for Doubtful Corporate Deposit & Other Receivables [Refer Note 31.1]	**(52.57)**	(51.71)
(B)	**6,552.85**	2,668.73
Total (A) + (B)	**2,70,494.27**	2,35,539.27

15.1 Loans include amounts due from the directors ₹ **0.05 crore** (Previous Year ₹ 0.06 crore) [Refer Note 35].

15.2 Investments in Debentures, Pass Through Certificates, Security Receipts and Corporate Deposits amounting to ₹ **3,777.24 crore** (Previous Year ₹ 364.02 crore) are towards financing Real Estate Projects. The Debentures, Pass Through Certificates and Security Receipts are reflected as a part of Long-Term Investment in Note 13.

Notes forming part of the standalone financial statements (Continued)

15.3 Loans granted by the Corporation aggregating to ₹ **2,63,167.07 crore** (Previous Year ₹ 2,33,106.17 crore) and Corporate Deposits aggregating to ₹ **2,957.08 crore** (Previous Year ₹ 3.80 crore) are secured or partly secured by one or a combination of the following securities;

(a) Registered / equitable mortgage of property;

(b) Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies;

(c) Hypothecation of assets;

(d) Bank guarantees, company guarantees or personal guarantees;

(e) Negative lien;

(f) Assignment of receivables;

(g) Liquidity Support, Collateral's [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit]

15.4 Loans include ₹ **95.73 crore** (Previous Year ₹ 75.77 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

15.5 Long-term loans and advances includes Sub-Standard and Doubtful Loans of ₹ **2,377.69 crore** (Previous Year ₹ 1,832.75 crore).

15.6 Movement in Provision for Sub-Standard and Doubtful Loans is as under: [Refer Note 31.1]

₹ in Crore

Particulars	**Current Year**	Previous Year
Opening Balance	**566.16**	480.74
Additions/(Reversal) during the year (Net)	**171.85**	85.42
Closing Balance	**738.01**	566.16

16. OTHER NON-CURRENT ASSETS

₹ in Crore

Particulars	**As at March 31, 2017**	As at March 31, 2016
Receivables on Securitised Loans	**417.58**	371.18
Forward Receivable	**-**	83.69
Amounts Receivable on swaps and other derivatives	**422.72**	87.22
Receivable against Derivative	**118.78**	-
Interest accrued but not due on Loans	**239.85**	80.34
Interest accrued but not due on Bank Deposits	**1.57**	0.72
Income accrued but not due on Investments	**62.96**	52.54
Bank Deposits with maturities beyond twelve months from the Balance Sheet date [Refer Note 16.1]	**142.88**	171.84
Total	**1,406.34**	847.53

16.1 Bank deposits, with maturities beyond twelve months from the balance sheet date, includes earmarked balances ₹ **132.88 crore** (Previous Year ₹ 161.70 crore) against foreign currency loans [Refer Note 4.4] and ₹ **Nil** (Previous Year ₹ 0.14 crore) towards letter of credit issued by Bank.

Notes forming part of the standalone financial statements (Continued)

17. CURRENT INVESTMENTS

	As at March 31, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
Held as current Investments		
(At lower of cost and fair value unless stated otherwise)		
Trade		
Equity Shares - Subsidiary Companies	**108.67**	108.67
Debentures - Convertible - Subsidiary Companies	**265.18**	-
[for Financing Real Estate Projects - Redeemable (Refer Note 20.5)]		
Venture Funds	**-**	176.35
Non Trade		
Equity Shares - Unlisted	**21.44**	-
Current portion of Long-term Investments (at cost)		
Pass Through Certificates & Security Receipts	**3.23**	6.05
Government Securities	**134.46**	172.13
Mutual Funds	**3,000.00**	10.00
Venture Funds & Other Funds	**57.09**	41.19
	3,590.07	514.39
Less : Provision for Diminution in Value of Investments	**9.91**	6.80
	3,580.16	507.59

	Book Value ₹ in Crore	Market Value ₹ in Crore
Aggregate of Quoted Investments	**-**	-
Previous Year	*-*	*-*
Aggregate of Investments listed but not quoted	**134.46**	
Previous Year	*172.13*	
Aggregate of Investments in Unquoted Mutual Funds (Refer note 2 below)	**3,000.00**	3,000.92
Previous Year	*10.00*	*10.35*
Aggregate of Unquoted Investments (Others)	**445.70**	
Previous Year	*325.46*	
	3,580.16	
Previous Year	*507.59*	

	Number of Shares	Face Value per share ₹	As at March 31, 2017 ₹ in Crore	Number of Shares	Face Value per share ₹	As at March 31, 2016 ₹ in Crore
Held as Current Investments						
Trade Investments :						
Equity Shares - Subsidiary Companies (fully paid)* (Refer Note 1)						
Grandeur Properties Pvt. Ltd.	10,000	10	**49.80**	10,000	10	49.80
Windermere Properties Pvt. Ltd.	10,000	10	**56.68**	10,000	10	56.68
Winchester Properties Pvt. Ltd.	10,000	10	**2.19**	10,000	10	2.19
Pentagram Properties Pvt. Ltd.	10,000	10	-	10,000	10	-
Haddock Properties Pvt. Ltd.	10,000	10	-	10,000	10	-
			108.67			108.67

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, 2017 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2016 ₹ in Crore
6.40% Haddock Properties Pvt. Ltd.	6,981	1,00,000	**56.39**	-	-	-
9.00% Pentagram Properties Pvt. Ltd.	5,532	1,00,000	**54.47**	-	-	-
6.50% Winchester Properties Pvt. Ltd.	3,912	1,00,000	**39.12**	-	-	-
7.70% Windermere Properties Pvt. Ltd.	11,520	1,00,000	**115.20**	-	-	-
			265.18			-

* received as in-specie distribution

Non-Trade Investments:	Number of Shares	Face Value per share ₹	**As at March 31, 2017 ₹ in Crore**	Number of Shares	Face Value per share ₹	As at March 31, 2016 ₹ in Crore
Equity Shares - Unlisted						
National Stock Exchange of India Ltd.	8,11,250	1	**21.44**	-	-	-
			21.44			-

	As at March 31, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
Current portion of Long Term Investments		
Pass Through Certificates & Security Receipts		
Security Receipts	**3.23**	6.05
	3.23	6.05
Government Securities		
Government of India Loans	**134.46**	172.13
	134.46	172.13
Schemes of Mutual Funds		
Liquid funds	**3,000.00**	-
HDFC Mutual Fund	**-**	10.00
	3,000.00	10.00
Venture Funds and Other Funds		
Gaja Capital India Fund - I	**6.05**	7.15
HDFC India Real Estate Fund (HI-REF)	**8.89**	9.24
Tamil Nadu Urban Development Fund	**16.72**	16.72
Tata Capital Growth Fund I	**6.47**	-
India Venture Trust - Fund 1	**4.18**	5.00
True North Fund (Erstwhile India Value Fund)	**14.78**	3.08
	57.09	41.19

Notes:

1 The Board of Directors of the Corporation at its meeting held on July 27, 2016, approved the composite scheme of amalgamation for the merger of 5 wholly owned subsidiaries viz., Grandeur Properties Private Limited; Winchester Properties Private Limited; Windermere Properties Private Limited; Pentagram Properties Private Limited; and Haddock Properties Private Limited with the Corporation. The scheme of arrangement is awaiting approval of the National Company Law Tribunal.

Notes forming part of the standalone financial statements (Continued)

18. TRADE RECEIVABLES

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Trade Receivables - Unsecured; Considered Good, less than six months	**109.48**	144.66
Total	**109.48**	144.66

18.1 Trade Receivables includes amounts due from the related parties ₹ **57.73 crore** (Previous Year ₹ 139.20 crore) [Refer Note 35].

19. CASH AND BANK BALANCES

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Cash and cash equivalents		
(i) Balances with banks:		
In Current Accounts	**108.59**	2,582.98
In Deposit accounts with original maturity of 3 months or less	**4,000.00**	0.00
(ii) Cash on hand	**0.47**	0.39
(iii) Cheques on hand	**99.84**	54.73
	4,208.90	2,638.10
(b) Other Bank balances		
(i) In other Deposit accounts		
- original Maturity more than 3 months	**2,060.00**	2,165.10
(ii) Earmarked balance with banks		
- Unclaimed Dividend Account	**24.74**	493.44
- Towards Guarantees Issued by Banks	**0.30**	0.06
- Other - Against Foreign Currency Loans [Refer Note 4.4]	**24.86**	23.97
	2,109.90	2,682.57
Total	**6,318.80**	5,320.67

20. SHORT-TERM LOANS AND ADVANCES

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Loans: [Refer Note 20.1]		
Current maturities of long-term loans and advances	**28,282.41**	23,577.61
Corporate Bodies	**3,510.00**	2,210.09
	31,792.41	25,787.70
Others:		
Current maturities of Staff Loans - others - Secured; Considered good [Refer Note 20.6]	**5.10**	4.81
Corporate Deposits [Refer Notes 20.2, 20.3 & 20.5]	**2,807.80**	1,353.86
Instalments due from borrowers - Secured; Considered good	**1,039.65**	987.55
Other Advances - Unsecured; Considered good [Refer Note 20.4]	**32.86**	31.80
Prepaid Expenses - Unsecured; Considered good	**129.83**	139.55
Security Deposits - Unsecured; Considered good	**6.08**	8.47
Sub-Total	**4,021.32**	2,526.04
Total	**35,813.73**	28,313.74

Notes forming part of the standalone financial statements (Continued)

20.1 Loans granted by the Corporation, aggregating ₹ **29,357.81 crore** (Previous Year ₹ 21,225.01 crore) are secured and considered good [Refer Note 15.3].

20.2 Out of the Corporate Deposits, amounts aggregating to ₹ **2,134.50 crore** (Previous Year ₹ 522.87 crore) are secured and considered good [Refer Note 15.3].

20.3 Corporate Deposits includes amounts due from the related parties ₹ **13.30 crore** (Previous Year ₹ 14.08 crore) [Refer Note 35].

20.4 Other Advances includes amounts due from the related parties ₹ **9.52 crore** (Previous Year ₹ 10.53 crore) [Refer Note 35].

20.5 Investments in Debentures and Corporate Deposits amounting to ₹ **817.68 crore** (Previous Year ₹ 905.59 crore) are towards financing Real Estate Projects. The Debentures are classified as investments in Note 17.

20.6 Current maturities of staff loans includes amounts due from the directors ₹ **0.01 crore** (Previous Year ₹ 0.01 crore) [Refer Note 35].

21. OTHER CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Interest accrued on interest rate swaps	**556.88**	-
Receivables on Securitised Loans	**91.62**	68.27
Receivables on Sale of Investments	-	1,705.62
Interest accrued but not due on Loans	**309.82**	583.02
Interest accrued and due on Loans	**1.52**	0.01
Income accrued but not due on Investments	**102.97**	137.13
Interest accrued but not due on Corporate Deposits	**100.02**	205.64
Interest accrued and due on Corporate Deposits	-	1.10
Total	**1,162.83**	2,700.79

21.1 Receivables on Sale of Investments in the previous year represents amount receivable on sale of shares of HDFC Standard Life Insurance Company Limited.

22. CONTINGENT LIABILITIES AND COMMITMENTS

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

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

a) Contingent liability in respect of income-tax demands, net of amounts provided for and disputed by the Corporation, amounts to ₹ **1,241.88 crore** (Previous Year ₹ 1,290.84 crore). The said amount has been paid/ adjusted and will be received as refund if the matters are decided in favour of the Corporation.

Notes forming part of the standalone financial statements (Continued)

b) Contingent liability in respect of disputed dues towards wealth tax, interest on lease tax, and payment towards employers' contribution to ESIC not provided for by the Corporation amounts to ₹ **0.15 crore** (Previous Year ₹ 0.15 crore).

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

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

22.2 Contingent liability in respect of guarantees and undertakings comprise of the following;

a) Guarantees ₹ **628.09 crore** (Previous Year ₹ 500.32 crore).

b) Corporate undertakings for securitisation of receivables aggregated to ₹ **1,838.21 crore** (Previous Year ₹ 1,889.83 crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

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

22.3 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **580.63 crore** (Previous Year ₹ 652.74 crore).

23. REVENUE FROM OPERATIONS

₹ in Crore

Particulars	Current Year	Previous Year
Interest Income :		
- Interest on Loans	**29,402.04**	26,799.90
- Other Interest [Refer Note 23.1]	**1,003.47**	961.26
- Net Gain on foreign currency transactions and translation	**0.28**	0.86
Income from Leases	**5.33**	6.31
Dividends [Refer Note 23.2]	**909.06**	806.88
Surplus from deployment in Cash Management Schemes of Mutual Funds [Refer Note 23.3]	**444.64**	307.87
Fees and Other Charges [Refer Note 23.4]	**346.24**	374.23
Total	**32,111.06**	29,257.31

23.1 a) Other Interest includes interest on investments amounting to ₹ **500.74 crore** (Previous Year ₹ 389.96 crore), including ₹ **31.32 crore** (Previous Year ₹ 21.95 crore) in respect of investments classified as current investments.

b) Other Interest includes interest on income tax refund ₹ **32.59 crore** (Previous Year ₹ Nil).

23.2 Dividend income includes ₹ **524.93 crore** (Previous Year ₹ 477.22 crore) received from subsidiary companies which have been classified as Long-Term Investments [Refer Note 35].

23.3 Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ **444.64 crore** (Previous Year ₹ 307.87 crore) is in respect of investments held as current investments.

23.4 Fees and Other Charges is net of amounts incurred towards Commission to Direct Selling Agents ₹ **502.38 crore** (Previous Year ₹ 442.16 crore).

Notes forming part of the standalone financial statements (Continued)

23.5 Earnings in foreign currency:

₹ in Crore

Particulars	Current year	Previous Year
Interest on Bank Deposits	**3.53**	2.72
Consultancy and other fees	**2.58**	4.78

23.6 Fees and Other Charges includes brokerage of ₹ **0.07 crore** (Previous Year ₹ 0.05 crore) received in respect of insurance/agency business undertaken by the Corporation.

24. Profit on sale of investments includes profit of ₹ **919.90 crore** on account of sale of equity shares of HDFC ERGO General Insurance Company Ltd. (Subsidiary Company) [Previous Year ₹ 1,513.41 crore on account of sale of equity shares of HDFC Standard Life Insurance Company Ltd. (Subsidiary Company)].

25. Other Income includes rent of ₹ **26.73 crore** (Previous Year ₹ 26.51 crore).

25.1 In accordance with the Accounting Standard (AS) 19 on 'Leases', the following disclosures in respect of Operating Leases are made:

Income from Leases includes ₹ **7.47 crore** (Previous Year ₹ 4.83 crore) in respect of properties and certain assets leased out by the Corporation under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payments are as follows:

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	**4.06**	4.16
Later than one year but not later than five years	**0.29**	1.15
Later than five years	**-**	-

26. FINANCE COST

₹ in Crore

Particulars	Current Year	Previous Year
Interest		
- Loans	**2,475.09**	2,190.03
- Deposits	**7,285.30**	6,665.38
- Bonds and Debentures [Refer Note 26.1]	**8,701.26**	7,749.72
- Commercial Paper	**2,254.86**	2,578.36
	20,716.51	19,183.49
Net (Gain) / Loss on foreign currency transactions and translation [Refer Note 26.2]	**30.87**	52.86
Other charges [Refer Note 26.3]	**148.82**	138.16
Total	**20,896.20**	19,374.51

26.1 Interest on Bonds and Debenture above includes a net gain of ₹ **20.59 crore** (Previous Year ₹ Nil) being net gain on derivative valuation of INR derivatives and the underlying hedging instrument as shown below:

₹ in Crore

Particulars	Current Year	Previous Year
Realised (Gain) / Loss	**0.41**	N.A.
Derivative valuations	**(21.00)**	N.A.
Net (Gain)/Loss recognised in statement of Profit and Loss	**(20.59)**	

Notes forming part of the standalone financial statements (Continued)

26.2 A net loss of ₹ **30.59 crore** (Previous Year loss of ₹ 52.00 crore) has been recognised in the Statement of Profit and Loss being net loss on transaction and translation of foreign currency monetary items and derivative valuations as shown below:

₹ in Crore

Particulars	Current Year	Previous Year
Exchange (Gain)/Loss on Translation		
- Foreign Currency Denominated Assets & Foreign Currency Borrowings	**62.85**	2.81
- Cross Currency Interest Rate Swaps	**-**	108.26
Net Exchange (Gain)/Loss on Translation	**62.85**	111.07
Realised (Gain)/Loss	**36.17**	(58.21)
Derivative accounting impact	**(68.15)**	-
Net (Gain)/Loss on foreign currency transaction and translation recognised in finance cost	**30.87**	52.86
Realised (Gain)/Loss recognised in Revenue from operations	**(0.28)**	(0.86)
Net (Gain)/Loss recognised in statement of Profit and Loss	**30.59**	52.00

26.3 Other Charges includes exchange loss ₹ **0.35 crore** (Previous Year is net of exchange gain of ₹ 0.13 crore).

26.4 Expenditure in foreign currency :

₹ in Crore

Particulars	Current year	Previous Year
Interest and Other Charges on Loans	**426.81**	125.08
Others	**15.55**	20.59

a) The above amounts are net of tax deducted at source.

b) The above expenses include ₹ **15.06 crore** (Previous Year - ₹ Nil) debited to Securities Premium, being expenses incurred in respect of issuance of Synthetic INR Denominated Bonds.

27. EMPLOYEE BENEFIT EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Salaries and Bonus	**315.39**	274.11
Contribution to Provident Fund and Other Funds	**54.93**	58.35
Staff Training and Welfare Expenses	**18.48**	16.63
Total	**388.80**	349.09

27.1 Salaries and Bonus include provisions made in respect of accumulated leave salary and leave travel assistance which is in the nature of Long-Term Employee Benefits and has been actuarially determined as per the Accounting Standard (AS) 15 on Employee Benefits.

27.2 Expenditure shown in Note 27 is net of recovery from subsidiary companies in respect of Salaries ₹ **4.11 crore** (Previous Year ₹ 4.14 crore).

27.3 **Employee Benefits**

(a) **Defined contribution plans**

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a trust by the Company. The Company is liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employees' Provident Fund Scheme, 1952 and recognises such deficiency as an expense in the year it is determined.

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 ₹ **334.12 crore** and ₹ **332.90 crore** respectively (Previous Year ₹ 287.31 crore and ₹ 286.17 crore respectively). In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.65%. The actuarial assumptions include discount rate of **7.27%** (Previous Year 7.86%) and an average expected future period of **13.27 years** (Previous Year 13 years).

The Company recognised ₹ **15.90 crore** (Previous Year ₹ 13.73 crore) for provident fund contributions and ₹ **12.88 crore** (Previous Year ₹ 12.16 crore) for superannuation contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(b) Defined benefit plans

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

₹ in Crore

Particulars	Current Year	Previous Year
Change in the Benefit Obligations:		
Liability at the beginning of the year	**210.66**	180.38
Current Service Cost	**8.73**	6.59
Interest Cost	**16.56**	14.35
Benefits Paid	**(10.85)**	(11.16)
Actuarial loss	**12.02**	20.50
Liability at the end of the year *	**237.12**	210.66
*The Liability at the end of the year ₹ **237.12 crore** (Previous Year ₹ 210.66 crore) includes ₹ **53.07 crore** (Previous Year ₹ 46.90 crore) in respect of an un-funded plan.		
Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	**160.31**	130.47
Expected Return on Plan Assets	**12.60**	10.39
Contributions	**8.76**	20.79
Actuarial loss on Plan Assets	**(5.16)**	(1.34)
Fair Value of Plan Assets at the end of the year	**176.51**	160.31
Total Actuarial loss to be recognised	**(17.18)**	(21.84)
Actual Return on Plan Assets:		
Expected Return on Plan Assets	**12.60**	10.39
Actuarial loss on Plan Assets	**(5.16)**	(1.34)
Actual Return on Plan Assets	**7.44**	9.05
Reconciliation of the Liability Recognised in the Balance Sheet:		
Opening Net Liability	**50.35**	49.91
Expense recognised	**29.87**	32.39
Contribution by the Corporation	**(8.76)**	(20.79)
Benefits paid by the Corporation/Insurance Companies	**(10.85)**	(11.16)
Amount recognised in the Balance Sheet under "Long-term Provision for Employee Benefits" ₹ **60.08 crore** (Previous Year ₹ 49.82 crore) and under "Short term Provision for Employee Benefits" ₹ **0.53 crore** (Previous Year ₹ 0.53 crore).	**60.61**	50.35

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	**8.73**	6.59
Interest Cost	**16.56**	14.35
Expected Return on Plan Assets	**(12.60)**	(10.39)
Net Actuarial loss to be recognised	**17.18**	21.84
Expense recognised in the Statement of Profit and Loss under "Employee Benefit Expenses"	**29.87**	32.39

₹ in Crore

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Amount Recognised in the Balance Sheet:					
Liability at the end of the year	**237.12**	210.66	180.38	146.36	128.13
Fair Value of Plan Assets at the end of the year	**176.51**	160.31	130.47	108.14	87.51
Amount recognised in the Balance Sheet under "Long term Provision for Employee Benefits" and "Short term Provision for Employee Benefits"	**60.61**	50.35	49.91	38.22	40.62
Experience Adjustment :					
On Plan Liabilities	**3.51**	5.11	23.67	20.44	17.25
On Plan Assets	**(5.16)**	(1.34)	(0.58)	(3.01)	(6.16)
Estimated Contribution for next year	**13.27**	11.94	10.49	6.19	8.03

Investment Pattern:

% Invested

Particulars	Current Year	Previous Year
Central Government securities	**1.86**	17.99
State Government securities/securities guaranteed by State/Central Government	**24.04**	22.51
Public Sector / Financial Institutional Bonds	**4.65**	10.27
Private Sector Bonds	**16.15**	27.99
Special Deposit Scheme	**1.25**	1.38
Certificate of Deposits	-	1.88
Deposits with Banks and Financial Institutions	-	0.94
Equity Shares	**47.04**	11.94
Repo (Repurchase)	-	0.57
Others (including bank balances)	**5.01**	4.53
Total	**100.00**	100.00

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at.

Principal Assumptions:

Particulars	Current Year %	Previous Year %
Discount Rate	**7.27**	7.86
Return on Plan Assets	**7.27**	7.86
Salary Escalation	**6.00**	6.00

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

Notes forming part of the standalone financial statements (Continued)

28. ESTABLISHMENT EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Rent [Refer Note 28.1]	**57.00**	53.18
Rates and Taxes	**2.85**	2.80
Repairs and Maintenance - Buildings	**7.29**	8.39
General Office Expenses	**2.97**	4.04
Electricity Charges	**15.37**	15.07
Insurance Charges	**0.74**	0.71
Total	**86.22**	84.19

28.1 In accordance with the Accounting Standard (AS) 19 on 'Leases', the following disclosures in respect of Operating Leases are made :

The Corporation has acquired properties under non-cancellable operating leases for periods ranging from 12 months to 36 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, amounts to ₹ **0.41 crore** (Previous Year ₹ 0.62 crore).

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	**0.31**	0.20
Later than one year but not later than five years	**-**	-
Later than five years	**-**	-

29. OTHER EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Travelling and Conveyance	**15.76**	18.12
Printing and Stationery	**8.89**	8.72
Postage, Telephone and Fax	**26.85**	25.50
Advertising	**34.75**	33.43
Business Development Expenses	**25.38**	15.22
Loan Processing Expenses	**38.36**	34.64
Manpower Outsourcing	**38.30**	33.37
Repairs and Maintenance - Other than Buildings	**8.43**	8.32
Office Maintenance	**29.13**	24.00
Legal Expenses	**14.68**	12.65
Computer Expenses	**20.05**	17.41
Directors' Fees and Commission	**4.46**	3.87
Miscellaneous Expenses [Refer Note 29.1]	**36.27**	31.19
Auditors' Remuneration [Refer Note 29.2]	**4.47**	4.96
Total	**305.78**	271.40

29.1 Miscellaneous Expenses include Securities Transaction Tax amounting to ₹ **0.04 crore** (Previous Year ₹ 0.14 crore).

Notes forming part of the standalone financial statements (Continued)

29.2 **Auditors' Remuneration:**

₹ in Crore

Particulars	Current Year	Previous Year
Audit Fees	**1.71**	1.71
ICFR Fees	**0.30**	0.30
Limited Reviews	**1.20**	1.20
Tax Matters	**0.99**	1.04
Other Matters and Certification	**0.26**	0.68
Reimbursement of Expenses	**0.01**	0.03
Total	**4.47**	4.96

a) Audit Fees include ₹ **0.04 crore** (Previous Year ₹ 0.04 crore) paid to Branch Auditors.

b) Auditors' Remuneration exclude ₹ **1.55 crore** (Net of tax ₹ 1.01 crore) being certification fee in respect of issue of Rupee Denominated Bonds and for Medium Term Note Programme (MTN Programme), utilised out of Securities Premium Account. Previous Year exclude ₹ **0.75 crore** (Net of tax ₹ 0.49 crore) being certification fee in respect of Qualified Institutional Placement (QIP) of Non-Convertible Debentures with Warrants of the Corporation, utilised out of Securities Premium Account.

c) Auditors' Remuneration above is excluding Service Tax, Swachh Bharat Cess and Krishi Kalyan Cess.

30. In accordance with the Accounting Standard (AS) 20 on 'Earnings Per Share':

(i) In calculating the Basic Earnings Per Share, the Profit After Tax of ₹ **7,439.32 crore** (Previous Year ₹ 7,093.10 crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **146.27 crore** (Previous Year ₹ 85.32 crore).

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax of ₹ **7,293.05 crore** (Previous Year ₹ 7,007.79 crore) and the weighted average number of shares during the year of **158.34 crore** (Previous Year 157.72 crore).

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

Amount in ₹

Particulars	Current Year	Previous Year
Basic Earnings Per Share	**46.08**	44.43
Effect of outstanding Stock Options	**(0.38)**	(0.33)
Diluted Earnings Per Share	**45.70**	44.10

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

Number in Crore

Particulars	Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share	**158.34**	157.72
Diluted effect of outstanding Stock Options	**1.31**	1.20
Weighted average number of shares for computation of Diluted Earnings Per Share	**159.65**	158.92

Notes forming part of the standalone financial statements (Continued)

31. SUMMARY OF TOTAL BORROWINGS, LOANS AND INVESTMENTS

Borrowings

₹ in Crore

Term-wise Break-up	**Current Year**	Previous Year
Long-term borrowings	**1,50,062.23**	1,09,292.25
Short-term borrowings	**42,130.33**	41,502.68
Current maturities of long-term borrowings	**87,539.59**	86,968.01
Unclaimed matured deposits	**801.39**	554.09
Total Borrowings	**2,80,533.54**	2,38,317.03
Category-wise Break-up		
Bonds and Debentures	**1,19,246.52**	95,118.20
Term Loans :		
- Banks	**24,254.06**	34,579.40
- External Commercial Borrowing	**7,619.88**	5,318.40
- Others	**5,395.57**	2,904.30
Commercial Papers	**37,443.28**	25,726.49
Deposits	**86,574.24**	74,670.24
Total Borrowings	**2,80,533.54**	2,38,317.03

Loans

₹ in Crore

Term-wise Break-up	**Current Year**	Previous Year
Long-term loans	**2,64,679.43**	2,33,436.70
Current maturities of long-term loans	**28,282.41**	23,577.61
Short-term loans	**3,510.00**	2,210.09
	2,96,471.85	2,59,224.40
Less: Provision for Sub-Standard and Doubtful loans	**(738.01)**	(566.16)
Net Loan Book	**2,95,733.84**	2,58,658.24
Category-wise Break-up		
Individual	**2,04,436.19**	1,79,967.49
Corporate Bodies	**87,377.22**	75,228.46
Others	**4,658.44**	4,028.45
	2,96,471.85	2,59,224.40
Less: Provision for Sub-Standard and Doubtful loans	**(738.01)**	(566.16)
Net Loan Book	**2,95,733.84**	2,58,658.24

Investments

₹ in Crore

Particulars	**Current Year**	Previous Year
Non-Current Investments	**16,829.94**	14,837.84
Current Investments	**3,580.16**	507.59
Total Investments	**20,410.10**	15,345.43

31.1 Summary of total Provisions and Contingencies:

₹ in Crore

Particulars	**Current Year**	Previous Year
Provisions and Contingencies Account [Refer Note 6.2]	**2,276.07**	2,077.47
Provision for Sub-Standard and Doubtful Loans [Refer Note 15.6]	**738.01**	566.16
Provision for Doubtful Corporate Deposit and Other Receivables [Refer Note 15]	**52.57**	51.71
Total	**3,066.65**	2,695.34

Notes forming part of the standalone financial statements (Continued)

32. DISCLOSURE IN RESPECT OF SPECIFIED BANK NOTES

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.

₹ in Crore

Particulars	SBNs	Other Denomination Notes	Total
Closing Balance as at 08th November, 2016	**0.22**	**0.08**	**0.30**
Add : Permitted Receipts *	**-**	**2.12**	**2.12**
Less: Permitted Payments	**0.01**	**0.47**	**0.48**
Less: Amount deposited in Banks	**0.21**	**1.54**	**1.75**
Closing balance as at 30th December, 2016	**-**	**0.19**	**0.19**

* Includes ₹ **0.67 crore** deposited directly by customers into Collection Centre Bank Account.

33. DIVIDEND PAYABLE TO NON-RESIDENT SHAREHOLDERS

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

Particulars	Current Year		Previous Year	
	Interim	Final	Interim	Final
Year to which the dividend relates	**2016-17**	**2015-16**	2015-16	2014-15
Number of non-resident shareholders	**6,654**	**6,472**	6,374	5,460
Number of shares held by them of Face Value of ₹ 2 each	**122,26,92,759**	**122,44,31,611**	122,84,60,105	124,81,94,486
Gross amount of dividend (in ₹)	**366,80,78,277**	**1714,20,42,554**	368,53,80,315	1622,65,28,318

34. CORPORATE SOCIAL RESPONSIBILITY

a) Gross amount required to be spent by the Corporation during the year was ₹ **161.14 crore**.

b) Amount spent during the year on:

₹ in Crore

Sr. No.	Particulars	In cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above *	146.55	-	146.55

* The above includes an amount of ₹ **145.80 crore** charged to the Shelter Assistance Reserve.

Notes forming part of the standalone financial statements (Continued)

35. RELATED PARTY TRANSACTIONS

As per the Accounting Standard on 'Related Party Disclosures' (AS) 18, the related parties of the Corporation are as follows:

A) Subsidiary Companies

HDFC Developers Ltd.
HDFC Holdings Ltd.
HDFC Trustee Company Ltd.
HDFC Standard Life Insurance Company Ltd.
HDFC Venture Capital Ltd.
HDFC Ventures Trustee Company Ltd.
GRUH Finance Ltd.
Griha Investments (Subsidiary of HDFC Holdings Ltd.)
HDFC Education and Development Services Pvt. Ltd.
Windermere Properties Pvt. Ltd.
Winchester Properties Pvt. Ltd.
HDFC Investments Ltd.
HDFC Asset Management Company Ltd.
HDFC Capital Advisors Ltd.
HDFC Realty Ltd.
HDFC ERGO General Insurance Company Ltd.
HDFC General Insurance Ltd. (with effect from 9th September, 2016)
(subsidiary of HDFC ERGO General Insurance Company Ltd.)
HDFC Sales Pvt. Ltd.
HDFC Property Ventures Ltd.
HDFC Credila Financial Services Private Ltd.
(formerly known as "Credila Financial Services Pvt. Ltd.")
Griha Pte. Ltd. (Subsidiary of HDFC Investments Ltd.)
HDFC Pension Management Company Ltd.
(subsidiary of HDFC Standard Life Insurance Company Ltd.)
HDFC International Life and Re Company Limited
(subsidiary of HDFC Standard Life Insurance Company Ltd.)
Grandeur Properties Pvt. Ltd.
Pentagram Properties Pvt. Ltd.
Haddock Properties Pvt. Ltd.

B) Associate Companies

HDFC Bank Ltd.
RuralShores Business Services Pvt. Ltd.
Magnum Foundations Pvt. Ltd.
True North Ventures Private Limited
(formerly known as "India Value Fund Advisors Pvt. Ltd.")

C) Entities over which control is exercised

HDFC Investment Trust (HIT)
HDFC Investment Trust - II (HIT- II)

D) Key Management Personnel

Mr. Keki M. Mistry
Ms. Renu Sud Karnad
Mr. V. Srinivasa Rangan

E) Relatives of Key Management Personnel

(Where there are transactions)
Ms. Arnaaz K. Mistry
Mr. Nikhil Singhal
Ms. Swarn Sud
Mr. Rishi Sud

Notes forming part of the standalone financial statements (Continued)

The nature and volume of transactions of the Corporation during the year, with the above related parties were as follows:

₹ in Crore

Particulars	Subsidiary Companies		Associates		Entities over which control is exercised		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Dividend Income										
- HDFC Asset Management Co. Ltd.	138.89	120.77	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	135.27	126.84	-	-	-	-	-	-	-	-
- HDFC Investments Ltd.	160.02	110.68	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	373.55	314.57	-	-	-	-	-	-
- Others	90.75	118.93	0.01	0.40	-	0.05	-	-	-	-
Interest Income										
- HDFC Property Ventures Pvt. Ltd.	11.91	14.26	-	-	-	-	-	-	-	-
- Windermere Properties Pvt Ltd.	9.24	9.23	-	-	-	-	-	-	-	-
- HDFC Investment Trust	-	-	-	-	33.02	-				
- HDFC Investment Trust - II (HIT- II)	-	-	-	-	6.69	8.66	-	-	-	-
- HDFC Bank Ltd.	-	-	5.57	7.25	-	-	-	-	-	-
- Others	20.40	26.50	-	0.04	-	-	-	-	0.04	-
Consultancy, Fees & Other Income										
- HDFC Asset Management Co. Ltd.	2.03	113.00	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	23.75	0.01								
- HDFC Standard Life Insurance Co. Ltd.	58.50	49.02	-	-	-	-	-	-	-	-
- Others	0.10	0.10	-	-	-	-	-	-	-	-
Rent Income										
- HDFC Asset Management Co. Ltd.	11.75	11.72	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	6.34	6.39	-	-	-	-	-	-	-	-
- Others	7.03	6.95	2.15	1.99	-	-	-	-	-	-
Support Cost Recovered										
- HDFC Asset Management Co. Ltd.	1.52	1.63	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	2.46	2.32	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	0.79	0.85	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	0.93	1.05	-	-	-	-	-	-	-	-
- Others	1.33	1.45	0.49	0.26	-	-	-	-	-	-
Other Income										
- HDFC Bank Ltd.	-	-	276.54	204.37	-	-	-	-	-	-
- HDFC Investment Trust	-	-	-	-	47.68	-	-	-	-	-
- Others	3.81	4.36	-	-	-	-	-	-	-	-
Interest Expense										
- HDFC ERGO General Insurance Co. Ltd.	17.48	9.71	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	88.85	56.46	-	-	-	-	-	-	-	-
- Others	1.48	0.65	(0.34)	0.66	-	-	0.25	0.27	0.01	0.02
Bank & Other Charges										
- HDFC Bank Ltd.	-	-	0.41	0.39	-	-	-	-	-	-
Remuneration										
- Mr. Keki M. Mistry	-	-	-	-	-	-	10.26	9.28	-	-
- Ms. Renu S. Karnad	-	-	-	-	-	-	9.51	8.49	-	-
- Mr. V. S. Rangan	-	-	-	-	-	-	6.30	5.60	-	-
Other Expenses/Payments										
- HDFC Sales Pvt. Ltd.	241.30	198.37	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	193.37	177.81	-	-	-	-	-	-
- Others	12.25	10.26	-	0.06	-	-	-	-	0.10	0.10

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Particulars	Subsidiary Companies		Associates		Entities over which control is exercised		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Investments made										
- HDFC Investment Trust - II (HIT- II)	**-**	-	**-**	-	**41.42**	70.12	**-**	-	**-**	-
- HDFC Education and Development Services Pvt. Ltd.	**38.00**	40.10	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC ERGO General Insurance Co. Ltd.	**288.97**	-	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Credila Financial Services Private Ltd.	**55.00**	-	**-**	-	**-**	-	**-**	-	**-**	-
- Others	**35.00**	26.94	**-**	-	**4.11**	4.00	**-**	-	**-**	-
Investments sold / redeemed										
- HDFC ERGO General Insurance Co. Ltd.	**200.60**	-	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Standard Life Insurance Co. Ltd.	**-**	192.21	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Credila Financial Services Private Ltd.	**-**	79.00	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Investment Trust	**-**	-	**-**	-	**38.90**	-	**-**	-	**-**	-
- Others	**-**	-	**-**	-	**8.00**	-	**-**	-	**-**	-
Investments										
- HDFC Standard Life Insurance Co. Ltd.	**1,316.56**	1,316.56	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Bank Ltd.	**-**	-	**5,549.74**	5,549.74	**-**	-	**-**	-	**-**	-
- Others	**1,913.39**	1,697.02	**2.53**	2.53	**296.24**	297.61	**-**	-	**-**	-
Loans given										
- HDFC Property Ventures Pvt. Ltd.	**95.00**	-	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Sales Pvt. Ltd.	**51.00**	30.00	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Realty Ltd.	**1.50**	7.85	**-**	-	**-**	-	**-**	-	**-**	-
- Others	**9.75**	11.38	**-**	-	**-**	-	**-**	-	**-**	-
Loans repaid										
- HDFC Property Ventures Pvt. Ltd.	**95.00**	18.00	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Sales Pvt. Ltd.	**56.00**	26.85	**-**	-	**-**	-	**-**	-	**-**	-
- Others	**37.18**	3.14	**-**	-	**-**	-	**0.01**	0.05	**0.02**	-
Loans sold										
- HDFC Bank Ltd.	**-**	-	**13,845.65**	12,773.37	**-**	-	**-**	-	**-**	-
Loans										
- HDFC Property Ventures Pvt. Ltd.	**95.00**	95.00	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Sales Pvt. Ltd.	**15.00**	20.00	**-**	-	**-**	-	**-**	-	**-**	-
- Others	**31.09**	57.02	**-**	-	**-**	-	**0.06**	0.07	**0.40**	-
Bank Deposits placed										
- HDFC Bank Ltd.	**-**	-	**60.02**	70.01	**-**	-	**-**	-	**-**	-
Bank Deposits repaid / matured										
- HDFC Bank Ltd.	**-**	-	**60.00**	1,070.00	**-**	-	**-**	-	**-**	-
Bank balance and Deposits										
- HDFC Bank Ltd.	**-**	-	**193.06**	3,081.54	**-**	-	**-**	-	**-**	-
Corporate Deposits placed										
- HDFC Venture Capital Ltd.	**13.30**	12.58	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Education and Development Services Pvt. Ltd.	**1.50**	23.40	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Realty Ltd.	**0.50**	4.00	**-**	-	**-**	-	**-**	-	**-**	-
Corporate Deposits repaid / matured										
- HDFC Education and Development Services Pvt. Ltd.	**1.50**	23.40	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Venture Capital Ltd.	**12.58**	22.58	**-**	-	**-**	-	**-**	-	**-**	-
- HDFC Realty Ltd.	**2.00**	3.50	**-**	-	**-**	-	**-**	-	**-**	-

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
Corporate Deposits										
- HDFC Venture Capital Ltd.	**13.30**	12.58	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	-	1.50	-	-	-	-	-	-	-	-
Trade Receivable										
- HDFC ERGO General Insurance Co. Ltd.	**27.64**	0.56	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**24.94**	10.24	-	-	-	-	-	-	-	-
- HDFC Asset Management Co. Ltd.	**0.32**	123.98	-	-	-	-	-	-	-	-
- Others	**0.72**	0.26	**4.10**	4.16	-	-	-	-	-	-
Other Advances / Receivables										
- HDFC ERGO General Insurance Co. Ltd.	**1.76**	1.76	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**7.60**	7.60	-	-	-	-	-	-	-	-
- HDFC Property Ventures Pvt. Ltd.	**2.93**	-	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	**4.19**	3.60	-	-	-	-	-	-
- Others	**0.09**	1.06	-	-	-	-	-	-	**0.06**	0.06
Deposits placed										
- HDFC Realty Ltd.	**10.01**	-	-	-	-	-	-	-	-	-
- HDFC Developers Ltd.	**9.25**	9.25	-	-	-	-	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	**35.40**	-	-	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	**2.84**	0.03	**0.11**	0.09
Deposits repaid / matured										
- HDFC Realty Ltd.	**10.01**	-	-	-	-	-	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	**20.00**	-								
- HDFC Developers Ltd.	**9.75**	8.75	-	-	-	-	-	-	-	-
- HDFC Holdings Ltd.	-	16.84	-	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	**2.39**	0.90	**0.09**	0.09
Deposits										
- HDFC Education and Development Services Pvt. Ltd.	**15.40**	-	-	-	-	-	-	-	-	-
- HDFC Developers Ltd.	-	0.50	-	-	-	-	-	-	-	-
- Ms. Renu S. Karnad	-	-	-	-	-	-	**2.85**	2.40	-	-
- Others	-	-	-	-	-	-	-	-	**0.11**	0.09
Non-Convertible Debentures (Allotments under Primary Market)										
- HDFC Bank Ltd.	-	-	**2,320.00**	-	-	-	-	-	-	-
Non-Convertible Debentures										
- HDFC ERGO General Insurance Co. Ltd.	**235.00**	120.00	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**998.00**	697.00	-	-	-	-	-	-	-	-
- HDFC General Insurance Ltd.	**24.00**	-	-	-	-	-	-	-	-	-
Other Liabilities / Payables										
- HDFC Sales Pvt. Ltd.	**9.44**	7.97	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**49.42**	29.57	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	**25.36**	17.20	-	-	-	-	-	-
- Others	**9.41**	4.59	-	-	-	-	**0.11**	0.34	**0.01**	0.02

Notes forming part of the standalone financial statements (Continued)

36. EXPOSURES IN FOREIGN CURRENCY

Disclosure as per Guidance Note on Accounting for Derivative Contracts issued by The Institute of Chartered Accountants of India.

I. Assets	Foreign Currency	Current Year		
		Exchange Rate	Amount in Foreign currency (USD mn)	Amount in INR (₹ in Crore)
Receivables (trade & other)				
Other Monetary assets (e.g. ICDs/Loans given in FC)	USD	64.85	401.66	2,605.00
Total Receivables (A)		**64.85**	**401.66**	**2,605.00**
Hedges by derivative contracts (B)			-	-
Unhedged receivables (C = A - B)			**401.66**	**2,605.00**

II. Liabilities	Foreign Currency	Current Year		
		Exchange Rate	Amount in Foreign currency (USD mn)	Amount in INR (₹ in Crore)
Payables (trade & other)				
Borrowings (ECB and Others)	USD	64.85	2,944.46	19,095.00
Total Payables (D)		**64.85**	**2,944.46**	**19,095.00**
Hedges by derivative contracts (E)			2,554.92	16,569.00
Unhedged Payables (F = D - E)			**389.54**	**2,526.00**

37. SEGMENT REPORTING

The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes, in India. All other activities of the Corporation revolve around the main business. As such, there are no separate reportable segments, as per the Accounting Standard (AS) 17 on 'Segment Reporting'.

38. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

39. DISCLOSURES REQUIRED BY THE NATIONAL HOUSING BANK

39.1 Minimum Disclosures

The following additional disclosures have been given in terms of Notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by the National Housing Bank.

39.2 Summary of Significant Accounting Policies

The accounting policies regarding key areas of operations are disclosed as note 1 to the accounts.

Notes forming part of the standalone financial statements (Continued)

39.3 **Disclosure:**

39.3.1 **Capital**

Particulars	Current Year	Previous Year
(i) CRAR (%)	**15.79**	16.55
(ii) CRAR – Tier I Capital (%)	**13.08**	13.11
(iii) CRAR – Tier II Capital (%)	**2.71**	3.44
(iv) Amount of subordinated debt raised as Tier II Capital	-	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

39.3.2 **Reserve Fund u/s 29C of NHB Act, 1987**

₹ in Crore

Particulars	Current Year	Previous Year
Balance at the beginning of the year		
a) Statutory Reserve under Section 29C of The NHB Act	**3,604.42**	3,279.42
b) Amount of Special Reserve under Section 36 (1)(viii) of the Income Tax Act, 1961, taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act.	**8,262.95**	7,167.95
	11,867.37	10,447.37
Addition/Appropriation/Withdrawal during the year		
Add :		
a) Amount transferred under Section 29C of the NHB Act	**245.00**	325.00
b) Amount of Special Reserve under Section 36 (1)(viii) of the Income Tax Act, 1961, taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act	**1,247.00**	1,095.00
Less :		
a) Amount appropriated from Statutory Reserve under Section 29C of the NHB Act	-	-
b) Amount withdrawn from Special Reserve under Section 36 (1)(viii) of the Income Tax Act, 1961 which has been taken into account for the purpose of provision under Section 29C of the NHB Act	-	-
	13,359.37	11,867.37
Balance at the end of the year		
a) Statutory Reserve under Section 29C of the NHB Act	**3,849.42**	3,604.42
b) Amount of Special Reserve under Section 36 (1)(viii) of the Income Tax Act, 1961, taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act.	**9,509.95**	8,262.95
	13,359.37	11,867.37

Note: The Reserve Fund under Section 29C of the NHB Act includes all the transfers to Special Reserve No. II except for ₹ 302 crore that was transferred to Special Reserve No. II prior to the notification of Section 29C.

Notes forming part of the standalone financial statements (Continued)

39.3.3 **Investments**

₹ in Crore

Particulars	Current Year	Previous Year
1. Value of Investments		
(i) Gross value of Investments		
(a) In India	**20,792.16**	15,436.07
(b) Outside India	**-**	-
(ii) Provisions for Depreciation		
(a) In India	**382.06**	90.63
(b) Outside India	**-**	-
(iii) Net value of Investments		
(a) In India	**20,410.10**	15,345.44
(b) Outside India	**-**	-
2. Movement of provisions held towards depreciation on investments		
(i) Opening balance	**90.63**	78.44
(ii) Add: Provisions made	**291.43**	17.02
(iii) Less: Write-off / Written-back of excess provisions during the year	**-**	4.83
(iv) Closing balance	**382.06**	90.63

39.3.4 **Derivatives**

39.3.4.1 **Forward Rate Agreement (FRA)/Interest Rate Swap (IRS)**

₹ in Crore

Particulars	Current Year
(i) The notional principal of swap agreements	**30,809.00**
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	**1,180.00**
(iii) Collateral required by the HFC upon entering into swaps	**-**
(iv) Concentration of credit risk arising from the swaps	**N.A.**
(v) The fair value of the swap book	**1,059.00**

39.3.4.2 **Exchange Traded Interest Rate (IR) Derivative**

The Corporation has not entered into any exchange traded derivative.

39.3.4.3 **Disclosures on Risk Exposure in Derivatives**

A. Qualitative Disclosure

Financial Risk Management

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

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

Liquidity risk and interest rate risks arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of maturity profiles. The currency risk on the borrowings is actively managed mainly through a combination of principal only swaps, forward contracts and dollar denominated assets. Counterparty risk is reviewed periodically to ensure that exposure to various counterparties is well diversified and is within the limits fixed by the Derivative Committee.

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

Constituents of Derivative Business

Financial Risk Management of the Corporation constitutes the Audit Committee, Asset Liability Committee (ALCO), Derivative Committee, Risk management and hedging team (front office), mid office, back office and internal auditors.

The Treasury front-office enters into derivative transactions with various counterparties. The Corporation has an independent back-office and mid-office. The Corporation periodically monitors various counterparty risk and market risk limits, within the risk architecture and processes of the Corporation.

Measurement and Accounting

The Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India is effective from April 1, 2016.

On and from that date, all derivative contracts are recognised on the balance sheet and measured at fair value. The fair value changes are recognised in the Statement of Profit and Loss unless hedge accounting is used. Where hedge accounting is used, fair value changes of the derivative contracts are recognised through the Statement of Profit and Loss in the same period as the offsetting losses and gains on the hedged item. The tenor of hedging instrument may be less than or equal to the tenor of underlying hedged asset or liability.

The Corporation has entered into fair value hedges through interest rate swaps on fixed rate rupee liabilities as a part of the Asset Liability management whereby a portion of the fixed rate liabilities are converted to floating rate. The Corporation has a mark to market gain of ₹ 1,059 crore on outstanding Fair value hedges.

The long term monetary items other than derivatives continue to be amortised, through the Statement of Profit and Loss over the balance period of such long term asset or liability. Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities.

Valuation of derivatives is based on inputs sourced from quoted market data and application of appropriate mathematical and statistical models to determine fair value.

Foreign exchange forward contracts outstanding at the Balance Sheet date, are effectively valued at the closing spot rate. The premium or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

The Corporation has entered into cash flow hedges to hedge the floating rate benchmark on foreign currency loans. Under the cash flow hedge, the hedging instrument is measured at fair value and any gain or loss that is determined to be an effective hedge is recognized in equity i.e., Cash flow Hedge reserve. In order to match the gains and losses of the hedged item and the hedging instrument in the statement of profit and loss, the changes in fair value of the hedging instrument and the hedged item is recognized at the same time in the Statement of Profit and Loss. The outstanding notional of cash flow hedges is USD 70 mn.

Notes forming part of the standalone financial statements (Continued)

Movements in the Cash flow hedge reserve are as follows:

₹ in Crore

Particulars	Current Year	Previous Year
Opening Balance	-	-
Credit / Debit in the Cash flow reserve	(5.33)	-
Amount transferred to Statement of Profit and Loss	4.79	-
Closing Balance	(0.54)	-

B. Quantitative Disclosure

₹ in Crore

Particulars	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	17,069	30,809
(ii) Marked to Market Positions		
(a) Assets (+)	-	1,059
(b) Liability (-)	(502)	-
(iii) Credit Exposure	1,019	1,416
(iv) Unhedged Exposures	-	-

39.3.5 **Securitisation**

39.3.5.1

₹ in Crore

Particulars	No. /Amount
1. No. of SPVs sponsored by the HFC for securitisation transactions*	2
2. Total amount of securitised assets as per books of the SPVs sponsored	1,155.26
3. Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet	
(I) Off-balance sheet exposures towards Credit Concentration	
a) Corporate Guarantee	97.83
(II) On-balance sheet exposures towards Credit Concentration	
a) Investment in PTC	39.23
4. Amount of exposures to securitisation transactions other than MRR	Nil

39.3.5.2 **Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction**

₹ in Crore

Particulars	Current Year	Previous Year
(i) No. of accounts	2	-
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	649.87	-
(iii) Aggregate consideration	863.89	-
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain/loss over net book value	53.77	-

Notes forming part of the standalone financial statements (Continued)

39.3.5.3 **Details of Assignment transactions undertaken by HFCs**

₹ in Crore

Particulars	Current Year	Previous Year
(i) No. of accounts	**84,965**	65,137
(ii) Aggregate value (net of provisions) of accounts assigned	**15,082.32**	12,773.37
(iii) Aggregate consideration	**15,082.32**	12,773.37
(iv) Additional consideration realized in respect of accounts transferred in earlier years	**Nil**	Nil
(v) Aggregate gain/loss over net book value	**Nil**	Nil

39.3.5.4 **Details of non-performing financial assets purchased / sold**

A. Details of non-performing financial assets purchased:

₹ in Crore

Particulars	Current Year	Previous Year
1. (a) No. of accounts purchased during the year	**-**	-
(b) Aggregate outstanding	**-**	-
2. (a) Of these, number of accounts restructured during the year	**-**	-
(b) Aggregate outstanding	**-**	-

B. Details of Non-performing Financial Assets sold:

₹ in Crore

Particulars	Current Year	Previous Year
1. No. of accounts sold	**2**	-
2. Aggregate outstanding	**917.66**	-
3. Aggregate consideration received	**863.89**	-

39.3.6 **Assets Liability Management (Maturity pattern of certain items of Assets Liabilities)**

₹ in Crore

Maturity Buckets	Liabilities			
	Deposits	Borrowings from Bank	Market Borrowing	Foreign Currency Liabilities
Up to 30/31 days (one month)	**1,047.85**	**-**	**699.46**	**102.14**
Over one month to 2 months	**3,066.54**	**900.00**	**590.62**	**-**
Over 2 to 3 months	**2,434.57**	**584.54**	**1,569.77**	**474.68**
Over 3 to 6 months	**6,328.88**	**400.39**	**3,384.68**	**660.67**
Over 6 months to 1 year	**9,783.88**	**4,103.39**	**13,373.25**	**3,843.86**
Over 1 to 3 years	**30,152.61**	**6,517.26**	**65,172.98**	**6,325.53**
Over 3 to 5 years	**23,089.83**	**3,792.48**	**33,241.27**	**7,167.20**
Over 5 to 7 years	**9,868.68**	**1,501.23**	**20,427.76**	**485.73**
Over 7 to 10 years	**-**	**110.40**	**18,230.00**	**-**
Over 10 years	**-**	**300.00**	**-**	**-**
Total	**85,772.84**	**18,209.70**	**1,56,689.80**	**19,059.81**

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Maturity Buckets	Assets		
	Advances	Investments	Foreign Currency Assets
Up to 30/31 days (one month)	4,480.67	0.63	3.10
Over one month to 2 months	5,140.76	-	6.65
Over 2 to 3 months	5,039.18	1,275.22	50.97
Over 3 to 6 months	12,106.90	1,269.90	141.98
Over 6 months to 1 year	25,358.06	2,051.89	229.02
Over 1 to 3 years	84,400.33	5,525.77	1,467.88
Over 3 to 5 years	58,240.40	770.20	460.73
Over 5 to 7 years	36,758.98	9,148.27	34.00
Over 7 to 10 years	33,502.31	121.19	-
Over 10 years	28,311.93	247.03	-
Total	**2,93,339.51**	**20,410.10**	**2,394.32**

39.3.7 **Exposure**

39.3.7.1 **Exposure to Real Estate Sector**

₹ in Crore

Category			Current Year	Previous Year
a)	**Direct Exposure**			
	(i)	**Residential Mortgages -**		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Individual Housing Loans upto ₹ 15 Lacs: ₹ **24,788.46 crore** (Previous Year ₹ 24,414.89 crore)	**1,95,270.94**	1,73,353.55
	(ii)	**Commercial Real Estate -**		
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	**80,087.66**	61,385.62
	(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures -**		
		a) Residential	**39.23**	15.54
		b) Commercial Real Estate	**-**	-
b)	**Indirect Exposure**			
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		**183.76**	174.96

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

Notes forming part of the standalone financial statements (Continued)

39.3.7.2 **Exposure to Capital Market**

₹ in Crore

Particulars		Current Year	Previous Year
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	**528.30**	534.07
(ii)	advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds;	**155.30**	173.92
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	**-**	-
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	**-**	-
(v)	secured and unsecured advances to stock brokers and guarantees issued on behalf of stockbrokers and market makers;	**55.24**	46.75
(vi)	loans sanctioned to corporates against the security of shares/ bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	**8,896.94**	8,607.98
(vii)	bridge loans to companies against expected equity flows / issues;	**-**	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	**1,100.23**	1,064.16
	Total Exposure to Capital Market	**10,736.01**	10,426.88

39.3.7.3 **Details of financing of parent company products**

These details are not applicable since the Corporation is not a subsidiary of any company.

39.3.7.4 **Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC**

The Corporation has not exceeded Single Borrower Limit (SGL) / Group Borrower Limit (GBL) during the financial year.

39.3.7.5 **Advances against Intangible Collateral**

₹ in Crore

Particulars	Advances against Intangible Collateral	Value of such Intangible Collateral
(i) Corporate Loans	**2,850.93**	**1,889.60**
(ii) Project Loans	**3,287.38**	**7,255.84**
(iii) Deposits	**2,664.08**	**1,099.70**
Total	**8,802.39**	**10,245.14**

Notes forming part of the standalone financial statements (Continued)

39.4 **Miscellaneous**

39.4.1 **Registration obtained from other financial sector regulators**

Regulator	Registration No.
Insurance Regulatory and Development Authority: As corporate agent (Composite)	CA0058
Securities and Exchange Board of India: As share transfer agent in Category II	INR000003159

39.4.2 **Disclosure of Penalties imposed by NHB and other regulators**

During FY 2016-17, there were no penalties imposed by NHB or any other regulators.

39.4.3 **Related party Transactions**

Details of all material transactions with related parties are disclosed in note 35.

39.4.4 **Rating assigned by Credit Rating Agencies and migration of rating during the year**

Instrument	Rating Agency	Ratings Assigned
Deposits	ICRA Limited CRISIL Limited	ICRA MAAA/ Stable CRISIL FAAA/ Stable
Bonds/ Non-Convertible Debentures	ICRA Limited CRISIL Limited	ICRA AAA/Stable CRISIL AAA/ Stable
Non-Convertible Debentures with Warrants	ICRA Limited CRISIL Limited	ICRA AAA/Stable CRISIL AAA/ Stable
Subordinated Debt	ICRA Limited CRISIL Limited	ICRA AAA/Stable CRISIL AAA/ Stable
Short Term Debt	ICRA Limited CRISIL Limited Credit Analysis & Research Ltd.	ICRA A1+ CRISIL A1+ CARE A1+
Long Term Bank Facilities Short Term Bank Facilities	Credit Analysis & Research Ltd.	CARE AAA CARE A1+
Long Term Bank Facilities Short Term Bank Facilities	ICRA Limited	ICRA AAA ICRA A1+

Note: The Corporation has been assigned the highest ratings in all the above-mentioned instruments.

There were no changes in any of the ratings or outlook during the year.

39.4.5 **Remuneration of Directors**

Details of Remuneration of Directors are disclosed as part of the Directors Report.

39.4.6 **Management**

Refer to the Management Discussion and Analysis report for the relevant disclosures.

39.4.7 **Net Profit or Loss for the period, prior period items and changes in accounting policies**

There are no prior period items that have impact on the current year's profit and loss.

39.4.8 **Revenue Recognition**

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

Notes forming part of the standalone financial statements (Continued)

39.4.9 **Accounting Standard 21 – Consolidated Financial Statements (CFS)**

Refer to the Consolidated Financial Statements for the relevant disclosures.

39.5 Additional Disclosures

39.5.1 **Provisions and Contingencies**

₹ in Crore

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Current Year	Previous Year
1. Provisions for depreciation on Investment	**47.57**	17.02
2. Provision towards NPA	**172.71**	85.42
3. Provision for Standard Assets * (with details like teaser loan, CRE, CRE-RH etc.)	**263.89**	170.11
4. Other Provision and Contingencies	**1.01**	2.36
5. Other Provision and Contingencies - Accelerated provisioning **	**239.28**	440.09
6. Less: Utilised from accelerated provisioning from previous year	**(24.46)**	-
7. Total Debit to Statement of Profit and Loss	**700.00**	715.00
8. Provision made towards Income tax	**3,284.00**	3,015.00

* Provision for Standard Assets include CRE - RH of ₹ **9.96 crore** (Previous Year ₹ 34.06 crore), CRE - Non-RH of ₹ **160.04 crore** (Previous Year ₹ 48.86 crore) and Non CRE of ₹ **91.96 crore** (Previous Year ₹ 87.19 crore).

** During the year ₹ **29.07 crore** (Previous Year ₹ 9.91 crore) was utilised towards provision for diminution in value of Investments and Properties and ₹ **6.65 crore** (Previous Year ₹ NIL) was utilised towards NPA provisioning from the accelerated provision of ₹ **275 crore** (Previous Year ₹ 450 crore).

₹ in Crore

Break up of Loan & Advances and Provisions thereon	Housing		Non-Housing	
	Current Year	Previous Year	Current Year	Previous Year
Standard Assets				
a) Total Outstanding Amount	**2,05,313.13**	1,86,989.24	**97,484.76**	73,960.12
b) Provisions made	**949.26**	869.50	**655.66**	471.53
Sub-Standard Assets				
a) Total Outstanding Amount	**606.14**	540.38	**538.37**	576.01
b) Provisions made	**95.23**	82.04	**80.76**	86.40
Doubtful Assets – Category-I				
a) Total Outstanding Amount	**265.75**	173.87	**391.17**	104.01
b) Provisions made	**80.27**	48.18	**106.60**	40.55
Doubtful Assets – Category-II				
a) Total Outstanding Amount	**161.77**	94.50	**259.00**	197.66
b) Provisions made	**70.78**	44.93	**142.86**	117.73
Doubtful Assets – Category-III				
a) Total Outstanding Amount	**159.20**	159.90	**54.87**	38.13
b) Provisions made	**159.20**	159.90	**54.87**	38.13
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Total				
a) Total Outstanding Amount	**2,06,505.99**	1,87,957.89	**98,728.17**	74,875.93
b) Provisions made	**1,354.74**	1,204.55	**1,040.75**	754.34

Notes forming part of the standalone financial statements (Continued)

39.5.2 **Draw Down from Reserves**

During FY 2016-17, there were no draw down from Reserves.

39.5.3 **Concentration of Public Deposits, Advances, Exposures and NPAs**

39.5.3.1 **Concentration of Public Deposits**

₹ in Crore

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	**5,615.23**	2,780.76
Percentage of Deposits of twenty largest depositors to Total Deposits of the Corporation	**9.32%**	5.56%

39.5.3.2 **Concentration of Loans & Advances**

₹ in Crore

Particulars	Current Year	Previous Year
Total Loans & Advances to twenty largest borrowers	**32,180.00**	23,998.00
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the Corporation	**11%**	9%

39.5.3.3 **Concentration of all Exposure (including off-balance sheet exposure)**

₹ in Crore

Particulars	Current Year	Previous Year
Total Exposure to twenty largest borrowers/customers	**32,200.00**	23,998.00
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the HFC on borrowers/customers	**11%**	9%

39.5.3.4 **Concentration of NPAs**

₹ in Crore

Particulars	Current Year	Previous Year
Total Exposure to top ten NPA accounts	**1,077.30**	880.41

39.5.3.5 **Sector-wise NPAs**

Sector	Percentage of NPA to Total Advances in that Sector
A. Housing Loans:	
1. Individual	0.51%
2. Builder/Project Loans	0.82%
3. Corporates	2.46%
B. Non-Housing Loans:	
1. Individual	1.17%
2. Builder/Project Loans	0.93%
3. Corporates	1.60%

Notes forming part of the standalone financial statements (Continued)

39.5.4 Movement of NPAs

₹ in Crore

Particulars	Current Year	Previous Year
i. Net NPAs to Net Advances (%)	**0.54%**	0.48%
ii. Movement of NPAs (Gross)		
a) Opening balance	**1,884.46**	1,594.07
b) Additions during the year	**1,196.12**	1,081.54
c) Reductions during the year	**644.30**	791.15
d) Closing balance	**2,436.27**	1,884.46
iii. Movement of Net NPAs		
a) Opening balance	**1,266.59**	1,061.61
b) Additions during the year	**993.45**	913.07
c) Reductions during the year	**614.35**	708.09
d) Closing balance	**1,645.69**	1,266.59
iv. Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	**617.87**	532.46
b) Additions during the year	**202.66**	168.47
c) Reductions during the year	**29.95**	83.06
d) Closing balance	**790.58**	617.87

39.5.5 Overseas Assets

₹ in Crore

Particulars	Current Year	Previous Year
Bank Balances	**1.23**	1.08
Fixed assets	**0.12**	0.18
Advances and Prepaid expenses	**1.20**	1.16

39.5.6 Off-balance Sheet SPVs sponsored

(which are required to be consolidated as per accounting Norms)

Name of the SPV sponsored	
Domestic	**Overseas**
HDFC Investment Trust	N.A.
HDFC Investment Trust II	N.A.

39.6 Disclosure of Complaints

39.6.1 Customer Complaints

Particulars	Current Year	Previous Year
a) No. of complaints pending at the beginning of the year	**205**	121
b) No. of complaints received during the year	**14,812**	11,646
c) No. of complaints redressed during the year	**13,731**	11,562
d) No. of complaints pending at the end of the year	**1,286**	205

Form AOC - I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A" : Subsidiaries

(As on/for the period/year ended March 31, 2017)

₹ in Crore

Sl. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investments included in Total Assets	Total Income	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend	% of Share-holding
1	HDFC Standard Life Insurance Co. Ltd.	INR	-	1,998.48	1,840.20	*95,106.12	91,267.44	*91,737.60	#30,781.28	914.14	22.01	892.13	-	61.53
2	HDFC Asset Management Co. Ltd.	INR	-	25.17	1,397.77	1,599.58	176.66	1,236.66	1,587.91	799.80	249.56	550.25	-	59.99
3	HDFC Trustee Co. Ltd.	INR	-	0.10	0.55	2.51	1.86	-	2.18	0.58	0.14	0.44	-	100.00
4	HDFC ERGO General Insurance Co. Ltd.	INR	-	600.47	1,261.92	8,622.45	6,760.06	6,825.05	2,829.64	398.88	121.71	277.17	-	50.80
5	GRUH Finance Ltd.	INR	-	72.91	1,040.30	13,585.94	12,472.73	158.09	1,487.39	442.00	145.35	296.65	-	58.45
6	HDFC Developers Ltd.	INR	-	5.99	(31.65)	4.07	29.73	-	6.23	(16.73)	(0.00)	(16.72)	-	100.00
7	HDFC Venture Capital Ltd.	INR	-	0.50	5.47	22.11	16.13	0.01	0.02	(1.81)	-	(1.81)	-	80.50
8	HDFC Ventures Trustee Co. Ltd.	INR	-	0.05	1.01	1.08	0.02	0.03	0.15	0.09	0.01	0.08	-	100.00
9	HDFC Property Venture Ltd.	INR	-	1.00	7.25	116.26	108.01	21.81	39.36	4.41	3.02	1.39	-	100.00
10	HDFC Realty Ltd.	INR	-	9.75	(13.68)	20.39	24.32	-	35.25	(11.68)	-	(11.68)	-	100.00
11	HDFC Investments Ltd.	INR	-	26.67	135.74	167.00	4.58	141.00	219.50	217.30	2.41	214.89	-	100.00
12	HDFC Holdings Ltd.	INR	-	1.80	170.30	173.05	0.94	167.58	21.78	20.40	1.69	18.71	-	100.00
13	HDFC Sales Pvt. Ltd.	INR	-	4.01	(8.50)	60.51	65.00	-	264.31	(0.66)	0.11	(0.76)	-	100.00
14	HDFC Credila Financial Services Pvt. Ltd.	INR	-	127.74	191.52	3,344.85	3,025.59	-	391.81	99.69	34.22	65.47	-	81.12
15	HDFC Pension Management Co. Ltd.	INR	-	28.00	(0.84)	27.81	0.65	26.57	2.44	(0.31)	-	(0.31)	-	61.53
16	HDFC Education and Development Services Pvt. Ltd.	INR	-	30.20	(12.82)	85.09	67.71	-	0.69	(1.80)	0.02	(1.81)	-	100.00
17	Griha Investments	USD	64.84	0.20	126.81	127.47	0.46	-	21.90	(1.24)	0.01	(1.25)	-	100.00
18	Griha Pte. Ltd.	SGD	46.38	5.21	17.08	24.86	2.57	-	19.66	13.88	1.95	11.94	-	100.00
19	HDFC Capital Advisors Ltd.	INR		2.00	6.66	13.73	5.06	11.52	19.78	8.16	2.61	5.55	-	100.00
20	Grandeur Properties Private Limited	INR	-	0.01	6.32	17.77	11.44	-	1.62	(4.14)	-	(4.14)	-	100.00
21	Haddock Properties Private Limited	INR	-	0.01	(58.80)	13.39	72.18	-	9.23	(1.37)	0.01	(1.38)	-	100.00
22	Pentagram Properties Private Limited	INR	-	0.01	(55.55)	19.45	74.99	-	6.30	(6.02)	-	(6.02)	-	100.00
23	Winchester Properties Private Limited	INR	-	0.01	(40.40)	11.50	51.90	-	1.65	(7.24)	-	(7.24)	-	100.00
24	Windermere Properties Private Limited	INR	-	0.01	(84.48)	41.49	125.97	-	9.89	(13.47)	0.02	(13.48)	-	100.00
25	HDFC Life International and Re Company Ltd.	USD	64.84	93.40	(11.53)	84.14	2.27	23.47	1.89	(4.91)	-	(4.91)	-	61.53
26	HDFC General Insurance Limited	INR	-	767.00	(601.81)	714.08	548.89	652.89	414.00	(39.67)	-	(39.67)	-	50.80

NOTE:

* Includes Investments of Shareholders', Policyholders' and Assets held to cover Linked Liability.

\# Includes Net Premium Income, Investment Income and other Income.

Part "B" : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(As on / for the period / year ended March 31, 2017)

Name of Associates/Joint Ventures	HDFC Bank Limited	True North Ventures Pvt. Ltd. (Erstwhile India Value Fund Advisors Pvt. Ltd.)	Rural Shore Business Services Pvt. Ltd.	Magnum Foundations Pvt. Ltd.
Latest audited Balance Sheet Date	31st March, 2017	31st March, 2016	31st March, 2016	31st March, 2016
Shares of Associate/Joint Ventures held by Corporation and its subsidiaries of the year end				
Number	54,32,16,100	9,75,002	4,76,351	5,00,000
Amount of investment in Associates/Joint Venture (₹ in Crore)	5,623.09	0.03	2.50	23.25
Extend of Holding %	21.20	21.51	27.08	50.00
Description of how there is significant influence	%age holding more than 20% and representation on the board.	%age holding more than 20%	%age holding more than 20%	%age holding more than 20%
Reason why associate/Joint venture is not consolidated	NA	NA	Share of losses exceeded the carrying amount of investment and the same has been fully provided for in the books of accounts of HDFC Ltd.	Exclusively held with a view to their subsequent disposal in the near future.
Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Crore)	23,335.92	1.49	-	-
Consolidate Profit/Loss for the year (₹ in Crore)	15,253.03	(0.42)	(11.26)	-
Considered in Consolidation (₹ in Crore)	3,219.47	(0.09)	-	-
Not Considered in Consolidation (₹ in Crore)	12,033.56	(0.33)	(11.26)	-

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report

TO THE MEMBERS OF

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") and its associates, comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements") in which are incorporated the Returns for the year ended on that date audited by the branch auditors of a branch of the Group located at Dubai.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditors and other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the branch auditors and other auditors on separate financial statements/financial information of the branches, subsidiaries and associates referred to in the Other Matters paragraph below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We refer to Note 5.2 to the consolidated financial statements, which describes the accounting treatment used by the Holding Company and one of its subsidiary company in creating the Deferred Tax Liability on Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 as at April 1, 2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated August 22, 2014.

Our opinion is not modified in respect of this matter.

Other Matters

(a) We did not audit the financial statements a branch included in the standalone financial statements of the Holding Company included in the Group whose financial statements reflect total assets of ₹ 0.27 crore as at March 31, 2017 and total revenues of ₹ 0.50 crore for the year ended on that date, as considered in the standalone financial statements of the Holding Company included in the Group. The financial statements of the branch has been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the branch, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid branch is based solely on the report of such branch auditor.

(b) We did not audit the financial statements of thirteen subsidiaries, whose financial statements reflect total assets of ₹ 119,823.69 crore as at March 31, 2017, total revenues of ₹ 25,868.30 crore and net cash flows amounting to ₹ 854.61 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates is based solely on the reports of the other auditors.

(c) The consolidated financial statements includes the Group's share of net profit after tax of ₹ 2.34 crore for the year ended March 31, 2017, as considered in the consolidated financial statements, in respect of component of an associate (i.e. one associate company of an associate), whose financial statements has not been audited by us. This financial statements is unaudited and has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the associate, is based solely on such unaudited financial statements. In our opinion and according to this information and explanations given to us by the Management, these financial statements are not material to the Group.

(d) Claims paid pertaining to Insurance Business includes charge for actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date, in respect of one subsidiary and the estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), in respect of another subsidiary and its subsidiary. This charge has been determined based on the liabilities duly certified by the subsidiaries' appointed actuaries, and in their respective opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ("IRDAI") and the Institute of Actuaries of India in concurrence with the IRDAI. The respective auditors of these subsidiaries have relied on the appointed actuaries' certificates in this regard in forming their opinion on the financial statements of the said subsidiaries.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors, the financial statements certified by the Management and the actuarial valuation for the life insurance policies in respect of which premium has been discontinued but the liability exists as at the reporting date and of the estimate of claims IBNR and claims IBNER.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the branch auditors and other auditors on separate financial statements and the other financial information of subsidiaries and associates, referred in the Other Matters paragraph above we report, to the extent applicable, that:

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

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept and proper returns adequate for the purposes of our audit have been received from the branches not visited by us so far as it appears from our examination of those books, returns and the reports of the other auditors.

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

(d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements and with the returns received by us from the branches not visited by us.

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

(f) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company, a branch, subsidiary companies and associate companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's/ subsidiary company's / associate company's incorporated in India internal financial controls over financial reporting.

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

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at the year-end.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and associate companies incorporated in India.

iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us and the branch auditor/ other auditors by the Management of the respective Group entities.

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

P. R. Ramesh
Partner
(Membership No. 70928)

MUMBAI
May 4, 2017

Annexure "A" to the Independent Auditors' Report

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

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

In conjunction with our audit of the consolidated financial statements of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of the Holding Company and the branches of the Holding Company, its subsidiary companies (the Holding Company and its subsidiaries together referred to as the "Group") and its associate companies which are companies incorporated in India, as of that date.

The estimate of claims Incurred But Not Reported ("IBNR") and claims Incurred But Not Enough Reported ("IBNER"), included under Short Term Provisions and the actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date included under Policy Liabilities (current and non-current) as at March 31, 2017 has been duly certified by the subsidiaries' appointed actuaries as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statement Regulations"), and has been relied upon by subsidiaries' auditors, as mentioned in "Other Matters" paragraph of our audit report on the consolidated financial statements as at and for the year ended March 31, 2017. In view of this, the subsidiaries' auditors did not perform any procedures relating to internal financial controls over financial reporting in respect of the valuation and accuracy of the actuarial valuation of estimate of claims IBNR and claims IBNER as well as the actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Group and its associate companies which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by branch auditor, other auditors of the subsidiary companies and associate companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Group and its associate companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the branch auditor and other auditors referred to in the Other Matters paragraph below, the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to a branch, thirteen subsidiaries and two associate companies, which are companies incorporated in India, is solely based on the corresponding reports of the auditors of such companies incorporated in India.

The financial statements and internal financial controls over financial reporting in relation to one associate company, which is company incorporated in India, is unaudited. Our opinion on the internal financial controls over financial reporting of the aforesaid entity excludes consideration of the internal financial controls over financial reporting in respect of this associate. In our opinion and according to the information and explanations given to us by the Holding Company's management, the financial statements of this associate, and the related internal financial controls over financial reporting are not material to the consolidated financial statements, and the related internal financial controls over financial reporting of the aforesaid entities.

Our opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and representations of the Board of Directors and the Management.

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

P. R. Ramesh
Partner
(Membership No. 70928)

MUMBAI
May 4, 2017

Housing Development Finance Corporation Limited
Consolidated Balance Sheet as at March 31, 2017

	Notes	₹ in Crore	₹ in Crore	March 31, 2016 ₹ in Crore
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share Capital	4	317.73		315.97
Reserves and Surplus	5	59,690.48		50,533.61
Money received against warrants	5.13	51.10		51.10
			60,059.31	50,900.68
MINORITY INTEREST			3,472.57	2,325.97
NON-CURRENT LIABILITIES				
Policy Liabilities (Policyholder's Fund)		74,256.39		61,215.25
Long-term borrowings	7	1,61,952.00		1,18,890.19
Deferred tax liabilities (net)	17	2,514.22		970.41
Other Long-term liabilities	8	2,359.26		1,777.85
Long-term provisions	9	3,025.89		2,630.02
			2,44,107.76	1,85,483.72
CURRENT LIABILITIES				
Short-term borrowings	10	42,447.95		41,948.83
Trade Payables	11	5,927.15		3,303.66
Other current liabilities	12			
- Policy Liabilities (Policyholder's Fund)		14,274.24		10,931.51
- Borrowings		89,394.67		88,578.63
- Others		10,622.65		9,737.93
Short-term provisions	13	2,851.80		4,593.36
			1,65,518.46	1,59,093.92
			4,73,158.10	3,97,804.29
ASSETS				
NON-CURRENT ASSETS				
Fixed assets				
(i) Tangible assets	14	1,206.03		1,312.56
(ii) Intangible assets	15	82.66		67.88
(iii) Capital work in Progress		40.48		6.58
(iv) Intangible assets under Development		13.20		12.13
GOODWILL ON CONSOLIDATION		620.04		187.81
Non-current investments	16	1,19,045.97		95,464.42
Deferred tax asset (net)	17	15.67		18.18
Long-term loans and advances	18			
- Loans		2,79,345.01		2,45,527.80
- Others		7,074.10		3,234.79
Other non-current assets	19	1,495.42		897.08
			4,08,938.58	3,46,729.23
CURRENT ASSETS				
Current investments	20	13,809.31		9,256.32
Trade receivables	21	1,482.43		466.80
Cash and bank balances	22	7,496.78		6,397.03
Short-term loans and advances	23			
- Loans		32,783.64		26,557.81
- Others		5,335.93		3,501.70
Other current assets	24	3,311.43		4,895.40
			64,219.52	51,075.06
			4,73,158.10	3,97,804.29

See accompanying notes forming part of the financial statements

As per our report attached.

Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

P. R. Ramesh
Partner

MUMBAI, May 4, 2017

Deepak S. Parekh
Chairman
(DIN: 00009078)

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

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Nasser Munjee
(DIN: 00010180)

B. S. Mehta
(DIN: 00035019)

D. N. Ghosh
(DIN: 00012608)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

D. M. Sukthankar
(DIN: 00034416)

J. J. Irani
(DIN: 00311104)

S. A. Dave
(DIN: 00001480)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Housing Development Finance Corporation Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2017

	Notes	₹ in Crore	Previous Year ₹ in Crore
INCOME			
Revenue from Operations	26	35,005.26	31,873.34
Profit on sale of Investments	27	1,177.26	1,616.53
Other Income		53.28	34.18
Premium from Insurance Business		21,729.13	17,876.25
Other Operating Income from Insurance Business		3,122.70	1,856.81
Total Revenue		61,087.63	53,257.11
EXPENSES			
Finance Cost	28	21,953.15	20,295.60
Employee Benefits Expenses	29	913.02	788.14
Establishment Expenses	30	142.49	134.88
Other Expenses	31	1,078.00	878.79
Claims paid pertaining to Insurance Business		11,888.33	9,486.04
Commission and operating expenses pertaining to Insurance Business		3,118.88	2,524.69
Other expenses pertaining to Insurance Business		8,491.21	6,682.58
Depreciation and Amortisation	14 & 15	107.98	120.52
Provisions and Contingencies		745.02	732.90
Total Expenses		48,438.08	41,644.14
PROFIT BEFORE TAX		12,649.55	11,612.97
Tax Expense			
Current Tax		3,504.91	3,479.32
Deferred Tax	17	515.88	160.02
PROFIT FOR THE YEAR		8,628.76	7,973.63
Share of profit of Minority Interest		(797.02)	(527.99)
Net share of Profit from Associates		3,219.38	2,744.62
PROFIT AFTER TAX ATTRIBUTABLE TO THE CORPORATION	5.1	11,051.12	10,190.26
EARNINGS PER SHARE (Face Value ₹ 2)	34		
Basic (₹)		68.87	64.07
Diluted (₹)		68.30	63.59

See accompanying notes forming part of the financial statements

As per our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

P. R. Ramesh
Partner

MUMBAI, May 4, 2017

Deepak S. Parekh
Chairman
(DIN: 00009078)

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

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

Nasser Munjee
(DIN: 00010180)

D. M. Sukthankar
(DIN: 00034416)

B. S. Mehta
(DIN: 00035019)

J. J. Irani
(DIN: 00311104)

D. N. Ghosh
(DIN: 00012608)

S. A. Dave
(DIN: 00001480)

V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Housing Development Finance Corporation Limited
Consolidated Cash Flow Statement for the year ended March 31, 2017

		Notes	₹ in Crore	Previous Year ₹ in Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit After tax Attributable to the Group		11,051.12	10,190.26
	Add: Provision for Taxation		4,020.79	3,639.34
	Profit Before Tax		15,071.91	13,829.60
	Adjustments for:			
	Depreciation and Amortisation *	14 & 15	179.45	196.87
	Provision and Contingencies		745.02	732.90
	Interest Expense	28	21,761.08	20,091.60
	Net (Gain) / Loss on translation of foreign currency monetary assets and liabilities		34.75	55.03
	Net gain on derivative valuation of INR derivatives & underlying hedging instrument		(20.59)	-
	Interest Income	26	(32,360.40)	(29,460.14)
	Shelter Assistance Reserve - utilisation	5.7	(146.26)	(85.31)
	Reserve for Unexpired Risk		407.04	189.28
	Policy Liabilities (net)		16,383.87	6,690.80
	Surplus from Deployment in Cash Management Schemes of Mutual Funds	26	(453.75)	(311.67)
	Profit on Sale of Investments		(1,177.26)	(1,616.53)
	Dividend Income	26	(42.23)	(49.85)
	Provision for Diminution in Value of Investments		15.00	10.17
	Bad debts written off		1.30	5.80
	(Profit) / Loss on Sale of Fixed Assets (net)		(7.95)	(7.45)
	Operating Profit before Working Capital changes		20,390.98	10,271.10
	Adjustments for:			
	Current and Non-Current Assets		564.35	(2,121.94)
	Current and Non-Current Liabilities		3,581.62	584.96
	Cash generated from operations		24,536.95	8,734.12
	Interest Received		32,242.88	29,129.49
	Interest Paid		(20,418.79)	(19,687.41)
	Premium paid on redemption of Debentures		(1,714.54)	(100.86)
	Dividend Received		42.23	49.85
	Taxes Paid		(4,225.40)	(3,653.25)
	Net cash from operation		30,463.33	14,471.94
	Loans Disbursed (net)		(40,224.99)	(33,753.21)
	Corporate Deposits (net)		(4,411.43)	(429.14)
	Net cash used in operating activities [A]		(14,173.09)	(19,710.41)
	* Includes depreciation included under Other expenses pertaining to Insurance Business			
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		(281.48)	(147.88)
	Sale of Fixed Assets		63.34	11.07
	Goodwill (net)		(432.23)	-
	Investments (net)		(26,577.92)	(9,175.48)
	Net cash used in investing activities [B]		(27,228.29)	(9,312.29)
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share Capital - Equity	4.1	1.76	1.03
	Utilisation of Reserves for Buyback of Equity Shares by one of the Subsidiary Company		-	(99.90)
	QIP Warrants Issue	5.13	-	51.10
	Securities Premium	5	730.67	433.33
	Deposits, CPs and other Short Term Borrowings (Net)		22,573.23	7,495.60
	Proceeds from long-term borrowings		87,029.76	70,432.31
	Repayment of long-term borrowings		(64,943.57)	(46,363.56)
	Dividend paid		(2,685.52)	(2,520.44)
	Tax paid on Dividend		(597.77)	(602.39)
	Bonus and Securities Issue Expenses		(1.73)	(85.56)
	Increase in Minority Interest		1,020.49	369.07
	Net cash from financing activities [C]		43,127.32	29,110.59
	Net (Decrease) / Increase in cash and cash equivalents [A+B+C]		1,725.94	87.89
	Add: Cash and cash equivalents as at the beginning of the year	22	3,639.32	3,547.72
	Add: Exchange difference on bank balance		(7.48)	3.71
	Cash and cash equivalents as at the end of the year	22	5,357.78	3,639.32
	Earmarked balances with banks:			
	- Unclaimed dividend account		26.29	494.77
	- Other against Foreign Currency Loans		24.97	24.08
	- Guarantees issued by banks		0.30	0.06
	- Others		-	0.69
	Short-term bank deposits		2,087.44	2,238.11
	Cash and Bank balances at the end of the year	22	7,496.78	6,397.03
	See accompanying notes forming part of the financial statements			

As per our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

P. R. Ramesh
Partner

MUMBAI, May 4, 2017

Deepak S. Parekh
Chairman
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Vice Chairman & Chief Executive Officer
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Ajay Agarwal
Company Secretary
(FCS: 9023)

Notes forming part of the consolidated financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

OTHER THAN INSURANCE COMPANIES

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

INSURANCE COMPANIES

The financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the accounting principles prescribed by the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, ('the IRDAI Financial Statements Regulations'), provisions of the Insurance Regulatory and Development Authority Act, 1999, the Insurance Act, 1938, circulars/notifications issued by the Insurance Regulatory and Development Authority of India ('the IRDAI') from time to time, the Companies Act, 2013 and applicable Accounting Standards specified under Section 133 of the Companies Act, 2013.

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

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

1.2 GAIN OR LOSS ON DILUTION

The gain or loss on account of dilution of stake of HDFC Ltd. in its subsidiaries, associates and entities over which control is exercised is accounted through General Reserve.

1.3 SYSTEM OF ACCOUNTING

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

The Balance Sheet and the Statement of Profit and Loss of the Group are prepared in accordance with the provisions contained in Section 129 of the Companies Act, 2013, read with Schedule III thereto to the extent possible (except the insurance subsidiaries).

1.4 USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with Generally Accepted Accounting Principles in India (Indian GAAP) requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

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.

Notes forming part of the consolidated financial statements (Continued)

1.11 **DIVIDEND**

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

1.12 **FEES AND OTHER REVENUE**

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

1.13 **PREMIUM INCOME FROM INSURANCE BUSINESS**

LIFE INSURANCE BUSINESS

Premium Income

Premium income is accounted for when due from the policyholders and reduced for lapsation expected based on the experience of the Company. In case of linked business, premium income is accounted for when the associated units are created. Premium on lapsed policies is accounted for as income when such policies are reinstated. Top up premium is considered as single premium.

Income from Linked Policies

Income from linked policies, which include fund management charges, policy administration charges, mortality charges and other charges, wherever applicable, is recovered from the linked funds in accordance with the terms and conditions of the insurance contracts and is accounted for as income when due.

Reinsurance Premium Ceded

Reinsurance premium ceded is accounted for on due basis, at the time when related premium income is accounted for in accordance with the terms and conditions of the reinsurance treaties. Profit commission on reinsurance ceded is netted off against premium ceded on reinsurance.

GENERAL INSURANCE BUSINESS

Premium Income

Premium including Reinsurance accepted (net of service tax) is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur. Instalment cases are recorded on instalment due dates. Premium received in advance represents premium received prior to commencement of the risk.

Reinsurance Premium Ceded

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Reinsurance premium ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium. Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur.

Premium on excess of loss reinsurance cover is accounted as per the terms of the reinsurance arrangements.

Commission received

Commission on reinsurance ceded is recognised as income on ceding of reinsurance premium.

Profit commission under reinsurance treaties, wherever applicable, is recognised in the year of final determination of the profits and as intimated by the Reinsurer.

Notes forming part of the consolidated financial statements (Continued)

1.14 INCOME FROM LEASES

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

1.15 MANAGEMENT AND TRUSTEESHIP FEES

Management and Trusteeship fees are accounted on accrual basis.

1.16 INCOME FROM INVESTMENTS

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

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

1.17 BORROWING AND BORROWING COSTS

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

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

1.18 TRANSLATION OF FOREIGN CURRENCY

Initial recognition

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

Measurement at the Balance Sheet date

Assets and liabilities in foreign currencies are converted at the rates of exchange prevailing at the year-end. Wherever the Corporation has entered into a forward contract or an instrument i.e., in substance, a forward exchange contract, the difference between the forward rate and the exchange rate on the date of the transaction is recognised as income or expense over the life of the contract.

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

Notes forming part of the consolidated financial statements (Continued)

1.19 ACCOUNTING FOR DERIVATIVE CONTRACTS

Consequent to the Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India, becoming effective from April 1, 2016, on and from that date, all derivative contracts are recognised on the balance sheet and measured at fair value. The corresponding fair value changes are recognised in the Statement of Profit and Loss unless hedge accounting is applied.

In case of fair value hedges, fair value changes of the derivative contracts are recognised through the Statement of Profit and Loss in the same period as the offsetting losses and gains on the hedged item.

For derivative contracts designated as cash flow hedges, the hedging instrument is measured at fair value and any gain or loss that is determined to be an effective hedge is recognised within equity i.e., Cash Flow Hedge Reserve. Amounts recognised in equity are transferred to the Statement of Profit and Loss in the same period as the cash flows of hedged items affect the Statement of Profit and Loss. When a derivate contract expires or is sold or if a hedge no longer meets the criteria for hedge accounting, any cumulative profit or loss in the Cash Flow Hedge Reserve is retained in equity until the hedged cash flow is recognised in the Statement of Profit and Loss. However, if hedged cash flows are no longer expected to occur, the profit or loss against the corresponding derivative contract, accumulated in the Cash Flow Hedge Reserve, is immediately released through the Statement of Profit and Loss.

Changes in the fair values of derivative instruments that do not qualify for hedge accounting are recognised immediately in the Statement of Profit and Loss.

1.20 BROKERAGE AND INCENTIVE ON DEPOSITS

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

1.21 BROKERAGE - MUTUAL FUND EXPENSE

Brokerage paid on investment in Equity Linked Saving Schemes and Closed Ended Schemes is amortised over a period of 36 months and over the tenure of the scheme respectively.

Brokerage paid in advance in respect of Portfolio Management Business is amortised over the contractual period.

Recurring expenses of schemes of HDFC Mutual Fund are borne by one of the subsidiary company, including the amounts in excess of the limits prescribed by the Securities and Exchange Board of India, are accounted in the respective heads in the Statement of Profit and Loss.

1.22 INVESTMENTS

(i) OTHER THAN INSURANCE COMPANIES

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

(ii) **INSURANCE COMPANIES**

Investments are made in accordance with the provisions of the Insurance Act, 1938, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, the Insurance Regulatory and Development Authority of India (Investment) (Amendment) Regulations, 2001, the Insurance Regulatory and Development Authority of India (Investment) (Fourth Amendment) Regulations, 2008, the Insurance Regulatory and Development Authority of India (Investment) (Fifth Amendment) Regulations, 2013, wherever applicable and various other circulars/notifications/clarifications issued by the IRDA in this context from time to time.

Investments are recognised at cost on the date of purchase, which includes brokerage and taxes if any, and excluding accrued interest (i.e. since the previous coupon date) as on the date of purchase.

In case of one of the subsidiary company (HDFC Standard Life Insurance Co. Ltd.), Investment property represents land or building held for use other than in services or for administrative purposes. The investment in the real estate investment property is valued at historical cost plus revaluation if any. Revaluation of the investment property is done at least once in three years. The change in the carrying amount of the investment property is taken to Revaluation Reserve in the Balance Sheet. Impairment loss, if any, exceeding the amount in Revaluation Reserve is recognised as an expense in the Revenue Account or the Profit and Loss Account.

1.23 **TANGIBLE FIXED ASSETS**

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

1.24 **INTANGIBLE ASSETS**

Intangible Assets comprising of system software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, less accumulated amortisation and Goodwill arising on account of a scheme of amalgamation in a subsidiary company and a scheme of de-merger in a jointly controlled entity. Any expenses on such software for support and maintenance payable annually are charged to the Statement of Profit and Loss.

1.25 **CAPITAL WORK IN PROGRESS**

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

1.26 **IMPAIRMENT OF ASSETS**

The carrying values of assets forming part of any cash generating units at Balance Sheet date are reviewed for impairment at each Balance Sheet date. If any indication for such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

1.27 **DEPRECIATION AND AMORTISATION**

Tangible Fixed Assets

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

Notes forming part of the consolidated financial statements (Continued)

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

Computers and data processing equipment - 4 years

Vehicles - 5 years

Leasehold land is amortised over the duration of the lease.

Intangible Assets

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

Computers Software - 4 years

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

Investment In Properties

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

1.28 PROVISIONS AND CONTINGENCIES

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

1.29 PROVISION FOR NON-PERFORMING ASSETS AND OTHER CONTINGENCIES

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

1.30 STANDARD ASSET PROVISIONING (COLLECTIVE ALLOWANCES)

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

Notes forming part of the consolidated financial statements (Continued)

1.31 EMPLOYEE BENEFITS

Employee Stock Option Scheme ('ESOS')

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

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

Defined contribution plans

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

The Contributions made to the Recognised Provident Funds are charged to the Statement of Profit and Loss.

Defined benefit plans

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

In the case of Dubai branch of the Corporation, the provision for gratuity is made in accordance with the prevalent local laws.

Actuarial gain and losses comprises of experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as Income or Expense.

Short-term employee benefits

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

Notes forming part of the consolidated financial statements (Continued)

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

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

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

1.32 CLAIMS PAID AND OTHER EXPENSES PERTAINING TO INSURANCE BUSINESS

(i) LIFE INSURANCE BUSINESS

Benefits paid

Benefits paid consist of policy benefit amounts and claim settlement costs, where applicable.

Non-linked business

Death and rider claims are accounted for on receipt of intimation. Annuity benefits, money back payment and maturity claims are accounted for when due. Surrenders are accounted for on the receipt of consent from the insured to the quote provided by the Company.

Linked business

Death and rider claims are accounted for on receipt of intimation. Maturity claims are accounted for on due basis when the associated units are de-allocated. Surrenders and withdrawals are accounted for on receipt on intimation when associated units are de-allocated. Amounts payable on lapsed policies are accounted for on expiry of lock in period, which is the period after which policies cannot be revived. Surrenders and lapsation are disclosed at net of charges recoverable.

Reinsurance claims receivable are accounted for in the period in which the concerned claims are intimated. Repudiated claims and other claims disputed before judicial authorities are provided for on prudent basis as considered appropriate by management.

Policy acquisition costs

Policy acquisition costs mainly consist of commission to insurance intermediaries, sales staff costs, office rent, medical examination costs, policy printing expenses, stamp duty and other related expenses incurred to source and issue the policy. These costs are expensed in the period in which they are incurred.

(ii) GENERAL INSURANCE BUSINESS

Claims incurred

Claims incurred comprises of claims paid (net of salvage and other recoveries), change in the estimate liability for outstanding claims made following a loss occurrence reported, change in estimated liability for claims incurred but not reported (IBNR) & claims incurred but not enough reported (IBNER) and specific settlement costs comprising survey, legal and other directly attributable expenses.

Provision is made for estimated value of outstanding claims at the Balance Sheet date net of reinsurance, salvage and other recoveries. Such provision is made on the basis of the ultimate amounts that are likely to be paid on each claim, established by the management in the light of past experience and

Notes forming part of the consolidated financial statements (Continued)

progressively modified for changes as appropriate on availability of further information and include insurance claim settlement costs likely to be incurred to settle outstanding claims.

Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

The estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) has been estimated by the Appointed Actuary in compliance with guidelines issued by IRDA vide circular No. 11/IRDA/ACTL/IBNR/2005-06 dated June 8, 2005 and applicable provisions of the Guidance Note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has used alternative methods for each product category as considered appropriate depending upon the availability of past data as well as appropriateness of the different methods to the different lines of businesses.

Acquisition costs

Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission. These costs are expensed out in the period in which they are incurred.

Premium Deficiency

Premium deficiency is recognised for the Company as a whole on an annual basis. Premium deficiency is recognised if the sum of the expected claim costs, related expenses and maintenance cost (related to claims handling) exceeds related reserve for unexpired risk.

1.33 LEASES

(i) **Finance leases**

Finance leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the lower of the fair value of the asset and present value of the minimum lease payments at the inception of the lease term and are disclosed as leased assets. Lease payments are apportioned between the finance charges and the corresponding liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit and Loss. Leased assets capitalised under finance lease are depreciated on a straight line basis over the lease term.

(ii) **Operating leases**

Leases where the lessor effectively retains substantially all the risk and the benefits of ownership over the leased term are classified as operating leases. Leased rental payments under operating leases including committed increase in rentals are accounted for as an expense, on a straight line basis, over the non-cancellable lease period.

1.34 EARNINGS PER SHARE

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

Notes forming part of the consolidated financial statements (Continued)

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

1.35 TAXES ON INCOME

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

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets.

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

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

1.36 SERVICE TAX INPUT CREDIT

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

1.37 SECURITISED LOANS AND SECURITISATION LIABILITIES

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

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

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

1.38 POLICY LIABILITIES

Actuarial liabilities, for all inforce policies and policies where premiums are discontinued, but a liability exists as at the valuation date, are calculated in accordance with the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938, regulations notified by the IRDAI and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDAI.

Notes forming part of the consolidated financial statements (Continued)

The specific principles adopted for the valuation of policy liabilities are set out as per the IRDA (Assets, Liabilities and Solvency Margin) Regulations, 2000 and the APS2 & APS7 issued by the Institute of Actuaries of India.

1.39 **RESERVE FOR UNEXPIRED RISK OF GENERAL INSURANCE BUSINESS**

Reserve for Unexpired Risk represents proportion of net premium written relating to the period of insurance subsequent to the Balance Sheet date, calculated on the basis of 1/365th method, or as required under Section 64V(1)(ii)(b) of the Insurance Act, 1938, i.e., subject to a minimum of 100% in case of marine hull business and 50% in case of other businesses based on net premium written during the year, whichever is higher. As per the Master Circular on preparation of financial statements General Insurance Business the net Premium Written is to be considered only in respect of policies written during the year and unexpired on the Balance sheet date.

2. The consolidated financial statements relate to Housing Development Finance Corporation Limited ("HDFC Ltd." or "the Corporation"), its subsidiaries, jointly controlled entities and Group's share of profit / loss in its associates as on March 31, 2017 and for the year ended on that date. The consolidated financial statements have been prepared on the following basis:

(i) The financial statements of the Corporation and its subsidiaries have been combined on a line-by-line basis by consolidating the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions, resulting in unrealised profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' (AS 21).

(ii) The Corporation's investments in equity shares of associates are accounted for under the equity method and its share of pre-acquisition profits/losses is reflected as goodwill/capital reserve in the carrying value of investments in accordance with the Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' (AS 23).

(iii) The financial statements of the subsidiaries and the associates used in the consolidation are drawn up to the same reporting date as that of the Corporation, i.e. March 31, 2017.

(iv) The excess of cost to the Corporation, of its investment in the subsidiaries over the Corporation's portion of equity is recognised in the financial statements as Goodwill.

(v) The excess of the Corporation's portion of equity of the subsidiaries on the acquisition date over its cost of investment is treated as Capital Reserve.

(vi) Minority Interest in the net assets of consolidated subsidiaries consists of:

a) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and

b) The minorities' share of movements in equity since the date the relationship came into existence.

(vii) Minority interest's share of net profit/loss for the year of the consolidated subsidiaries is identified and adjusted against the profit after tax of the group.

(viii) In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.

Notes forming part of the consolidated financial statements (Continued)

2.1 The financial statements of the following subsidiary companies have been consolidated as per Accounting Standard on 'Consolidated Financial Statements' (AS 21).

All the below mentioned subsidiaries have been incorporated in India, other than Griha Investments which has been incorporated in Mauritius, Griha Pte. Ltd. which has been incorporated in Singapore and HDFC International Life and Re Company Limited which has been incorporated in Dubai.

Name of Subsidiary	Proportion of Ownership Interest (%)	
	Current Year	Previous Year
HDFC Developers Ltd.	**100.00**	100.00
HDFC Investments Ltd.	**100.00**	100.00
HDFC Holdings Ltd.	**100.00**	100.00
HDFC Asset Management Co. Ltd.	**59.99**	59.99
HDFC Trustee Co. Ltd.	**100.00**	100.00
HDFC Realty Ltd.	**100.00**	100.00
GRUH Finance Ltd.	**58.45**	58.59
HDFC Venture Capital Ltd.	**80.50**	80.50
HDFC Ventures Trustee Co. Ltd.	**100.00**	100.00
HDFC Standard Life Insurance Co. Ltd.	**61.53**	61.63
HDFC Pension Management Co. Ltd. (Subsidiary of HDFC Standard Life Insurance Co. Ltd.)	**61.53**	61.63
HDFC International Life and Re Company Limited (Subsidiary of HDFC Standard Life Insurance Co. Ltd.)	**61.53**	61.63
HDFC ERGO General Insurance Co. Ltd.	**50.80**	73.63
HDFC General Insurance Ltd. (Subsidiary of HDFC ERGO General Insurance Co. Ltd., erstwhile known as L&T General Insurance Company Limited)	**50.80**	-
HDFC Sales Pvt. Ltd.	**100.00**	100.00
HDFC Property Ventures Ltd.	**100.00**	100.00
HDFC Investment Trust	**100.00**	100.00
HDFC Investment Trust - II	**100.00**	100.00
Griha Investments (Subsidiary of HDFC Holdings Ltd.)	**100.00**	100.00
Griha Pte Ltd. (Subsidiary of HDFC Investments Ltd.)	**100.00**	100.00
HDFC Credila Financial Services Pvt. Ltd. (erstwhile known as Credila Financial Services Pvt. Ltd.)	**81.12**	78.66
HDFC Education and Development Services Pvt. Ltd.	**100.00**	100.00
HDFC Capital Advisors Ltd.	**100.00**	100.00
Grandeur Properties Pvt. Ltd.	**100.00**	100.00
Haddock Properties Pvt. Ltd.	**100.00**	100.00
Pentagram Properties Pvt. Ltd.	**100.00**	100.00
Windermere Properties Pvt. Ltd.	**100.00**	100.00
Winchester Properties Pvt. Ltd.	**100.00**	100.00

2.2 Consequent to the above changes in the ownership interest, certain previous year balances have been considered on current ownership and accordingly the same is reflected in the Reserves and Surplus as 'Opening Adjustments'.

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 on 'Accounting for Investments in Associates in Consolidated Financial Statements' (AS 23):

Name of Associate	Nature of Business	Proportion of Ownership Interest (%)	
		Current Year	Previous Year
HDFC Bank Ltd.	Banking Services	**21.20**	21.49
True North Ventures Pvt. Ltd. (erstwhile known as India Value Fund Advisors Pvt. Ltd.)	Venture Capital	**21.51**	21.51
RuralShores Business Services Pvt. Ltd.#	BPO	**27.08**	27.08
Magnum Foundations Pvt. Ltd.*	Real Estate	**50.00**	50.00

As per Accounting Standard (AS 23) on 'Accounting for Investments in Associates in Consolidated Financial Statements' (AS 23), the investments in RuralShores Business Services Pvt. Ltd. has been excluded from consolidation since the share of losses exceeded the carrying amount of investment and the same has been fully provided for in the books of account of HDFC Ltd.

* As per the 'Accounting Standard on Consolidated Financial Statements' (AS 23), Investments in Magnum Foundations Pvt. Ltd. by one of the subsidiary company has been excluded from consolidation, since it is exclusively held with a view to their subsequent disposal in the near future by such subsidiary company.

HDFC Ltd.'s share of profit in HDFC Bank Ltd. has been accounted for based on their consolidated financial statements.

4. SHARE CAPITAL	**As at March 31, 2017 ₹ in Crore**	As at March 31, 2016 ₹ in Crore
AUTHORISED		
175,00,00,000 Equity Shares of ₹ 2 each (Previous Year 170,00,00,000 Equity Shares of ₹ 2 each)	**350.00**	340.00
	350.00	340.00
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
158,86,72,140 Equity Shares of ₹ 2 each (Previous Year 157,98,46,340 Equity Shares of ₹ 2 each)	**317.73**	315.97
	317.73	315.97

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	**₹ in Crore**	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**157,98,46,340**	**315.97**	157,46,97,670	314.94
Shares allotted pursuant to exercise of stock options	**88,25,800**	**1.77**	51,48,670	1.03
Equity shares outstanding as at the end of the year	**158,86,72,140**	**317.73**	157,98,46,340	315.97

Notes forming part of the consolidated financial statements (Continued)

4.2 Details of shareholders' holding more than 5 percent shares in the Corporation as at March 31, 2017 are given below. There were no shareholders holding more than 5 percent shares in the Corporation as at March 31, 2016.

Particulars	Outstanding as on March 31, 2017	
	Number	Percentage of shares held to total Shares
Life Insurance Corporation of India (All Accounts)	8,60,26,344	5.41%

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

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

As at March 31, 2017, **12,29,51,224 shares** (Previous Year 8,19,25,500 shares) were reserved for issuance as follows:

a) **8,64,51,224 shares** of ₹ 2 each (Previous Year 4,54,25,500 shares of ₹ 2 each) towards outstanding Employees Stock Options granted / available for grant, including lapsed options [Refer Note 4.4].

b) **3,65,00,000 shares** of ₹ 2 each (Previous Year 3,65,00,000) towards outstanding share warrants [Refer Note 5.13].

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

In terms of ESOS-14, the options would vest over a period of 1-3 years from the date of grant, but not later than October 7, 2017, depending upon options grantee completing continuous service of three years with the Corporation. Accordingly, during the year **1,57,799 options** (Previous Year 59,58,841 options) were vested. In the current year **22,390 options** (Previous Year 51,427 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

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

In terms of ESOS - 11, the options would vest over a period of 1-3 years from the date of grant, but not later than May 22, 2015, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, during the year **Nil options** (Previous Year 36,043 options) were vested. In the current year **1,936 options** (Previous Year 2,884 options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

Notes forming part of the consolidated 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 **228 options** (Previous Year Nil options) lapsed. The options can be exercised over a period of five years from the date of respective vesting.

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

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

Method used for accounting for share based payment plan:

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

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

Particulars	ESOS – 14	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**60,71,671**	62,24,019
Granted during the year	**-**	-
Vested during the year	**1,57,799**	59,58,841
Exercised during the year	**6,40,917**	1,00,921
Lapsed during the year	**22,390**	51,427
Outstanding at the end of the year	**54,08,364**	60,71,671
Unvested at the end of the year	**49,902**	2,22,048
Exercisable at the end of the year	**53,58,462**	58,49,623
Weighted average price per option	**₹ 5,073.25**	

Notes forming part of the consolidated financial statements (Continued)

Particulars	ESOS – 11	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**28,13,951**	37,45,586
Granted during the year	**-**	-
Vested during the year	**-**	36,043
Exercised during the year	**11,24,243**	9,28,751
Lapsed during the year	**1,936**	2,884
Outstanding at the end of the year	**16,87,772**	28,13,951
Unvested at the end of the year	**-**	-
Exercisable at the end of the year	**16,87,772**	28,13,951
Weighted average price per option	**₹ 3,177.50**	

Particulars	ESOS – 08	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**5,102**	5,102
Granted during the year	**-**	-
Vested during the year	**-**	-
Exercised during the year	**-**	-
Lapsed during the year	**228**	-
Outstanding at the end of the year	**4,874**	5,102
Unvested at the end of the year	**-**	-
Exercisable at the end of the year	**4,874**	5,102
Weighted average price per option	**₹ 1,350.60**	

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

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

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

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

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

₹ in Crore

Particulars	Current Year	Previous Year
Net Profit (as reported)	**11,051.12**	10,190.26
Less : Stock-based compensation expenses determined under fair value based method, net of tax: [Gross ₹ **Nil** (Previous Year ₹ 338.50 crore)] (pro-forma)	-	221.35
Net Profit (pro-forma)	**11,051.12**	9,968.91
Less : Amounts utilised out of Shelter Assistance Reserve	**146.27**	85.31
Net Profit considered for computing EPS (pro-forma)	**10,904.85**	9,883.60

Amount in ₹

Particulars	Current Year	Previous Year
Basic earnings per share (as reported)	**68.87**	64.07
Basic earnings per share (pro-forma)	**68.87**	62.66
Diluted earnings per share (as reported)	**68.30**	63.59
Diluted earnings per share (pro-forma)	**68.30**	62.19

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

Notes forming part of the consolidated financial statements (Continued)

5. RESERVES AND SURPLUS

		As at March 31, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
Special Reserve No. I	[Refer Note 5.2]	**51.23**	51.23
Special Reserve No. II	[Refer Note 5.2]	**10,069.08**	8,773.49
Special Reserve Under Section 45-IC(1) of the Reserve Bank of India Act, 1934		**67.04**	52.19
General Reserve		**13,937.12**	15,217.06
Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987)		**3,865.63**	3,620.67
Revaluation Reserve		**-**	30.85
Securities Premium	[Refer Note 5.3]	**10,307.22**	10,130.56
Capital Redemption Reserve	[Refer Note 5.4]	**27.67**	27.67
Debenture Redemption Reserve		**9.72**	-
Shelter Assistance Reserve	[Refer Note 31.1]	**193.21**	154.47
Corporate Social Responsibility Account		**1.55**	1.55
Foreign Currency Translation Reserve		**6.38**	10.65
Foreign Currency Monetory Item Translation Difference Account (Debit Balance)	[Refer Notes 5.9 and 5.10]	**(171.69)**	(122.07)
Cashflow Hedge Reserve		**(0.54)**	-
Capital Reserve		**0.04**	0.04
Capital Reserve on Consolidation		**48.30**	48.30
Surplus in the Statement of Profit and Loss (of subsidiaries and associates)	[Refer Note 5.1]	**21,278.52**	12,536.95
		59,690.48	50,533.61

		As at March 31, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
5.1 SURPLUS IN THE STATEMENT OF PROFIT AND LOSS			
Opening Balance		**12,536.95**	9,686.99
Add: Opening Adjustment	[Refer Note 2.2]	**121.31**	72.50
		12,658.26	9,759.49
Add: Profit after Tax for the year attributable to the Corporation		**11,051.12**	10,190.26
		23,709.38	19,949.75
APPROPRIATIONS:			
Special Reserve No. II	[Refer Note 5.2]	**1,296.10**	1,135.93
Special Reserve (under Section 45-IC(1) of the Reserve Bank of India Act, 1934)		**14.36**	11.36
General Reserve		**70.99**	2,443.08
Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987)		**245.00**	325.00

Notes forming part of the consolidated financial statements (Continued)

		As at March 31, 2017 ₹ in Crore	As at March 31, 2016 ₹ in Crore
Shelter Assistance Reserve		**185.00**	150.00
Capital Redemption Reserve	[Refer Note 5.4]	**-**	0.47
Debenture Redemption Reserve		**9.72**	-
Buyback of equity shares by a subsidiary company	[Refer Note 5.3]	**-**	37.92
Proposed Dividend (Previous Year @ ₹ 14 per equity share of ₹ 2 each)	[Refer Note 5.11]	**-**	2,211.78
Tax on Dividend		**139.82**	631.81
Tax on Dividend credit taken	[Refer Note 5.5]	**(9.98)**	(11.14)
Interim Dividend Paid	[Refer Note 5.12]	**476.13**	473.94
Dividend [including tax of ₹ **0.63 crore** (Previous Year ₹ 0.45 crore)] pertaining to previous year paid during the year	[Refer Note 5.6]	**3.72**	2.65
		21,278.52	12,536.95

5.2 Special Reserve has been created over the years in terms of Section 36(1)(viii) of the Income Tax Act, 1961 out of the distributable profits of HDFC Ltd. and a Subsidiary. Special Reserve No. I relates to the amounts transferred upto Financial Year 1996-97, whereas Special Reserve No. II relates to the amounts transferred thereafter.

Vide circular NHB(ND)/DRS/Pol.62/2014 dated May 27, 2014, the National Housing Bank (NHB) had directed Housing Finance Companies (HFCs) to provide for deferred tax liability in respect of the balance in the "Special Reserve" created under Section 36(1)(viii) of the Income Tax Act, 1961. Vide circular NHB(ND)/DRS/Pol. 65/2014 dated August 22, 2014, NHB has permitted HFCs to create the Deferred Tax Liability over a period of 3 years, in a phased manner in the ratio of 25:25:50. Accordingly, the Corporation and one of its subsidiary has created the residual deferred tax liability of ₹ **1,158.17 crore** (Previous Year ₹ 579.43 crore) on balance of accumulated Special Reserve as on April 1, 2014 by debiting the General Reserve.

5.3 During the year, ₹ **575.08 crore** (Previous Year ₹ 553.86 crore) has been utilised out of the Securities Premium in accordance with Section 52 of the Companies Act, 2013. Out of the above, ₹ **1.13 crore** (Previous Year ₹ 0.11 crore) has been utilised by the subsidiary companies towards issue of Bonus equity shares, expenses thereon and debenture issue expenses, ₹ **Nil** (Previous Year ₹ 85.46 crore) has been utilised by one of the subsidiary companies towards buy-back of equity shares and ₹ **573.95 crore (net of tax ₹ 303.76 crore)** [(Previous Year ₹ 468.29 crore) (net of tax ₹ 247.84 crore)] has been utilised by HDFC Ltd. towards the proportionate premium payable on the redemption of Zero Coupon Secured Redeemable Non-Convertible Debentures and issue expenses in respect of Rupee Denominated Bonds and Medium Term Note Programme (MTN Programme).

5.4 HDFC Asset Management Company Limited (HDFC AMC), pursuant to the approval of its shareholders at the Extraordinary General Meeting and in accordance with the provisions of the Companies Act, 2013 (Act), has bought back **Nil** equity shares during the year (Previous Year 7,85,400 equity shares) at an aggregate value of ₹ **Nil** (Previous Year ₹ 309.76 crore). HDFC AMC has utilised the Securities Premium and General Reserves for this purpose. A sum of ₹ **Nil** (Previous Year ₹ 0.47 crore) has been transferred to Capital Redemption Reserve in terms of Section 69(1) of the Act.

Notes forming part of the consolidated financial statements (Continued)

5.5 During the year, the Corporation availed a credit of ₹ **9.98 crore (for FY 2015-16)** [Previous Year ₹ 11.14 crore (for FY 2014-15)], which is adjusted against the dividend tax paid by the subsidiary companies of the Corporation on the dividend paid to the Corporation as per Section 115-O(1A) of the Income Tax Act, 1961.

5.6 In respect of equity shares issued pursuant to Employee Stock Option Schemes, HDFC Ltd. paid dividend of ₹ **3.09 crore** for the FY 2015-16 (₹ 2.19 crore for the FY 2014-15) and tax on dividend of ₹ **0.63 crore** (Previous Year ₹ 0.45 crore) as approved by the shareholders at the Annual General Meeting held on July 27, 2016 and GRUH Finance Ltd. paid dividend of ₹ **33,718** for the FY 2015-16 (₹ 0.02 crore for the FY 2014-15) and tax on dividend of ₹ **6,865** (Previous Year ₹ 42,179) as approved by the shareholders at the Annual General Meeting held on June 22, 2016.

5.7 Miscellaneous Expenses under Note 31 exclude ₹ **146.27 crore** (Previous Year ₹ 85.31 crore) in respect of amounts utilised out of Shelter Assistance Reserve.

5.8 The Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India was effective from April 1, 2016. On and from that date, all derivative contracts are recognised on the balance sheet and measured at fair value. The fair value changes are recognised in the Statement of Profit and Loss unless hedge accounting is used. Where hedge accounting is used, fair value changes of the derivative contracts are recognised through the Statement of Profit and Loss in the same period as the offsetting losses and gains on the hedged item. As a result of the change, in accordance with the transitional provisions of the Guidance Note, the Corporation has debited an amount of ₹ **241.31 crore (net of deferred tax of ₹ 127.70 crore)** on account of the cumulative impact of all derivatives contracts outstanding as of April 1, 2016, to the opening reserves. The long term monetary items other than derivatives continue to be amortised, through the Statement of Profit and Loss over the balance period of such long term asset or liability.

The figures in Notes 5.9, 5.10 and 28.2 are not comparable with those of the previous year due to revision in the accounting policy during the year upon alignment with the accounting recommended in the said Guidance Note.

5.9 Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities. Consequently, an amount of ₹ **171.69 crore** (without considering future tax benefit of ₹ **59.42 crore**) [(Previous Year ₹ 122.07 crore) (without considering future tax benefits of ₹ 42.25 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2017. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 4 years.

5.10 During the year, there was a net addition of ₹ **49.62 crore** (Previous Year net addition ₹ 88.32 crore) in the Foreign Currency Monetary Items Translation Difference Account as under :

₹ in Crore

Particulars	**Current Year**	Previous Year
Adjusted against General Reserves on fair valuation of derivatives as on April 1, 2016	**162.20**	-
Net Revaluation of monetary assets & liabilities	**(351.59)**	(140.32)
Net debit/(credit) to the Statement of Profit & Loss on account of repayments during the year	**82.57**	(59.07)
Net amortisation debit/(credit) during the year	**57.20**	111.07
Net reduction/(addition) during the year	**(49.62)**	(88.32)

Notes forming part of the consolidated financial statements (Continued)

5.11 The Board of Directors have proposed dividend on equity shares at ₹ **15** per share at their meeting held on May 4, 2017. As per the Companies (Accounting Standard) Amendment Rules, 2016, the dividend will be recorded after the approval in Annual General Meeting.

5.12 The Board of Directors of the Company at its meeting held on March 3, 2017, *inter alia*, has approved the payment of an interim dividend of ₹ **3** per equity share (Previous Year ₹ 3 per equity share) of face value of ₹ 2 each of the Corporation, for the financial year 2016-17.

5.13 The Corporation has on October 5, 2015 issued 3,65,00,000 warrants, convertible into 3,65,00,000 equity shares of ₹ 2 each at a conversion price of ₹ 1,475.00 each, simultaneously with the issue of 5,000 secured redeemable non-convertible debentures of face value of ₹ 1,00,00,000 each, to eligible qualified institutional buyers by way of a qualified institutions placement in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and Sections 42 and 71 of the Companies Act, 2013 and the rules made thereunder. An amount of ₹ **51.10 crore** was received towards subscription of warrants. The warrants may be converted into equivalent number of shares on payment of the conversion price at any time on or before October 5, 2018. In the event the warrants are not converted into shares within the said period, the Company is eligible to forfeit the amounts received towards the warrants.

6. The Funds for Future Appropriations (FFA), in the participating segment, represents the surplus, which is not allocated to policyholders or shareholders as at the Balance Sheet date. Transfers to and from the fund reflect the excess/deficit of income over expenses/expenses over income respectively and appropriations in each accounting period arising in the Company's policyholders' fund. Any allocation to the par policyholders would also give rise to a transfer to Shareholders' Profit and Loss Account in the required proportion.

The FFA in the linked segment represents surplus on the lapsed policies unlikely to be revived. This surplus is required to be held within the policyholders' fund till the time policyholders are eligible for revival of their policies.

7. LONG-TERM BORROWINGS

₹ in Crore

Particulars		**As at March 31, 2017**	As at March 31, 2016
Bonds and Debentures [Refer Note 7.9]		**97,456.36**	63,711.20
Term Loans : [Refer Notes 7.6, 7.7 and 7.9]			
- Banks	**7,712.02**		10,315.91
- External Commercial Borrowing - Low Cost Affordable Housing	**7,619.88**		5,318.40
- Others	**7,325.79**	**22,657.69**	5,380.49
Deposits [Refer Note 7.8]		**41,837.95**	34,164.19
		1,61,952.00	1,18,890.19

Notes forming part of the consolidated financial statements (Continued)

7.1 Long-Term Borrowings are further sub-classified as follows:

₹ in Crore

Sr. No.	Particulars		As at March 31, 2017	As at March 31, 2016
	Secured : [Refer Note 7.2]			
a)	**Bonds and Debentures**			
	- Bonds	**34.20**		40.50
	- Non-Convertible Debentures	**83,349.16**		57,897.70
b)	**Term Loans from Banks**			
	- Scheduled Banks	**6,712.02**		9,632.03
c)	**Term Loans from other parties**			
	- Asian Development Bank [Refer Note 7.3]	**260.26**		312.92
	- National Housing Bank	**7,065.53**		5,067.57
	Total Secured		**97,421.17**	72,950.72
	Unsecured :			
a)	**Bonds and Debentures**			
	- Non-Convertible Subordinated Debentures	**5,623.00**		5,623.00
	- Perpetual Debt Instrument	**150.00**		150.00
	- Synthetic INR Denominated Bonds [Refer Note 7.5]	**8,300.00**		-
b)	**Term Loans from Banks**			
	- Scheduled Banks	**1,000.00**		683.88
c)	**External Commercial Borrowing - Low Cost Affordable Housing** [Refer Note 7.4]	**7,619.88**		5,318.40
d)	**Deposits** [Refer Note 7.8]	**41,837.95**		34,164.19
	Total Unsecured		**64,530.83**	45,939.47
			1,61,952.00	1,18,890.19

7.2 All secured Long-Term Borrowings are secured by;

(i) Negative lien on the assets of the Corporation and GRUH Finance Ltd and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under Section 29B of the National Housing Bank Act, 1987.

(ii) First charge by way of hypothecation of education loan receivables of one of the subsidiary company's underlying portfolio of education loans and related collaterals.

7.3 The Corporation has availed a loan of USD 100 million from the Asian Development Bank (Loan II). In respect of tranches 1 and 2 aggregating to USD 60 million, as per the agreements with a scheduled bank, the Corporation has handed over the dollar funds to the bank overseas and has obtained rupee funds in India amounting to ₹ 200 crore by way of a term loan and ₹ 100 crore through the issue of bonds which have been subscribed by the bank.

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

Notes forming part of the consolidated financial statements (Continued)

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

7.4 The Corporation had availed an External Commercial Borrowing of USD 300 million for financing prospective owners of low cost affordable housing units under “approval route” in terms of Reserve Bank of India (“RBI”) guidelines dated December 17, 2012. The borrowing has an original maturity of five years. In terms of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps.

The Corporation has availed an External Commercial Borrowing of USD 500 million for financing prospective owners of low cost affordable housing units under “approval route” in terms of Reserve Bank of India (“RBI”) guidelines dated December 17, 2012. The borrowing has a maturity of five years. In terms of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps.

During the Financial year, the Corporation has availed an External Commercial Borrowing of USD 375 million for financing prospective owners of low cost affordable housing units under “approval route” in terms of Reserve Bank of India (“RBI”) guidelines dated December 17, 2012. The borrowing has a maturity of five years. In terms of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps.

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

7.5 During the year, the Corporation raised ₹ 5,000 crore through various issues of Rupee Denominated Bonds to overseas investors under the automatic route in accordance with the external commercial borrowing guidelines issued by the Reserve Bank of India (“RBI”). The Corporation was the first Indian corporate issuer of such bonds.

The Corporation also established a Medium Term Note Programme (MTN Programme) of up to USD 750 million so as to enable the Corporation to issue Rupee Denominated debt instruments in the international capital markets, subject to regulatory approvals. Under this programme, the Corporation raised ₹ 3,300 crore through the issuance of Rupee Denominated Bonds to overseas investors through the approval route.

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

7.6 As on March 31, 2017, the Corporation has foreign currency borrowings of **USD 2,944.46 million equivalent** (Previous Year USD 1,447.36 million equivalent). The Corporation has undertaken currency swaps, options and forward contracts on a notional amount of **USD 2,554.92 million equivalent** (Previous Year USD 1,295.81 million equivalent) to hedge the foreign currency risk. As on March 31, 2017, the Corporation’s net foreign currency exposure on borrowings net of risk management arrangements is **USD Nil** (Previous Year USD Nil).

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

As a part of asset liability management on account of the Corporation’s Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of **₹ 30,655 crore** (Previous Year ₹ 19,935 crore) as on March 31, 2017 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, the Corporation has entered into currency swaps of a notional amount of **USD 49.42 million equivalent** (Previous Year USD 243.11 million equivalent) through which it has converted its rupee liabilities into foreign currency liabilities and the interest rate is linked to the benchmarks of respective currencies.

Notes forming part of the consolidated financial statements (Continued)

7.7 Monetary assets and liabilities denominated in foreign currencies are revalued at the rate of exchange prevailing at the year end.

For forward contracts or instruments that are in substance, forward exchange contracts, the exchange differences on such contracts are being amortised over the life of contracts. The amount of exchange difference in respect of such contracts to be recognised as expense in the Statement of Profit and Loss over subsequent accounting periods is ₹ **270.58 crore** (Previous Year ₹ 84.98 crore).

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

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

A) BONDS AND DEBENTURES

Previous Year figures are in (brackets)
₹ in Crore

Bonds and Debentures - Secured				
Maturities -	**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest				
6.03% - 8%	**18,821.00**	**-**	**3,350.82**	**22,171.82**
	(500.00)	-	-	*(500.00)*
8.01% - 10%	**31,474.84**	**13,227.53**	**7,020.38**	**51,722.75**
	(26,107.70)	*(13,430.00)*	*(8,605.00)*	*(48,142.70)*
10.01% - 11.95%	**4,200.28**	**-**	**-**	**4,200.28**
	(5,295.00)	-	-	*(5,295.00)*
Zero Coupon	**5,254.31**	**-**	**-**	**5,254.31**
	(1,960.00)	*(2,000.00)*	-	*(3,960.00)*
Variable Rate - Linked to G Sec	**14.10**	**15.90**	**4.20**	**34.20**
	(13.15)	*(14.95)*	*(12.40)*	*(40.50)*
Total Secured A	**59,764.53**	**13,243.43**	**10,375.40**	**83,383.36**
A	*(33,875.85)*	*(15,444.95)*	*(8,617.40)*	*(57,938.20)*
Bonds and Debentures - Unsecured				
Maturities -	**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest				
Non-Convertible Subordinated Debentures				
8.65% - 12.00%	**500.00**	**2,000.00**	**3,273.00**	**5,773.00**
	-	*(1,500.00)*	*(4,273.00)*	*(5,773.00)*
Synthetic INR Denominated Bonds				
6.87% - 7.88%	**5,000.00**	**3,300.00**	**-**	**8,300.00**
	-	-	-	-
Total Unsecured B	**5,500.00**	**5,300.00**	**3,273.00**	**14,073.00**
B	-	*(1,500.00)*	*(4,273.00)*	*(5,773.00)*
Total (Secured and Unsecured) A+B	**65,264.53**	**18,543.43**	**13,648.40**	**97,456.36**
A+B	*(33,875.85)*	*(16,944.95)*	*(12,890.40)*	*(63,711.20)*

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%	**701.07**	**1,399.90**	**4,463.21**	**6,564.18**
	(32.00)	-	*(300.00)*	*(332.00)*
9.01% - 12.00%	**93.94**	**53.90**	**-**	**147.84**
	(3,807.39)	*(852.03)*	*(4,240.80)*	*(8,900.22)*
Term Loans from Scheduled Banks - Foreign Currency USD LIBOR + 150 - 200 bps	**-**	**-**	**-**	**-**
	(399.81)	-	-	*(399.81)*
Total Secured A	**795.01**	**1,453.80**	**4,463.21**	**6,712.02**
A	*(4,239.20)*	*(852.03)*	*(4,540.80)*	*(9,632.03)*
Term Loans from Banks - Unsecured				
Maturities -	**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest				
Term Loans from Scheduled Banks - Rupee				
7.60% - 9.25%	**-**	**1,000.00**	**-**	**1,000.00**
	(285.00)	-	-	*(285.00)*
Term Loans from Scheduled Banks - Foreign Currency USD LIBOR + 200 - 325 bps	**-**	**-**	**-**	**-**
	(398.88)	-	-	*(398.88)*
Total Unsecured B	**-**	**1,000.00**	**-**	**1,000.00**
B	*(683.88)*	-	-	*(683.88)*
Total (Secured and Unsecured) A+B	**795.01**	**2,453.80**	**4,463.21**	**7,712.02**
A+B	*(4,923.08)*	*(852.03)*	*(4,540.80)*	*(10,315.91)*

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

Previous Year figures are in (brackets)
₹ in Crore

Maturities -	**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest				
USD LIBOR + 107 - 175 bps	**1,945.50**	**-**	**-**	**1,945.50**
	(1,994.40)	-	-	*(1,994.40)*
USD LIBOR + 120 bps	**-**	**3,242.50**	**-**	**3,242.50**
	-	*(3,324.00)*	-	*(3,324.00)*
USD LIBOR + 126 bps	**-**	**2,431.88**	**-**	**2,431.88**
	-	-	-	-
Total Unsecured	**1,945.50**	**5,674.38**	**-**	**7,619.88**
	(1,994.40)	*(3,324.00)*	-	*(5,318.40)*

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	**54.55**	**61.68**	**16.65**	**132.88**
	(52.59)	*(59.46)*	*(49.65)*	*(161.70)*
Variable linked to Bank PLR	**28.04**	**31.71**	**8.55**	**68.30**
	(26.37)	*(29.82)*	*(24.89)*	*(81.08)*
Variable linked to G Sec	**24.25**	**27.43**	**7.40**	**59.08**
	(22.81)	*(25.79)*	*(21.54)*	*(70.14)*
National Housing Bank				
5.50% - 8%	**1,982.54**	**1,497.70**	**716.76**	**4,197.00**
	(384.02)	*(198.30)*	*(324.87)*	*(907.19)*
8.01% - 10%	**1,179.12**	**507.32**	**1,182.09**	**2,868.53**
	(2,043.87)	*(617.39)*	*(1,499.12)*	*(4,160.38)*
Total Secured	**3,268.50**	**2,125.84**	**1,931.45**	**7,325.79**
	(2,529.66)	*(930.76)*	*(1,920.07)*	*(5,380.49)*

8. OTHER LONG-TERM LIABILITIES

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Interest Accrued but not due on Borrowings	**1,508.90**	1,043.81
Premium payable on redemption of Debentures	**690.25**	557.38
Security and Other Deposits Received	**6.95**	7.83
Income Received in Advance	**45.52**	66.64
Trade Payables	**87.44**	93.86
Others	**20.20**	8.33
Total	**2,359.26**	1,777.85

Notes forming part of the consolidated financial statements (Continued)

9. LONG-TERM PROVISIONS

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for Employee Benefits [Refer Note 29.2]	**99.90**	77.25
Provision and Contingencies [Refer Notes 9.1 and 9.2]	**2,367.43**	2,167.93
Reserve for Unexpired Risk (Includes Insurance Reserve)	**558.56**	384.84
Total	**3,025.89**	2,630.02

9.1 Provisions and Contingencies includes provisions for standard assets and all other contingencies. In accordance with the prudential norms of National Housing Bank and Reserve Bank of India, the minimum provision required to be carried forward is ₹ **1,668.04 crore** (Previous Year ₹ 1,392.47 crore) and ₹ **11.60 crore** (Previous Year ₹ 7.39 crore) respectively.

9.2 **Movement in Provision and Contingencies Account during the year is as under:**

₹ in Crore

Particulars	Current Year	Previous Year
Opening Balance	**2,167.93**	1,576.47
Additions during the year (Net)	**543.19**	639.19
Utilised during the year towards diminution in value of Investments	**(306.43)**	(11.20)
Utilised during the year towards loans and others written off	**(37.26)**	(36.53)
Closing Balance	**2,367.43**	2,167.93

10. SHORT-TERM BORROWINGS

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Deposits - Unsecured [Refer Note 7.8]	**2,694.64**	3,809.58
Other loans and advances		
- Scheduled Banks - Secured [Refer Note 10.1]	**2,038.02**	10,805.18
- Scheduled Banks - Unsecured	**-**	1,190.00
- Commercial Papers - Unsecured [Refer Note 10.2]	**37,715.29**	26,144.07
Total	**42,447.95**	41,948.83

10.1 All Secured Short-Term Borrowings are secured by:

(i) Negative lien on the assets of the Corporation and GRUH Finance Ltd. and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under Section 29B of the National Housing Bank Act, 1987.

(ii) First charge by way of hypothecation of education loan receivables of one of the subsidiary company's underlying portfolio of education loans and related collaterals.

10.2 Commercial papers of the Corporation have a maturity value of ₹ **38,655 crore** (Previous Year ₹ 27,075 crore). Yield on Commercial paper varies between **6.50% to 9.20%** (Previous Year 7.38% to 9.50%).

Notes forming part of the consolidated financial statements (Continued)

11. TRADE PAYABLES

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Trade payables	**5,927.15**	3,303.66
Total	**5,927.15**	3,303.66

12. OTHER CURRENT LIABILITIES

₹ in Crore

Particulars		As at March 31, 2017	As at March 31, 2016
Policy Liabilities (Policyholder's Fund)		**14,274.24**	10,931.51
Current maturities of long-term borrowings		**89,394.67**	88,578.63
Interest accrued but not due on borrowings	**6,415.68**		5,567.21
Premium payable on redemption of Debentures	**380.06**		1,349.77
Interest accrued and due on matured deposits	**104.27**		75.54
Income and other amounts received in advance	**409.11**		377.10
Interim Dividend Payable	-		473.95
Unclaimed dividend	**26.29**		20.81
Unclaimed matured deposits	**827.78**		560.05
Payable against Derivatives	**866.99**		-
Other payables			
- Statutory Remittances	**234.19**		203.76
- Financial Assistance from Kreditanstalt für Wiederaufbau	**7.78**		7.78
- Amounts payable - Securitised Loans	**574.60**		580.87
- Amounts payable to Gratuity Fund	**0.42**		-
- Amounts payable on swaps	-		211.79
- Others	**775.48**		309.30
Sub Total		**10,622.65**	9,737.93
Total		**1,14,291.56**	1,09,248.07

12.1 Current maturities of Long-Term Borrowings are further sub classified as follows:

₹ in Crore

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016
	Secured [Refer Note 12.2]		
a)	**Bonds and Debentures**		
	- Bonds	**6.30**	6.00
	- Non-Convertible Debentures	**24,286.86**	31,229.00
b)	**Term Loans from Banks**		
	- Scheduled Banks	**16,953.87**	15,727.34
c)	**Term Loans from other parties**		
	- Asian Development Bank	**48.69**	46.38
	- National Housing Bank	**1,792.33**	1,433.37

Notes forming part of the consolidated financial statements (Continued)

₹ in Crore

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016
	Unsecured		
a)	**Bonds and Debentures**		
	- Non-Convertible Subordinated Debentures	**350.00**	875.00
b)	**Term Loans from Banks**		
	- Scheduled Banks	**3,235.95**	1,649.13
c)	**Term Loans from other parties**		
	- Under a line from Kreditanstalt für Wiederaufbau	-	3.00
d)	**Deposits** [Refer Note 7.8]	**42,720.66**	37,609.41
Total		**89,394.66**	88,578.63

12.2 Secured Current maturities of Long Term Borrowings are secured by:

(i) Negative lien on the assets of the Corporation and GRUH Finance Ltd. and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under Section 29B of the National Housing Bank Act, 1987.

(ii) First charge by way of hypothecation of education loan receivables of one of the subsidiary company's underlying portfolio of education loans and related collaterals.

13. SHORT-TERM PROVISIONS

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for Employee benefits [Refer Note 29.2]	**208.10**	199.12
Provision for Tax (Net of Advance Tax)	**130.26**	80.07
Proposed Dividend	-	2,211.78
Additional Tax on Proposed Dividend	-	467.30
Claims Incurred but not reported (IBNR) & Incurred but not enough reported (IBNER)	**1,255.63**	610.60
Reserve for Unexpired Risk (Includes Insurance Reserve)	**1,257.81**	1,024.49
Total	**2,851.80**	4,593.36

Notes forming part of the consolidated financial statements (Continued)

14. TANGIBLE ASSETS

Previous Year figures are in (brackets)
₹ in Crore

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at March 31, 2016	Additions	Adjustments	Deductions	**As at March 31, 2017**	As at March 31, 2016	**For the Year**	**Adjustments**	**Deductions**	**As at March 31, 2017**	**As at March 31, 2017**	As at March 31, 2016
Land :												
Freehold	56.80	**-**	**-**	**-**	**56.80**	-	**-**	**-**	**-**	**-**	**56.80**	56.80
	(16.67)	*(40.12)*	*(0.04)*	*(0.03)*	*(56.80)*	-	-	-	-	-	*(56.80)*	*(16.67)*
Leasehold	370.24	**-**	**-**	**-**	**370.24**	11.80	**8.88**	**-**	**-**	**20.68**	**349.56**	358.44
	(370.24)	-	-	-	*(370.24)*	*(2.95)*	*(8.85)*	-	-	*(11.80)*	*(358.44)*	*(367.29)*
Buildings :												
Own Use	709.46	**0.18**	**-**	**55.98**	**653.66**	114.66	**8.63**	-	**1.66**	**121.63**	**532.03**	594.80
	(656.51)	*(9.89)*	*(43.52)*	*(0.46)*	*(709.46)*	*(74.31)*	*(10.20)*	*(23.48)*	*6.67*	*(114.66)*	*(594.80)*	*(582.20)*
Under Operating Lease	287.85	**-**	**-**	**11.51**	**276.34**	204.75	**25.58**	**-**	**8.29**	**222.04**	**54.30**	83.10
	-	-	*(293.60)*	*(5.75)*	*(287.85)*	-	*(40.01)*	*(168.86)*	*(4.12)*	*(204.75)*	*(83.10)*	-
Leasehold Improvements	127.26	**14.56**	**-**	**1.73**	**140.09**	89.02	**20.49**	**-**	**(1.26)**	**110.77**	**29.32**	38.24
	(119.60)	*(10.87)*	*(0.05)*	*(3.26)*	*(127.26)*	*(68.65)*	*(19.27)*	-	*1.10*	*(89.02)*	*(38.24)*	*(50.95)*
Computer Hardware	258.76	**31.13**	**3.74**	**13.09**	**280.54**	199.42	**14.31**	**2.45**	**(4.47)**	**220.65**	**59.89**	59.34
	(247.04)	*(23.66)*	-	*(11.94)*	*(258.76)*	*(174.73)*	*(13.52)*	-	*11.17*	*(199.42)*	*(59.34)*	*(72.31)*
Furniture & Fittings:												
Own Use	164.19	**10.49**	**5.08**	**3.84**	**175.92**	116.68	**5.63**	**3.83**	**(0.52)**	**126.66**	**49.26**	47.51
	(156.85)	*(13.13)*	-	*(5.79)*	*(164.19)*	*(112.30)*	*(5.32)*	-	*(0.94)*	*(116.68)*	*(47.51)*	*(44.55)*
Under Operating Lease	0.13	**-**	**-**	**-**	**0.13**	0.12	**0.01**	**-**	**-**	**0.13**	**-**	0.01
	-	-	*(0.13)*	-	*(0.13)*	-	*(0.07)*	*(0.05)*	-	*(0.12)*	*(0.01)*	-
Office Equipment, etc.												
Own Use	167.23	**13.95**	**0.88**	**5.35**	**176.71**	116.43	**7.81**	**0.61**	**(1.91)**	**126.76**	**49.95**	50.80
	(161.45)	*(15.66)*	*0.05*	*(9.83)*	*(167.23)*	*(110.92)*	*(8.24)*	*0.04*	*(2.69)*	*(116.43)*	*(50.80)*	*(50.53)*
Under Operating Lease	1.24	**-**	**-**	**-**	**1.24**	1.14	**0.06**	**-**	**-**	**1.20**	**0.04**	0.10
	-	-	*(1.24)*	-	*(1.24)*	-	*(0.36)*	*(0.78)*	-	*(1.14)*	*(0.10)*	-
Vehicles :												
Owned	41.37	**12.19**	**-**	**4.08**	**49.48**	17.96	**4.00**	**-**	**(2.65)**	**24.61**	**24.87**	23.41
	(33.07)	*(13.30)*	-	*(5.00)*	*(41.37)*	*(14.48)*	*(3.48)*	-	-	*(17.96)*	*(23.41)*	*(18.59)*
Under Finance Lease	0.01	**-**	**-**	**-**	**0.01**	-	**-**	**-**	**-**	**-**	**0.01**	0 .01
	(0.12)	-	-	*(0.11)*	*(0.01)*	*(0.10)*	-	-	*(0.10)*	-	*(0.01)*	*(0.02)*
Leased Assets :												
Plant & Machinery *	129.18	**-**	**-**	**-**	**129.18**	129.18	**-**	**-**	**-**	**129.18**	**-**	-
	(129.18)	-	-	-	*(129.18)*	*(129.18)*	-	-	-	*(129.18)*	-	-
Vehicles *	16.37	**-**	**-**	**-**	**16.37**	16.37	**-**	**-**	**-**	**16.37**	**-**	-
	(16.37)	-	-	-	*(16.37)*	*(16.37)*	-	-	-	*(16.37)*	-	-
Total	**2,330.09**	**82.50**	**(3) 9.70**	**95.58**	**2,326.71**	**1,017.53**	**(1) (2) 95.40**	**(3) 6.89**	**(0.86)**	**1,120.68**	**1,206.03**	**1,312.56**
Previous Year	*(1,907.10)*	*(126.63)*	*(338.53)*	*(42.17)*	*(2,330.09)*	*(703.99)*	*(109.32)*	*(193.13)*	*11.09*	*(1,017.53)*	*(1,312.56)*	*(1,203.11)*

(*) Assets held for disposal

Notes:

(1) Net of depreciation for the year amounting to ₹ **41.05 crore** (Previous Year ₹ 49.53 crore) included in Other expenses pertaining to Insurance Business.

(2) Depreciation for the financial year excludes ₹ **6.50 crore** (Previous Year ₹ 5.28 crore) being depreciation charge on Investment in Properties.

(3) Represents acquisition of subsidiary.

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, 2016	Additions	Adjustments	Deductions	**As at March 31, 2017**	As at March 31, 2016	**For the Year**	**Adjustments**	**Deductions**	**As at March 31, 2017**	**As at March 31, 2017**	As at March 31, 2016
Computer Software												
Owned	242.41	**49.21**	**105.86**	**0.35**	**397.13**	181.63	**4.93**	**104.09**	**(30.07)**	**320.72**	**76.41**	60.78
	(221.19)	*(21.18)*	*(0.07)*	*(0.03)*	*(242.41)*	*(149.81)*	*(4.99)*	*(0.15)*	*26.68*	*(181.63)*	*(60.78)*	*(71.38)*
Goodwill	157.74	**-**	**-**	**-**	**157.74**	150.87	**0.83**	**-**	**-**	**151.70**	**6.04**	6.87
	(157.74)	-	-	-	*(157.74)*	*(149.99)*	*(0.88)*	-	-	*(150.87)*	*(6.87)*	*(7.75)*
Website Development	2.81	**0.31**	**-**	**-**	**3.12**	2.58	**0.33**	**-**	**-**	**2.91**	**0.21**	0.23
	(2.74)	*(0.07)*	-	-	*(2.81)*	*(2.53)*	*(0.05)*	-	-	*(2.58)*	*(0.23)*	*(0.21)*
Total	402.96	**49.52**	**(2) 105.86**	**0.35**	**557.99**	335.08	**(1) 6.09**	**(2) 104.09**	**(30.07)**	**475.33**	**82.66**	67.88
Previous Year	*(381.67)*	*(21.25)*	*(0.07)*	*(0.03)*	*(402.96)*	*(302.33)*	*(5.92)*	*(0.15)*	*26.68*	*(335.08)*	*(67.88)*	*(79.34)*

Notes:

(1) Net of depreciation for the year amounting to ₹ **30.42 crore** (Previous Year ₹ 26.82 crore) included in Other expenses pertaining to Insurance Business.

(2) Represents acquisition of a subsidiary.

16. NON-CURRENT INVESTMENTS

₹ in Crore

Particulars	**As at March 31, 2017**	As at March 31, 2016
Investment in Associates:		
Equity Shares		
Equity Investments in Associates by the Holding Company	**1,468.97**	1,468.97
Equity Investments in Associate by Subsidiaries	**73.32**	73.32
	1,542.29	1,542.29
Add: Goodwill on Acquisition of Associates (share of pre-acquisition of profits)	**3,891.12**	3,891.12
	5,433.41	5,433.41
Add: Adjustment of post-acquisition share of profit of Associates (Equity Method)	**17,906.49**	14,936.37
	23,339.90	20,369.78
Less: Provision for Diminution in Value of Investments	**(2.50)**	(2.50)
(A)	**23,337.40**	20,367.28
Other Investments		
Insurance Companies		
Equity Shares - Other Companies	**37,806.44**	28,773.43
Preference Shares	**235.26**	234.90
Non-Convertible Debentures and Bonds	**21,747.10**	15,551.17
Pass Through Certificates & Security Receipts	**4.22**	6.36
Government Securities	**27,466.09**	23,595.00
Mutual Funds and Other Funds	**82.81**	10.11
Fixed Deposits	**46.08**	53.39
	87,388.00	68,224.36
Add: Fair Value Adjustment	**(494.94)**	37.79
(B)	**86,893.06**	68,262.15

Notes forming part of the consolidated financial statements (Continued)

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Investments related to Policy Holders	**35,016.96**	22,518.85
Investments to cover linked liabilities	**4,126.98**	5,347.52
Investments related to Shareholders	**47,749.12**	40,395.78
Total	**86,893.06**	68,262.15

16.1 **Encumbrances**

The assets of the subsidiary company (HDFC Standard Life Insurance Company Limited) are free from any encumbrances at March 31, 2017, except for Fixed Deposits and Government Securities, mentioned below, kept as margin against bank guarantees/margin with exchange and collateral securities issued.

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
(i) issued in India	**104.64**	96.73
(ii) issued outside India	**0.09**	0.09
Total	**104.73**	96.82

₹ in Crore

Particulars		As at March 31, 2017	As at March 31, 2016
Other Investments			
Other than Insurance Companies			
Equity Shares - Other Companies		**843.70**	737.97
Preference Shares		**91.17**	91.67
Debentures and Bonds		**394.06**	403.75
Pass Through Securities & Security Receipts		**776.25**	47.24
Government Securities		**6,437.71**	5,121.36
Mutual Funds and Other Funds		**297.65**	135.50
Properties (Net of Depreciation)		**357.30**	377.42
		9,197.84	6,914.91
Less: Provision for Diminution in Value of Investments		**(382.33)**	(79.92)
	(C)	**8,815.51**	6,834.99
Total	**(A) + (B) + (C)**	**1,19,045.97**	95,464.42

Notes forming part of the consolidated financial statements (Continued)

₹ in Crore

Particulars	Book Value	Market Value
Aggregate book value of Quoted Investments	**518.72**	**981.14**
Previous Year	*318.89*	*409.99*
Aggregate book value of Investments listed but not quoted	**6,508.06**	
Previous Year	*5,264.23*	
Aggregate book value of Investments in Unquoted Mutual Funds	**22.00**	***20.05**
Previous Year	-	-
Aggregate book value of Unquoted Investments (Others)	**1,429.93**	
Previous Year	*874.45*	
Properties	**336.80**	
Previous Year	*377.42*	
	8,815.51	
	6,834.99	

*Market value of investments in Unquoted Mutual Funds represents repurchase price of units issued by Mutual Funds.

Note:

Quoted investments include ₹ **35.08 crore** (Previous Year ₹ Nil) in respect of equity shares, which are subject to a lock-in period and unquoted investments include ₹ **94.09 crore** (Previous Year ₹ 100.17 crore) in respect of equity shares, which are subject to restrictive covenant.

17. DEFERRED TAX ASSET/LIABILITIES:

In compliance with the Accounting Standard 22 on 'Accounting for Taxes on Income' (AS) 22, debit has been taken for ₹ **515.88 crore** (Previous Year debit had been taken for ₹ 160.02 crore) in the Statement of Profit and Loss for the year ended March 31, 2017 towards deferred tax liability (net) for the year, arising on account of timing differences, ₹ **1,158.17 crore** (Previous Year ₹ 579.43 crore) has been adjusted against utilisation from the General Reserve (as per Note 5.2).

Major components of deferred tax assets and liabilities arising on account of timing differences are :

₹ in Crore

Particulars	Deferred Tax Liability		Deferred Tax Assets	
	Assets / (Liabilities)		Assets / (Liabilities)	
	Current Year	Previous Year	Current Year	Previous Year
(a) Depreciation	**(66.39)**	(71.29)	**8.95**	8.54
(b) Preliminary Expenses	**-**	-	**0.01**	0.02
(c) Special Reserve II	**(3,564.56)**	(1,945.76)	**-**	-
(d) Provision and Contingencies	**1,150.95**	985.56	**4.23**	8.01
(e) Provision for Employee Benefits	**57.28**	50.77	**2.38**	1.44
(f) Others (net)	**(91.50)**	10.31	**0.10**	0.17
Total	**(2,514.22)**	(970.41)	**15.67**	18.18

Notes forming part of the consolidated financial statements (Continued)

17.1 In respect of HDFC Standard Life Insurance Company Ltd., during the year provision for tax (net) amounting to ₹ **173.99 crore** (Previous Year ₹ 191.14 crore), ₹ **151.98 crore** charged to the Revenue Account (Previous Year ₹ 174.55 crore) and ₹ **22.01 crore** charged to the Profit and Loss Account (Previous Year ₹ 16.59 crore), in accordance with the Income-tax Act, 1961 and Rules and Regulations thereunder as applicable to the Company.

18. LONG-TERM LOANS AND ADVANCES

₹ in Crore

Particulars		As at March 31, 2017	As at March 31, 2016
Loans: [Refer Notes 18.1, 18.2 & 18.4]			
- Individuals		**2,07,043.61**	1,81,548.79
- Corporate Bodies		**69,053.21**	60,930.09
- Others		**4,010.99**	3,624.23
		2,80,107.81	2,46,103.11
Less: Provision for Sub-Standard and Doubtful Loans [Refer Note 18.3] (Including additional provision made by HDFC Ltd. and GRUH Finance Ltd.)		**762.80**	575.31
		2,79,345.01	2,45,527.80
Others:			
Corporate Deposits	**2,958.88**		5.80
Capital Advances - Unsecured; Considered good	**20.86**		12.79
Advance against Investment in Properties	**113.18**		-
Security Deposits - Unsecured; Considered good	**82.20**		69.97
Instalment due from Borrowers - Secured; Considered doubtful	**130.61**		108.84
Other Long Term Loans and Advances			
- Staff Loan others - Secured, Considered good	**18.47**		18.14
- Prepaid Expenses - Unsecured, Considered good	**198.57**		194.53
- Advance Tax (Net of Provision for tax)	**3,524.83**		2,754.15
- Others - Unsecured, Considered good	**35.66**		72.57
- Others - Unsecured, Considered doubtful	**49.71**		49.71
	7,132.97		3,286.50
Less : Provision for Doubtful Receivables	**58.87**		51.71
		7,074.10	3,234.79
Total		**2,86,419.11**	2,48,762.59

Notes forming part of the consolidated financial statements (Continued)

18.1 Out of Loans, amounts aggregating to ₹ **2,77,216.57 crore** (Previous Year ₹ 2,44,857.78 crore) and Corporate Deposits aggregating to ₹ **2,957.08 crore** (Previous Year ₹ 3.80 crore) are secured or partly secured by one or a combination of the following securities:

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

18.2 Long-Term Loans and Advances include Sub-Standard and Doubtful loans of ₹ **2,419.79 crore** (Previous Year ₹ 1,869.63 crore).

18.3 Movement in Provision for Sub-Standard and Doubtful Loans is as under:

₹ in Crore

Particulars	**As at March 31, 2017**	As at March 31, 2016
Opening Balance	**575.31**	489.45
Additions during the year	**196.03**	85.86
Utilised during year - towards Loans written off	**(8.54)**	-
Closing Balance	**762.80**	575.31

18.4 Loans include ₹ **124.29 crore** (Previous Year ₹ 89.32 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

19. OTHER NON-CURRENT ASSETS

₹ in Crore

Particulars	**As at March 31, 2017**	As at March 31, 2016
Receivable on Securitised Loans	**417.59**	371.18
Forward Receivables	**-**	83.69
Amounts receivable on Swaps and other derivatives	**422.72**	87.22
Receivable against derivatives	**118.78**	-
Interest accrued but not due on Loans	**239.85**	80.34
Interest accrued but not due on Bank Deposits	**4.93**	8.85
Income accrued but not due on Investments	**62.97**	64.43
Bank deposit with maturities beyond twelve months from the Balance Sheet date [Refer Note 19.1]	**228.58**	201.37
Total	**1,495.42**	897.08

19.1 Bank deposits with maturities beyond twelve months includes earmarked balances ₹ **132.88 crore** (Previous Year ₹ 161.70 crore) against foreign currency loans, ₹ **0.10 crore** (Previous Year ₹ 0.14 crore) towards letter of credit issued by bank.

Notes forming part of the consolidated financial statements (Continued)

20. CURRENT INVESTMENTS

Insurance Companies [Refer Note 16.1]

₹ in Crore

Particulars		As at March 31, 2017	As at March 31, 2016
Non-Convertible Debentures and Bonds		**844.90**	608.89
Government Securities		**2,075.36**	1,565.54
Investment: Insurance Co-Securities Receipts		**1.78**	-
Mutual Funds and Other Funds		**201.16**	670.65
Fixed Deposits		**135.84**	538.00
Commercial Papers		**120.56**	118.34
Certificate of Deposits		**165.42**	989.65
Treasury Bills		**1,951.62**	1,019.12
Repo Investments		**3,882.82**	2,523.69
Less: Fair Value Change		**(4.30)**	(1.51)
Total	**(A)**	**9,375.16**	8,032.37

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Investments related to Policy Holders	**3,904.72**	3,050.11
Investments to cover linked liabilities	**525.32**	1,240.90
Investments related to Shareholders	**4,527.50**	3,741.36
Investments towards Unclaimed fund	**417.62**	-
Total	**9,375.16**	8,032.37

Other than Insurance Companies

₹ in Crore

Particulars		As at March 31, 2017	As at March 31, 2016
Held as Current Investments (At cost or market value whichever is lower unless stated otherwise)			
Equity Shares - Associate Companies		**21.75**	23.25
Equity Shares - Unlisted Company		**21.44**	-
Mutual Funds		**4,196.18**	878.25
Current Maturities of Long Term Investments (At cost)			
Security Receipts		**3.23**	6.05
Government Securities		**134.46**	287.78
Venture Funds and Other Funds		**57.09**	41.19
		4,434.15	1,236.52
Less: Provision for Diminution in Value of Investments		**-**	(12.57)
	(B)	**4,434.15**	1,223.95
Total	**(A) + (B)**	**13,809.31**	9,256.32

Notes forming part of the consolidated financial statements (Continued)

₹ in Crore

Particulars	Book Value	Market Value
Aggregate book value of Quoted Investments	**362.74**	**362.74**
Previous Year	*437.84*	*437.84*
Aggregate book value of Investments listed but not quoted	**134.45**	
Previous Year	*172.13*	
Aggregate book value of Investments in Unquoted Mutual Funds	**3,833.45**	***3,864.10**
Previous Year	*550.29*	*878.59*
Aggregate book value of Unquoted Investments (Others)	**103.51**	
Previous Year	*63.69*	
Total	**4,434.15**	
Previous Year	*1,223.95*	

* Market value of investments in Unquoted Mutual Funds represents repurchase price of units issued by Mutual Funds.

21. TRADE RECEIVABLES

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Trade Receivables – Unsecured; Considered good, less than six months	**1,451.33**	444.70
Trade Receivables – Unsecured; Considered good, more than six months	**31.10**	27.89
	1,482.43	472.59
Less : Provision for Doubtful Receivables	-	5.79
Total	**1,482.43**	466.80

22. CASH AND BANK BALANCES

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Cash and cash equivalents		
(i) Balances with banks:		
- In Current Accounts	**969.25**	3,306.26
- In Deposit Accounts with original maturity less than 3 months	**4,046.73**	1.97
(ii) Balances with Reserve Bank of India	-	-
(iii) Cash on Hand	**0.53**	0.61
(iv) Cheques on Hand	**341.27**	330.48
	5,357.78	3,639.32
(b) Other Bank balances:		
(i) Earmarked balances with banks		
- Unclaimed Dividend Account	**26.29**	494.77
- Against Foreign Currency Loans [Refer Note 7.3]	**24.97**	24.08
- Towards Guarantees Issued by Banks	**0.30**	0.06
- Others [Refer Note 22.1]	-	0.69
(ii) Short-term bank deposits with original maturity more than 3 months [Refer Note 22.2]	**2,087.44**	2,238.11
Total	**7,496.78**	6,397.03

Notes forming part of the consolidated financial statements (Continued)

22.1 Pursuant to the Securities Exchange Board of India's (SEBI) communication dated January 18, 2016, HDFC Trustee Company Ltd. had payable of ₹ 0.69 crore as on March 31, 2016. The entire amount was paid in April 2016. However, based on revalidation/reissue of cheques/demand drafts ₹ 12,319 is outstanding as on March 31, 2017.

22.2 Bank Deposits of the subsidiary companies of ₹ **1.25 crore** (Previous Year ₹ 1.30 crore) are marked as lien for overdraft facility.

23. SHORT-TERM LOANS AND ADVANCES

₹ in Crore

Particulars		As at March 31, 2017	As at March 31, 2016
Loans: [Refer Note 23.1]			
Current maturities of long-term loans and advances	**29,273.64**		24,347.72
Corporate Bodies	**3,510.00**		2,210.09
Sub Total		**32,783.64**	26,557.81
Others:			
Current maturities of Staff Loans - Others - Secured; Considered good	**5.25**		4.94
Corporate Deposits [Refer Note 23.2]	**2,838.30**		1,383.41
Instalments due from borrowers - Secured; Considered good	**1,543.92**		1,363.15
Prepaid Expenses - Unsecured; Considered good	**131.04**		139.88
Sundry Deposits - Unsecured; Considered good	**12.37**		17.88
Other Advances - Unsecured; Considered good	**778.47**		565.69
Loans and Advances to Related parties	**26.58**		26.75
Sub Total		**5,335.93**	3,501.70
Total		**38,119.57**	30,059.51

23.1 Out of Loans, amounts aggregating to ₹ **30,266.28 crore** (Previous Year ₹ 21,929.59 crore) are secured and considered good [Refer Note 18.1].

23.2 Out of Corporate deposits, amounts aggregating to ₹ **2,180.40 crore** (Previous Year ₹ 568.77 crore) are secured and considered good [Refer Note 18.1].

24. OTHER CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
Receivables on Securitised Loans	**91.63**	68.27
Receivables on sale of Investments	**457.91**	2,526.63
Interest accrued on interest rate swaps	**556.88**	-
Interest accrued but not due on Loans	**322.68**	592.38
Interest accrued and due on Loans	**1.69**	0.23
Income accrued but not due on Investments	**1,754.63**	1,478.12
Interest accrued but not due on Corporate Deposits	**126.01**	228.67
Interest accrued and due on Corporate Deposits	**-**	1.10
Total	**3,311.43**	4,895.40

Notes forming part of the consolidated financial statements (Continued)

25. CONTINGENT LIABILITIES AND COMMITMENTS

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

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

a) Contingent liability in respect of income-tax demands, net of amounts provided for and disputed, amounts to ₹ **1,260.72 crore** (Previous Year ₹ 1,321.47 crore). The matters in dispute are under appeal. Out of the above an amount of ₹ **1,250.12 crore** (Previous Year ₹ 1,290.84 crore) has been paid/adjusted against refund and the same will be received as refund if the matters are decided in the favour of HDFC Ltd. and the respective subsidiary companies.

b) Contingent Liability in respect of disputed dues towards wealth tax, interest on lease tax and payment towards employers' contribution to ESIC not provided for by HDFC Ltd. amounts to ₹ **0.15 crore** (Previous Year ₹ 0.15 crore).

c) The subsidiary companies have received show cause cum demand notices, amounting to ₹ **93.12 crore** (Previous Year ₹ 92.28 crore), from the Office of the Commissioner, Service Tax, Mumbai on various grounds. One of the subsidiary has filed appeals to the appellate authorities on the said show cause notices. The subsidiary has been advised by an expert that their grounds of appeal are well supported in law. As a result, the subsidiary is confident to defend the appeal against the demand and does not expect the demand to crystalise into a liability.

d) One of the subsidiary company had received show cause notice in respect of a Service tax matter amounting to ₹ **21.69 crore** (Previous Year ₹ 21.69 crore). Based on expert advice in respect of these matters, the Management does not expect any outflow of economic benefits and assessed the likelihood of outflow of resources as remote.

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

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

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

a) Guarantees ₹ **628.38 crore** (Previous Year ₹ 502.51 crore).

b) Corporate undertakings provided by HDFC Ltd. for securitisation of receivables aggregated to ₹ **1,838.21 crore** (Previous Year ₹ 1,889.83 crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

Notes forming part of the consolidated financial statements (Continued)

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

25.3 Proportionate share of claims not acknowledged as debt and other contingent liabilities in respect of associate companies amounts to ₹ **714.05 crore** (Previous Year ₹ 518.82 crore).

Claims not acknowledged as debt and other contingent liabilities in respect of a subsidiary company amounts to ₹ **0.78 crore** (Previous Year ₹ 0.77 crore).

25.4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **1,254.52 crore** (Previous Year ₹ 798.95 crore).

26. REVENUE FROM OPERATIONS

₹ in Crore

Particulars	Current Year	Previous Year
Interest Income :		
- Interest on Loans	**31,174.28**	28,291.58
- Other Interest [Refer Note 26.1]	**1,186.12**	1,168.56
Net Gain on foreign currency transactions and translation [Refer Note 28.2]	**0.28**	0.86
Dividends [Refer Note 26.2]	**42.23**	49.85
Management & Trusteeship Fees	**1,541.71**	1,531.49
Surplus from deployment in Cash Management Schemes of Mutual Funds [Refer Note 26.3]	**453.75**	311.67
Income from Leases [Refer Note 26.4]	**27.17**	29.46
Fees and Other Charges [Refer Note 26.5]	**579.72**	489.87
Total	**35,005.26**	31,873.34

26.1 a) Other Interest includes interest on investments amounting to ₹ **537.67 crore** (Previous Year ₹ 442.01 crore).

b) Other Interest includes interest on investments amounting to ₹ **3.50 crore** (Previous Year ₹ 3.51 crore) in respect of current investments.

c) Other Interest includes Interest on Income Tax Refund ₹ **32.59 crore** (Previous Year ₹ Nil).

26.2 Dividend income includes ₹ **17.89 crore** (Previous Year ₹ 14.38 crore) in respect of current investments.

26.3 Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ **453.75 crore** (Previous Year ₹ 311.67 crore) is in respect of investments held as current investments.

26.4 In accordance with the Accounting Standard on 'Leases' (AS) 19, the following disclosures are made in respect of Operating Leases :

Income from Leases includes ₹ **7.47 crore** (Previous Year ₹ 4.83 crore) in respect of properties and certain assets leased out by the Corporation under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payments are as follows:

Notes forming part of the consolidated financial statements (Continued)

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	**4.06**	4.16
Later than one year but not later than five years	**0.29**	1.15

26.5 Fees and other charges is net off the amounts paid to Direct Selling Agents ₹ **520.79 crore** (Previous Year ₹ 457.74 crore).

27. Profit on sale of investments includes ₹ **114.06 crore** (Previous Year ₹ 25.02 crore) in respect of current investments.

28. FINANCE COST

₹ in Crore

Particulars	Current Year	Previous Year
Interest		
- Loans	**3,005.23**	2,662.72
- Deposits	**7,421.83**	6,797.22
- Bonds and Debentures [Refer Note 28.1]	**8,777.89**	7,784.65
- Commercial Paper	**2,556.13**	2,847.01
	21,761.08	20,091.60
Net Loss on foreign currency transactions and translation [Refer Note 28.2]	**30.76**	52.70
OTHER CHARGES [Refer Note 28.3]	**161.31**	151.30
Total	**21,953.15**	20,295.60

28.1 Interest on Bonds and Debentures above includes a net gain of ₹ **20.59 crore** (Previous Year ₹ Nil) being net gain on derivative valuation of INR derivatives and the underlying hedging instrument as shown below:

₹ in Crore

Particulars	Current Year	Previous Year
Realised (Gain) / Loss	**0.41**	N.A.
Derivative valuations	**(21.00)**	N.A.
Net (Gain)/Loss recognised in statement of Profit and Loss	**(20.59)**	

28.2 ₹ **30.48 crore** (Previous Year Loss of ₹ 51.84 crore) has been recognised in the Statement of Profit and Loss being net Loss on transaction and translation of foreign currency monetary items and derivative valuations as shown below:

₹ in Crore

Particulars	Current Year	Previous Year
Exchange (Gain) / Loss on Translation		
- Foreign Currency Denominated Assets and Foreign Currency Borrowings	**62.62**	3.01
- Cross Currency Interest Rate Swaps	**-**	108.26
Net Exchange (Gain) / Loss on Translation	**62.62**	111.27
Realised (Gain) / Loss	**36.29**	(58.57)
Derivative accounting impact	**(68.15)**	-
Net (Gain) / Loss on translation and transactions recognised in Finance cost	**30.76**	52.70
Realised (Gain) / Loss recognised in Revenue from Operations [Refer Note 26]	**(0.28)**	(0.86)
Net (Gain) / Loss recognised in Statement of Profit and Loss	**30.48**	51.84

Notes forming part of the consolidated financial statements (Continued)

28.3 Other Charges is net of Exchange gain ₹ **0.35 crore** (Previous Year includes exchange loss of ₹ 0.13 crore).

29. EMPLOYEE BENEFITS EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Salaries and Bonus [Refer Notes 29.1 & 29.2]	**808.64**	688.76
Contribution to Provident Fund and Other Funds [Refer Note 29.3]	**77.98**	77.64
Gratuity Expenses	**4.49**	3.26
Staff Training and Welfare Expenses	**21.91**	18.48
Total	**913.02**	788.14

29.1 Salaries and Bonus include provisions made in respect of accumulated leave salary and leave travel assistance which is in the nature of Long Term Employee Benefits and has been actuarially determined as per the Accounting Standard (AS) 15 on Employee Benefits.

29.2 **Employee Benefits**

In accordance with the Accounting Standard 15 on Employee Benefits (AS) 15, the following disclosures have been made:

The following amounts are recognised in the Statement of Profit and Loss which are included as under:

₹ in Crore

Particulars	Contributions to Provident Fund and Other Funds under Staff Expenses		Other expenses pertaining to Insurance Business	
	Current Year	Previous Year	Current Year	Previous Year
Provident Fund [Refer Note 29.3]	**32.09**	26.25	**31.14**	27.80
Superannuation Fund [Refer Note 29.3]	**13.69**	12.94	**0.54**	0.48
Employees' Pension Scheme-1995	**3.49**	3.70	-	-
Employees' State Insurance Corporation	**2.73**	2.27	-	-
Labour Welfare Fund	**0.02**	0.02	-	0.01
National Pension Scheme	-	-	**18.41**	1.61

29.3 The Corporation makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Corporation is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a trust by the Corporation. The Corporation is liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employees' Provident Fund Scheme, 1952 and recognises such deficiency, as an expense in the year it is determined.

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ **334.12 crore** and ₹ **332.90 crore** respectively (Previous Year ₹ 287.31 crore and ₹ 286.17 crore respectively). In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.65%. The actuarial assumptions include discount rate of **7.27%** (Previous Year 7.86%) and an average expected future period of **13.27 years** (Previous Year 13 years).

Notes forming part of the consolidated financial statements (Continued)

The Corporation recognised ₹ **15.90 crore** (Previous Year ₹ 13.73 crore) for provident fund contributions and ₹ **12.88 crore** (Previous Year ₹ 12.16 crore) for superannuation contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

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

₹ in Crore

Particulars	Current Year	Previous Year
Change in the Benefit Obligations:		
Liability at the beginning of the year	**290.21**	244.42
Acquisition during the year	**2.27**	-
Current Service Cost	**21.11**	17.70
Interest Cost	**22.87**	19.41
Benefits Paid	**(16.16)**	(16.36)
Actuarial loss	**20.10**	25.04
Liability at the end of the year *	**340.40**	290.21
* The Liability at the end of the year ₹ **340.40 crore** (Previous Year ₹ 290.21 crore) includes ₹ **64.30 crore** (Previous Year ₹ 54.79 crore) in respect of un-funded plans.		
Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	**220.08**	175.70
Expected Return on Plan Assets	**17.36**	14.04
Contributions	**23.62**	36.44
Benefits Paid	**(4.48)**	(4.67)
Actuarial loss on Plan Assets	**(2.61)**	(1.43)
Fair Value of Plan Assets at the end of the year	**253.97**	220.08
Total Actuarial loss to be recognised	**(22.71)**	(26.47)
Actual Return on Plan Assets:		
Expected Return on Plan Assets	**17.36**	14.04
Actuarial loss on Plan Assets	**(2.61)**	(1.43)
Actual Return on Plan Assets	**14.75**	12.61
Expense Recognised in the Statement of Profit and Loss:		
Current Service Cost	**21.11**	17.70
Interest Cost	**22.87**	19.41
Expected Return on Plan Assets	**(17.36)**	(14.04)
Net Actuarial loss to be recognised	**22.71**	26.47
Expense recognised in the Statement of Profit and Loss	**49.33**	49.54
included under Contribution to Provident Fund and Other Funds	**40.23**	40.49
included under Other expenses pertaining to Insurance Business	**9.10**	9.05
	49.33	49.54
Reconciliation of the Liability Recognised in the Balance Sheet:		
Opening Net Liability	**70.13**	68.72
Acquisition during the year	**2.27**	-
Expense recognised	**49.33**	49.54
Contribution by the Corporation	**(23.62)**	(36.44)
Benefits paid in respect of unfunded plans	**(11.68)**	(11.69)
Amount recognised in the Balance Sheet under "Provision for Employee Benefits" and "Other Current Liabilities"	**86.43**	70.13

Notes forming part of the consolidated financial statements (Continued)

₹ in Crore

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Amount Recognised in the Balance Sheet:					
Liability at the end of the year	**340.40**	290.21	244.42	190.67	165.02
Fair Value of Plan Assets at the end of the year	**253.97**	220.08	175.70	141.56	110.02
Amount recognised in the Balance Sheet under "Provision for Employee Benefits" and "Other Current Liabilities"	**86.43**	70.13	68.72	49.11	55.00
Experience Adjustment :					
On Plan Liabilities	**3.20**	6.99	26.81	22.14	21.16
On Plan Assets	**0.02**	0.87	1.59	(3.09)	(5.74)
Estimated Contribution for next year	**26.14**	23.60	28.18	19.54	22.55

Investment Pattern:

Particulars	% Invested Current Year	% Invested Previous Year
Central Government securities	**22.92**	19.76
State Government securities/securities guaranteed by State/Central Government	**3.27**	16.79
Public Sector/Financial Institutional Bonds	**30.04**	12.46
Private Sector Bonds	**2.35**	20.68
Special Deposit Scheme	**0.02**	1.01
Certificate of Deposits	-	1.37
Deposits with Banks and Financial Institutions	-	0.69
Investment in Insurance Companies*	**29.75**	12.50
Investment in Equity Shares	**9.26**	10.22
Others (including bank balances)	**2.39**	4.52
Total	**100.00**	100.00

Based on the above allocation and the prevailing yields on these assets, the long-term estimate of the expected rate of return on fund assets has been arrived at.

* As the gratuity fund is managed by a life insurance company, details of investment are not available with the Company.

Principal Assumptions:

Particulars	Current Year %	Previous Year %
Discount Rate	**6.57 to 7.90**	7.38 to 8.10
Return on Plan Assets	**7.26 to 7.52**	7.8 to 8.10
Salary Escalation	**3 to 10**	3 to 10

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

Notes forming part of the consolidated financial statements (Continued)

30. ESTABLISHMENT EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Rent [Refer Note 30.1]	**96.36**	84.89
Rates and Taxes	**6.02**	6.64
Repairs and Maintenance - Buildings	**10.45**	13.61
General Office Expenses	**3.42**	4.41
Electricity Charges	**25.10**	23.76
Insurance Charges	**1.14**	1.57
Total	**142.49**	134.88

30.1 In accordance with the Accounting Standard (AS) 19 on 'Leases', the following disclosures are made in respect of Operating and Finance Leases:

(a) Properties under non-cancellable operating leases have been acquired, both for commercial and residential purposes for periods ranging from 12 months to 60 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, amount to ₹ **94.39 crore** (Previous Year ₹ 97.10 crore).

The future lease payments in respect of the above are as follows:

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	**24.78**	39.03
Later than one year but not later than five years	**25.98**	26.78
Later than five years	-	0.06

(b) Certain motor cars have been acquired under Operating Lease by subsidiary companies. In respect of these operating leases, the lease rentals charged to the Statement of Profit and Loss are ₹ **0.49 crore** (Previous Year ₹ 0.66 crore) included under Other expenses pertaining to Insurance business.

31. OTHER EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Travelling and Conveyance	**32.46**	31.74
Printing and Stationery	**34.42**	35.79
Postage, Telephone and Fax	**40.31**	37.64
Advertising	**141.73**	133.47
Business Development Expenses	**25.61**	15.31
Loan Processing Expenses	**38.36**	34.64
Manpower Outsourcing	**67.55**	56.48
Repairs and Maintenance - Other than Buildings	**21.99**	19.89
Office Maintenance	**38.75**	32.26
Legal Expenses	**51.34**	22.16

Notes forming part of the consolidated financial statements (Continued)

₹ in Crore

Particulars	Current Year	Previous Year
Computer Expenses	**22.16**	18.81
Directors' Fees and Commission	**10.33**	8.66
Miscellaneous Expenses [Refer Note 31.1]	**545.45**	423.37
Auditors' Remuneration [Refer Note 32]	**7.54**	8.36
Preliminary Expenses written-off	-	0.21
Total	**1,078.00**	878.79

31.1 **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The details of amounts spent towards CSR are as under:

₹ in Crore

Particulars	In cash	Yet to be paid in cash	Total
a) Construction/acquisition of any asset	-	-	-
b) On purposes other than (a) above *	**174.21**	-	**174.21**

* The above consists of an amount of ₹ **145.80 crore** charged to the Shelter Assistance Reserve.

32. AUDITORS' REMUNERATION:

₹ in Crore

Particulars	Current Year	Previous Year
Audit Fees	**5.15**	4.88
Fees for Internal Control over Financial Reporting	**0.39**	0.48
Limited Reviews	**1.48**	1.71
Tax Matters	**1.40**	1.50
Other Matters and Certification	**1.57**	1.72
Reimbursement of Expenses	**0.12**	0.10
	10.11	10.39
Less: Included under commission & operating expenses pertaining to Insurance Business	**2.57**	2.03
Total	**7.54**	8.36

a) Auditors' Remuneration exclude ₹ **1.55 crore** (Net of tax ₹ **1.01 crore**) being certification fee in respect of issue of Rupee Denominated Bonds and for Medium Term Note Programme (MTN Programme), utilised out of Securities Premium Account. Previous Year exclude ₹ 0.75 crore (Net of tax ₹ 0.49 crore) being certification fee in respect of Qualified Institutional Placement (QIP) of Non-Convertible Debentures with Warrants of the Corporation, utilised out of Securities Premium Account.

b) Auditors' remuneration above is excluding Service tax, Swachh Bharat Cess and Krishi Kalyan Cess.

Notes forming part of the consolidated financial statements (Continued)

33. DISCLOSURE IN RESPECT OF SPECIFIED BANK NOTES

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.

Particulars	SBNs	Other Denomination Notes	Total
Closing Balance as at 8th November, 2016	**0.27**	**0.12**	**0.39**
Add : Permitted Receipts #	-	**2.67**	**2.67**
Less: Permitted Payments	**0.01**	**0.74**	**0.75**
Less: Amount deposited in Banks *	**0.26**	**1.76**	**2.02**
Closing balance as at 30th December, 2016	-	**0.29**	**0.29**

* Returned ₹ 10,000 by an employee of one of the subsidiary company against settlement of advance given for routine business activities.

\# Includes ₹ 0.67 crore deposited directly by customers of the Corporation into Collection Centre Bank Account.

The disclosure requirement as mentioned in Notification G.S.R 308(E) dated 30th March, 2017 is not applicable to the insurance Companies, since Schedule III (i.e. General Instruction for Preparation of Balance Sheet & Statement of P&L of a Company) of Companies Act, 2013 is not applicable to the Insurance companies.

34. In accordance with the Accounting Standard (AS) 20 on "Earning per Share", the following disclosures have been made:

(i) In calculating the Basic Earnings Per Share, the Profit After Tax attributable to the Group of ₹ **11,051.12 crore** (Previous Year ₹ 10,190.26 crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **146.27 crore** (Previous Year ₹ 85.31 crore).

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax attributable to Group of ₹ **10,904.85 crore** (Previous Year ₹ 10,104.95 crore) and the weighted average number of shares during the year of **158.34 crore** (Previous Year 157.72 crore).

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

Amount in ₹

Particulars	Current Year	Previous Year
Basic Earnings Per Share	**68.87**	64.07
Effect of Outstanding Stock Options	**(0.57)**	(0.48)
Diluted Earnings Per Share	**68.30**	63.59

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

Number in Crore

Particulars	Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share	**158.34**	157.72
Diluted effect of outstanding Stock Options	**1.31**	1.20
Weighted average number of shares for computation of Diluted Earnings Per Share	**159.65**	158.92

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:

A) Associate Companies

HDFC Bank Ltd.

RuralShores Business Services Pvt. Ltd.

Magnum Foundations Pvt. Ltd.

True North Ventures Private Limited (formerly known as "India Value Fund Advisors Pvt. Ltd.")

B) Investing Party and its Group Companies

Standard Life Investments Ltd.

Standard Life (Mauritius Holdings) 2006 Ltd.

ERGO International AG

Munich Re

C) Key Management Personnel

Mr. Keki M. Mistry

Ms. Renu Sud Karnad

Mr. V. Srinivasa Rangan

D) Relatives of Key Management Personnel - *(Where there are transactions)*

Ms. Arnaaz K. Mistry

Mr. Nikhil Singhal

Ms. Swarn Sud

Mr. Bharat Karnad

Mr. Rishi Sud

The nature and volume of transactions of the Corporation during the year, with the above related parties were as follows:

₹ in Crore

Particulars	Associates		Investing Party and its Group Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Dividend Income								
- HDFC Bank Ltd.	**537.07**	450.99	-	-	-	-	-	-
- Others	**0.01**	0.40	-	-	-	-	-	-
Interest Income								
- HDFC Bank Ltd.	**19.23**	27.09	-	-	-	-	-	-
- Magnum Foundations Pvt Ltd	**2.24**	2.48	-	-	-	-	-	-
- Others	-	0.04	-	-	-	-	**0.04**	0.03
Consultancy, Fees & Other Income								
- Standard Life Investments Ltd	-	-	**0.87**	0.56	-	-	-	-
- HDFC Bank Ltd.	-	0.01	-	-	-	-	-	-
Rent Income								
- HDFC Bank Ltd.	**2.15**	1.99	-	-	-	-	-	-
Reinsurance Income								
- Munich Re	-	-	**49.64**	1.50	-	-	-	-
Support Cost Recovered								
- HDFC Bank Ltd.	**0.49**	0.26	-	-	-	-	-	-
Miscellaneous Services rendered								
- HDFC Bank Ltd.	**331.83**	258.89	-	-	-	-	-	-
- Others	-	0.02	-	-	**0.01**	0.01	-	-
Interest Expense								
- HDFC Bank Ltd.	**17.71**	2.38	-	-	-	-	-	-
- ERGO International AG	-	-	**5.06**	-	-	-	-	-
- Others	-	-	-	-	**0.25**	0.27	**0.01**	0.02

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
Bank and Other Charges/ Payments								
- HDFC Bank Ltd.	**99.75**	66.89	**-**	-	**-**	-	**-**	-
Reinsurance Expense								
- Munich Re	**-**	-	**96.41**	11.12	**-**	-	**-**	-
Remuneration								
- Mr. Keki M. Mistry	**-**	-	**-**	-	**10.71**	9.71	**-**	-
- Ms. Renu Sud Karnad	**-**	-	**-**	-	**9.84**	8.81	**-**	-
- Mr. V. Srinivasa Rangan	**-**	-	**-**	-	**6.50**	5.81	**-**	-
Dividend Payments								
- Standard Life (Mauritius Holdings) 2006 Ltd.	**-**	-	**76.80**	46.68	**-**	-	**-**	-
- Standard Life Investments Ltd.	**-**	-	**92.59**	80.52	**-**	-	**-**	-
- ERGO International AG	**-**	-	**36.53**	17.40	**-**	-	**-**	-
Other Expenses								
- HDFC Bank Ltd.	**1,234.06**	1,060.04	**-**	-	**-**	-	**-**	-
- Others	**-**	0.12	**-**	-	**-**	-	**0.10**	0.10
Investments made								
- HDFC Bank Ltd.	**354.10**	531.31	**-**	-	**-**	-	**-**	-
Investments sold								
- Magnum Foundations Pvt Ltd	**1.50**	9.25	**-**	-	**-**	-	**-**	-
Securities purchased								
- HDFC Bank Ltd.	**260.57**	291.62	**-**	-	**-**	-	**-**	-
Investments								
- HDFC Bank Ltd.	**8,462.00**	8,076.30	**-**	-	**-**	-	**-**	-
- Others	**24.28**	25.78	**-**	-	**-**	-	**-**	-
Bank Deposits placed								
- HDFC Bank Ltd.	**415.59**	614.77	**-**	-	**-**	-	**-**	-
Bank Deposits repaid / withdrawn								
- HDFC Bank Ltd.	**475.12**	1,653.78	**-**	-	**-**	-	**-**	-
Bank Balance and Deposits								
- HDFC Bank Ltd.	**1,003.81**	4,000.13	**-**	-	**-**	-	**-**	-
Loans repaid								
- Magnum Foundations Pvt. Ltd.	**1.10**	3.82	**-**	-	**-**	-	**-**	-
- Others	**-**	-	**-**	-	**0.01**	0.05	**0.02**	-
Loans sold								
- HDFC Bank Ltd.	**13,845.65**	12,773.37	**-**	-	**-**	-	**-**	-
Loans								
- Magnum Foundations Pvt. Ltd.	**26.58**	27.68	**-**	-	**-**	-	**-**	-
- Others	**-**	-	**-**	-	**0.06**	0.07	**0.40**	-
Trade Receivable								
- HDFC Bank Ltd.	**4.11**	4.17	**-**	-	**-**	-	**-**	-

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
Other Advances / Receivables								
- HDFC Bank Ltd.	**8.48**	8.34	**-**	-	**-**	-	**-**	-
- Magnum Foundations Pvt. Ltd.	**2.02**	0.01	**-**	-	**-**	-	**-**	-
- Others	**-**	-	**0.28**	0.11	**-**	-	**0.06**	0.06
Deposits placed								
- Ms. Renu Sud Karnad	**-**	-	**-**	-	**2.84**	0.03	**-**	-
- Ms. Swarn Sud	**-**	-	**-**	-	**-**	-	**0.11**	0.09
Deposits repaid / matured								
- Mr. Keki M. Mistry	**-**	-	**-**	-	**-**	0.87	**-**	-
- Ms. Renu Sud Karnad	**-**	-	**-**	-	**2.39**	0.02	**-**	-
- Others	**-**	-	**-**	-	**-**	-	**0.09**	0.09
Deposits								
- Ms. Renu Sud Karnad	**-**	-	**-**	-	**2.85**	2.40	**-**	-
- Others	**-**	-	**-**	-	**-**	-	**0.11**	0.09
Debentures								
- ERGO International AG	**-**	-	**170.00**	-	**-**	-	**-**	-
Non-Convertible Debentures (Allotments under Primary Market)								
- HDFC Bank Ltd.	**2,320.00**	-	**-**	-	**-**	-	**-**	-
Other Liabilities / Payables								
- HDFC Bank Ltd.	**840.32**	418.59	**-**	-	**-**	-	**-**	-
- Others	**-**	-	**27.48**	4.09	**0.11**	0.34	**0.01**	0.02

36. As per the Accounting Standard (AS) 17 on 'Segment Reporting', the main segments and the relevant disclosures relating thereto are as follows:

₹ in Crore

Particulars	Loans		Life Insurance		General Insurance		Asset Management		Others		Inter-segment adjustments		Unassociated		Total	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Segment Revenue	**34,665.24**	32,217.55	**22,190.93**	17,953.52	**3,041.98**	2,069.46	**1,682.66**	1,602.56	**433.44**	327.57	**(1,027.05)**	(971.42)	**100.43**	57.87	**61,087.63**	53,257.11
Segment Result	**10,894.77**	10,223.70	**1,061.21**	1,007.92	**423.36**	202.81	**805.23**	735.75	**33.27**	(33.82)	**(668.27)**	(581.24)	**99.98**	57.85	**12,649.55**	11,612.97
Income-tax (Current)													**3,504.91**	3,479.32	**3,504.91**	3,479.32
Deferred tax													**515.88**	160.02	**515.88**	160.02
Total Result	**10,894.77**	10,223.70	**1,061.21**	1,007.92	**423.36**	202.81	**805.23**	735.75	**33.27**	(33.82)	**(668.27)**	(581.24)	**(3,920.81)**	(3,581.49)	**8,628.76**	7,973.63
Segment Assets	**3,40,868.38**	2,91,196.54	**93,738.57**	76,080.32	**8,870.31**	4,775.55	**1,027.60**	1,101.37	**428.33**	415.13	**-**	-	**28,224.91**	24,235.38	**4,73,158.10**	3,97,804.29
Segment Liabilities	**3,09,029.64**	2,65,993.51	**90,210.40**	73,114.24	**6,975.89**	3,693.01	**307.24**	391.12	**485.68**	443.11	**-**	-	**2,617.37**	942.65	**4,09,626.22**	3,44,577.64
Net Assets	**31,838.74**	25,203.03	**3,528.17**	2,966.08	**1,894.42**	1,082.54	**720.36**	710.25	**(57.35)**	(27.98)	**-**	-	**25,607.54**	23,292.73	**63,531.88**	53,226.65
Other Information																
Capital Expenditure	**31.31**	39.88	**46.88**	33.86	**156.70**	15.61	**12.42**	9.99	**34.17**	48.54	**-**	-	**-**	-	**281.48**	147.88
Depreciation	**59.27**	57.68	***40.96**	*44.94	***30.71**	*31.44	**12.71**	11.59	**35.80**	51.22	**-**	-	**-**	-	**179.45**	196.87
Non-cash expenses other than Depreciation	**873.51**	925.73	**2.92**	6.02	**19.17**	6.38	**5.16**	4.81	**13.18**	5.24	**-**	-	**-**	-	**913.94**	948.18

a) The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the management in deciding how to allocate resources and in assessing performance.

b) The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

c) Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

d) Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under unallocated revenue / expenses / assets / liabilities

e) Asset Management segment includes portfolio management, mutual fund and property investment management.

f) Others includes project management, investment consultancy and property related services.

g) The group does not have any material operations outside India and hence, disclosure of geographic segments is not given.

*Included in Other expenses relating to Insurance Business

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 Compaines Act, 2013

(As on/for the year ended March 31, 2017)

Sr. No.	Name of the Entity	Net assets i.e. Total Assets minus Total Liabilities		Share of Profit / (Loss)	
		As % of consolidated net assets	Amount (₹ In crore)	As % of consolidated Profit or loss	Amount (₹ In crore)
Parent					
1	Housing Development Finance Corporation Limited		39,645.38		7,442.64
	Less: Inter Company eliminations		(11,269.80)		(856.90)
	Net of eliminations	**44.68%**	**28,375.58**	**59.60%**	**6,585.74**
Subsidiaries					
Indian					
1	GRUH Finance Ltd.	1.77%	1,125.18	2.70%	298.75
2	HDFC Standard Life Insurance Co. Ltd.	4.19%	2,664.99	7.99%	882.46
3	HDFC ERGO General Insurance Co. Ltd.	2.50%	1,590.27	2.97%	328.45
4	HDFC Asset Management Co. Ltd.	2.24%	1,421.13	5.12%	566.13
5	HDFC Trustee Co. Ltd.	0.00%	2.23	0.00%	0.44
6	HDFC Investment Trust	0.24%	154.80	0.54%	59.47
7	HDFC Investment Trust - II	0.29%	182.26	0.27%	29.41
8	HDFC Venture Capital Ltd.	0.03%	22.07	0.00%	(0.16)
9	HDFC Ventures Trustee Co. Ltd.	0.00%	1.06	0.00%	(0.02)
10	HDFC Property Venture Ltd.	0.16%	103.42	-0.12%	(13.16)
11	HDFC Pension Management Co. Ltd.	0.04%	27.16	0.00%	(0.31)
12	HDFC Capital Advisors Ltd.	0.01%	8.67	0.05%	5.57
13	HDFC Investments Ltd.	0.25%	157.20	0.62%	69.06
14	HDFC Holdings Ltd.	0.27%	171.90	0.15%	16.35
15	HDFC Developers Ltd.	0.00%	(0.02)	-0.17%	(18.28)
16	HDFC Sales Pvt. Ltd.	0.01%	4.93	-2.33%	(257.73)
17	HDFC Realty Ltd.	0.03%	16.08	-0.08%	(8.85)
18	HDFC Credila Financial Services Pvt. Ltd.	0.50%	319.20	0.59%	65.19
19	Grandeur Properties Pvt. Ltd.	0.02%	14.35	-0.03%	(2.81)
20	Haddock Properties Pvt. Ltd.	0.02%	11.80	0.03%	3.22
21	Pentagram Properties Pvt. Ltd.	0.02%	14.16	0.00%	(0.04)
22	Windermere Properties Pvt. Ltd.	0.04%	26.90	-0.03%	(3.04)
23	Winchester Properties Pvt. Ltd.	0.02%	10.44	-0.03%	(3.43)
24	HDFC Education and Development Services Pvt. Ltd.	0.10%	64.97	-0.02%	(1.81)
Foreign					
1	Griha Investments	0.20%	127.01	0.17%	18.89
2	Griha Pte. Ltd.	0.04%	22.29	0.13%	14.18
3	HDFC Life International and Re Company Ltd.	0.13%	81.87	-0.04%	(4.91)
	Share of Minorities	5.47%	3,472.57	-7.21%	(797.02)
Associates (Investment as per the equity method)					
Indian					
1	HDFC Bank Limited	36.73%	23,335.92	29.13%	3,219.47
2	True North Ventures Pvt. Ltd.	0.00%	1.49	0.00%	(0.09)
Total		**100.00%**	**63,531.88**	**100.00%**	**11,051.12**

Notes forming part of the consolidated financial statements (Continued)

38. Pursuant to a share purchase agreement ("SPA") between HDFC ERGO General Insurance Company Limited and Larsen & Toubro Limited, IRDAI approval and Competition Commission of India (CCI) approval thereof, the Company has acquired 100% of the Share Capital of HDFC General Insurance Limited (formerly known as L & T General Insurance Company Ltd.) for a consideration of ₹ 530.61 crore on September 9, 2016. On the date of acquisition the net assets of HDFC General Insurance Limited were ₹ 124.84 crore and accordingly a resultant goodwill on acquisition of ₹ 405.77 crore has been recoginised. The Profit Before Tax of the HDFC General Insurance Limited for the period September 9, 2016 to March 31, 2017 is ₹ 24.48 crore.

The Board of Directors of respective Companies at their meeting held on September 16, 2016, approved the Scheme of Arrangement to be made between the Company and HDFC General Insurance Limited with the Appointed Date of January 1, 2017.

Both the Companies have filed the Company Summons for Directions with the High Court of Judicature at Bombay on October 5, 2016. Pursuant to notification issued by Ministry of Corporate affairs, National Company Law Tribunal (NCLT) is constituted and sections dealing with amalgamation have been enacted from December 15, 2016. The said matter has been transferred from the High Court of Judicature at Bombay to NCLT.

Pursuant to the NCLT hearing held on January 20, 2017 and as directed, both the Companies have convened meeting of Shareholders on March 29, 2017. In the said meeting, the Scheme of Arrangement has been approved by the shareholders.

Pending the approval of NCLT, no effect of the proposed merger has been recognized in the financial statements for the year ended March 31, 2017.

39. On August 8, 2016, the Board of Directors of HDFC Standard Life Insurance Company Limited ("HDFC Life"), Max Life Insurance Company Limited ("Max Life"), Max Financial Services Limited ("Max Financial") and Max India Limited ("Max India") at their respective board meetings, approved entering into definitive agreements for the amalgamation of the businesses between the above entities through a composite Scheme of Arrangement ("Scheme"). As part of the Scheme, Max Life would be merged with Max Financial, and subsequently the life insurance business of Max Financial will be demerged and amalgamated with HDFC Life and the residual Max Financial will be merged into Max India Limited. The shares of HDFC Life are proposed to be listed on Stock Exchange(s) in India, as a consequence of the Scheme. HDFC Ltd. and Standard Life will continue to be the promoters of the merged entity.

HDFC Life and Max Life have filed an application seeking in-principle approval of the Insurance Regulatory and Development Authority of India ("IRDAI") for the Scheme on September 21, 2016 and have also filed requisite applications with Competition Commission of India (CCI). Max Financial and Max India have made filings with the relevant stock exchanges / Securities and Exchange Board of India (SEBI).

The IRDAI, vide its letter dated November 11, 2016 had expressed certain reservations on the proposed Scheme. The Company believes that the Scheme is in compliance with all the applicable laws and has accordingly furnished necessary representations to the IRDAI clarifying on the matter. The Company is currently awaiting further directions/approval from the IRDAI.

The closing of the proposed transaction will be subject to aforesaid approval of the IRDAI, as well as other applicable approvals including the CCI, the SEBI, relevant stock exchanges and the National Company Law Tribunal (NCLT), pending which the effects of the above Scheme are not required to be considered in these financial statements.

40. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

BUSINESS RESPONSIBILITY REPORT

Fifth Business Responsibility Report 2016-17

HDFC

WITH YOU, RIGHT THROUGH

Housing Development Finance Corporation Limited

Regd. Office	: Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020.
Corp. Office	: HDFC House, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020.
Corporate Identity Number	: L70100MH1977PLC019916
NIC Code	: 64192
Phone	: +91 22 6176 6000
Fax	: +91 22 2281 1205
Website	: www.hdfc.com
E-mail	: investorcare@hdfc.com

BUSINESS RESPONSIBILITY REPORT 2016-17

PART A

COMPANY PROFILE

HDFC was promoted in October 1977 as a public limited company specialising in providing housing finance primarily to individual households and corporates for the purchase and construction of residential housing. Prior to 1977, retail mortgage finance was unknown in India. There were no foreclosure norms, no credit bureau and no easy access to long-term finance in India. HDFC is India's first retail housing finance company and is currently one of the largest originators of housing loans in the country. HDFC has financed over 5.8 million homes.

The HDFC group is considered as a financial conglomerate in the Indian capital markets with a presence in housing finance, banking, life and general insurance, asset management, venture capital and education loans. HDFC's key subsidiary and associate companies include HDFC Bank Limited, HDFC Standard Life Insurance Company Limited, HDFC ERGO General Insurance Company Limited, HDFC Asset Management Company Limited, GRUH Finance Limited, HDFC Venture Capital Limited, HDFC Credila Financial Services Private Limited, HDFC Education and Development Services Private Limited and HDFC Capital Advisors Limited.

As part of its developmental initiatives, HDFC has promoted institutions in various fields including credit rating, consumer finance, leasing, infrastructure and IT-enabled services.

HDFC's distribution network spans 427 outlets, which include 130 offices of its distribution company, HDFC Sales Private Limited (HSPL). In addition, HDFC covers several locations through its outreach programmes. Distribution channels form an integral part of the distribution network with home loans being sourced through HSPL, HDFC Bank Limited and other third party direct selling associates.

The Corporation has third-party distribution tie-ups with banks and other distribution companies including e-portals for retail loans. Credit, legal and technical checks are closely monitored in-house to ensure that the quality of loans given out is of the highest standards. To cater to non-resident Indians, 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, Oman and Saudi Arabia.

PART B

FINANCIAL HIGHLIGHTS IN THE LAST FINANCIAL YEAR

The audited financial statements form a part of the annual report. Further details on the financial information are given in the Directors' Report and the Management Discussion and Analysis Report which is a part of the annual report. Detailed information on corporate social responsibilities (CSR) is provided in "Annual Report on CSR activities", which is annexed to the Directors' Report. The Corporation follows the financial year of April 1 to March 31 each year.

PART C

OTHER DETAILS

The Corporation has 26 subsidiary companies including 5 step down subsidiaries.

Subsidiary Companies:

1	HDFC Developers Limited
2	HDFC Investments Limited
3	HDFC Holdings Limited
4	HDFC Asset Management Company Limited
5	HDFC Trustee Company Limited
6	HDFC Realty Limited
7	HDFC Standard Life Insurance Company Limited
8	HDFC ERGO General Insurance Company Limited
9	GRUH Finance Limited
10	HDFC Sales Private Limited
11	HDFC Ventures Trustee Company Limited
12	HDFC Venture Capital Limited
13	HDFC Property Ventures Limited
14	HDFC Credila Financial Services Private Limited
15	HDFC Education and Development Services Private Limited
16	Windermere Properties Private Limited
17	Grandeur Properties Private Limited
18	Winchester Properties Private Limited
19	Pentagram Properties Private Limited
20	Haddock Properties Private Limited
21	HDFC Capital Advisors Limited

Step-down Subsidiary Companies:

22	HDFC Pension Management Company Limited
23	Griha Investments
24	Griha Pte Limited
25	HDFC International Life and Re Company Limited
26	HDFC General Insurance Limited

The subsidiary companies have their own Business Responsibility initiatives and generally do not participate in the BR initiatives of the Corporation.

PART D

BUSINESS RESPONSIBILITY INFORMATION

Mr. Deepak S. Parekh is the non-executive Chairman of the Corporation. Mr. Keki M. Mistry, Vice Chairman & Chief Executive Officer, Ms. Renu Sud Karnad, Managing Director and Mr. V. Srinivasa Rangan, Executive Director are responsible for the day-to-day administration and operations of the Corporation. Further details of the Board of Directors and the management are covered elsewhere in the Annual Report.

HDFC has prepared this Business Responsibility Report based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' issued by the Ministry of Corporate Affairs, Government of India in July 2011, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the circulars issued by SEBI in this regard.

The Corporation has in-place various policies and guidelines pertaining to the principles enunciated in this report. HDFC has a policy on Business Responsibility which is available on its website. Mr. V. Srinivasa Rangan (DIN: 00030248), Executive Director, oversees the implementation of the policy. Presently, Mr. P. K. Bhalla, Head – Human Resources, is the Business Responsibility Head and is assisted by a team having multi-disciplinary backgrounds. The Business Responsibility policy is reviewed periodically. The Business Responsibility Report is available on the website of the Corporation and a printed copy of the same is made available to the shareholders on request.

The details of Mr. P. K. Bhalla are listed below:

Sr. No.	Particulars	Details
1	Name	P. K. Bhalla
2	Designation	Head – Human Resources
3	Telephone Number	+91-11-4159 6576
4	E-mail	praveenb@hdfc.com

Detailed information on each of the nine principles is provided in this report.

Principle 1

BUSINESS SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

Ethics

All successful and sustainable companies have one virtue in common - sound governance practices. At HDFC, the governance standards are built on the foundation of ethics, transparency and accountability. HDFC's governance practices are administered by the Board of Directors and committees involved in managing stakeholder priorities and concerns. Its robust framework ensures that all its daily operations are conducted in the most transparent and accountable manner. HDFC also has zero tolerance for bribery and corruption. This has helped HDFC gain stakeholders' trust and market leadership. HDFC ensures compliance of ethical standards by its vendors and contractors though appropriate clauses in the work contract signed with them. HDFC was the only Indian company to be included in the fifth annual list of the 'World's Most Ethical Companies' by the Ethisphere Institute, USA.

Code of Conduct

With the objective of enhancing the standards of governance, HDFC has formulated and adopted separate Codes of Conduct that are applicable to its non-executive directors as well as its whole-time directors and members of senior management. These codes are placed on the website of the Corporation and provide for ethical, transparent and accountable behaviour by its directors and senior management.

Further, while recruiting employees, HDFC lays utmost importance on integrity and has accordingly formulated the Employee Code of Conduct which is applicable to all the employees. The Code articulates the ethical principles and acceptable behaviour that the Corporation's employees are expected to demonstrate so as to uphold the Corporation's values. Failure to comply with the Code leads to disciplinary action, including dismissal from the services of the Corporation.

As a part of the employee joining kit, all employees are handed over a copy of the Employee Code of Conduct on the first day of their employment and are expected to read and understand the contents mentioned therein. HDFC ensures that all its employees read the contents of the Code of Conduct and affirm to abide by the same. A signed acknowledgement form to that effect is also obtained immediately. As a practice, this acceptance is being obtained from the employees on a yearly basis. Further, to familiarise the employees with the Employee Code of Conduct, one clause of the said Code is displayed on the main page of HDFC's Intranet every day. The contents of the Employee Code of Conduct are also explained in detail during the employee induction programme.

HDFC has also formulated and adopted various other codes and policies to facilitate ethical decision making. They reinforce the HDFC culture of transparency in business and are continuously updated in line with the dynamic business environment and regulatory norms. The codes and policies are designed to cover all functional areas by adhering to the laws applicable to the Corporation's business and are provided to all its employees/directors for enforcement of ethical conduct from governance, regulatory and risk management perspective. Some of the codes and policies referred to above, are as follows -

- Fair Practices Code
- Know Your Customer Policy
- Code of Conduct
- Policy on Related Party Transactions
- HDFC Share Dealing Code
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
- Policy on Management of Conflict of Interest
- Corporate Social Responsibility Policy
- Policy on Business Responsibility
- Whistle Blower Policy
- Policy on Protection of Women against Sexual Harassment at HDFC

Transparency & Accountability

HDFC is known for its openness, transparency and disclosure whilst conducting its business. To ensure transparency and accountability in all business practices, the Corporation adheres to all applicable governmental and regulatory rules. Breach of any guideline is viewed very seriously by the management and appropriate disciplinary action is taken against the errant employee.

The Board has constituted various committees such as: Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee, Executive Committee of Management, Fraud Monitoring Committee, Identification of Wilful Defaulters Committee, Review of Wilful Defaulters Committee. These committees meet periodically to supervise, review and advice on the relevant/ respective matters.

Corporate Governance

HDFC continues to remain amongst the elite list of companies that have adopted sound governance practices. HDFC elicits a sense of trust in the minds of investors owing to its ethical corporate behaviour, integrity and transparency in conducting its business.

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 focal area of the Corporation. It is for this reason that the senior management devotes considerable time and effort towards engaging constructively with all its stakeholders.

HDFC 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 pledges 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.

Stakeholder Complaints

HDFC categorizes its stakeholders to include housing loan customers, agents, depositors, shareholders, debenture holders, etc. There is a separate mechanism in place for recording and redressing complaints raised by each of these stakeholders.

Customers are one of the most important stakeholders and it is important and essential to engage with them, understand their expectations and accordingly, provide the desired service standards. Similarly, it is endeavoured to resolve the issues raised by the other stakeholders with equal seriousness and ensure that robust processes are built in to substantially reduce the incidence of complaints in future. The Corporation has in place a software called "Customer Relationship Enhancement and Managing System" (CREAMS) to record, monitor and redress the grievances/feedback received from the customers, which helps in maintaining higher service standards.

HDFC, under the CREAMS initiative has identified senior executives at all the branches who are responsible for ensuring efficient and effective redressal of complaints within the prescribed turnaround time. All complaints are monitored at the corporate office by the Customer Engagement team.

HDFC has an in-built escalation mechanism wherein complaints are escalated to the level of business heads, regional business heads/functional heads and Managing Director. Complaints forwarded by the regulatory and supervisory authorities are tracked separately within CREAMS. A grievance redressal procedure recommended by National Housing Bank (NHB) is also available on HDFC's website for the benefit of HDFC's customers. An escalation matrix for grievance received from the investors is also available on the website of the Corporation.

During the year, HDFC received a total of 14,812 complaints/queries from its home loan customers and depositors representing 0.65% of its customer and depositor base. 1,286 complaints/queries were outstanding as on March 31, 2017, out of which 627 complaints were pending as on date.

The Corporation submits a periodic status of complaints received, redressed and outstanding from its shareholders, debenture holders and depositors along with the nature of complaints and their mode of redressal, to the Stakeholders Relationship Committee of Directors.

At the beginning of the financial year, there was one investor complaint that was unresolved as the complainant had not submitted the requisite documents to the Corporation. During the year, the Corporation received 3 investor complaints, all were resolved to their satisfaction and as such, no investor complaint was pending as at March 31, 2017.

Principle 2

BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

Environmental Standards

Compliance with environmental standards and sustainable environmental practices has limited relevance to HDFC's operations as the Corporation is not a manufacturing set up. The housing finance regulator, NHB, prevents housing finance companies from directly undertaking any construction activity. However, a vigorous technical assessment of properties and projects financed by HDFC is a critical part of its approval and disbursement procedures.

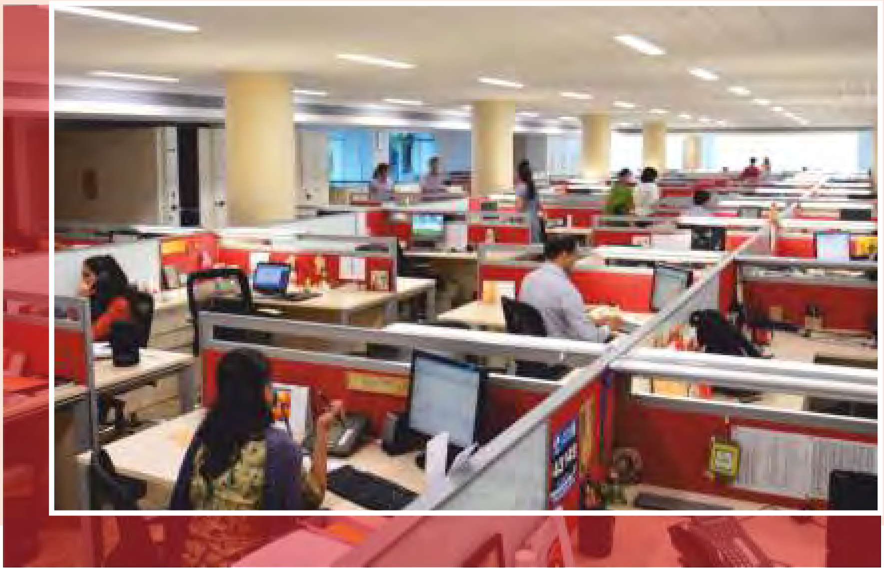
HDFC recognises the need to work with real estate developers that promote the use of innovative technologies such as green buildings and other energy efficient measures for construction of their projects. HDFC has always emphasized on exploring opportunities of collaboration with partners in ensuring conservation of energy and resources. HDFC encourages the usage of environmental friendly building materials from the local building centers as a part of its low-income housing initiatives.

The loan documentation that HDFC executes for all cases of project finance with real estate developers has a clause mentioning that the construction would be as per the guidelines of the National Building Code.

Resource Savings

HDFC constantly reviews and introduces initiatives that work towards the conservation of the valuable resources in the surrounding environment.

Special efforts had been made during the design stage of HDFC's corporate office to ensure abundant natural light across the work area, thereby, reducing electricity consumption. HDFC promotes the use of energy star equipments and uses systems that conserve power. Re-usage of stationery and paper to reduce wastage of paper at its office premises is encouraged.



The interiors of the corporate office building are based on guidelines from the Leadership in Energy & Environmental Design Council (LEED). HDFC's corporate office building achieved LEED Gold Certification under the LEED for Commercial Interiors Rating System. All parameters are maintained to continue LEED Gold Certification.

HDFC has also undertaken other initiatives and energy efficient measures at its office premises such as use of occupancy sensors, reduction of light power density by using LED light fittings, provision of centralised waste collection, etc. HDFC endeavours to use environmental friendly materials with higher recycle content, such as green guard rated furniture and gives priority to material purchases of such recycled products. At most of its offices across India, the CFL light fittings are being shifted to LED light fittings to conserve energy.

HDFC has also installed solar power roof panels to save grid power as a green initiative. These solar power panels consist of Solar PV modules which generate DC electricity on

sunny days. The system so installed is capable of recording the number of units of solar power generated and also facilitates the storage of data for future reference. The system has been examined and certified by an Inspector from the Ministry of Natural Resources Energy, Government of India. This initiative has resulted in saving ~ 4,000 KWH every month and the system is maintained to get the same output in future. Additionally, HDFC has also adopted the practice of switching off lights at workstations, when not in use.

In an endeavour for quick and paperless services, HDFC promotes the use of electronic means of communication with its depositors and shareholders by sending electronic communication for confirmation of payments and such other purposes. HDFC also encourages the use of electronic mode of payment to and from all its stakeholders. Soft copies of the annual report 2015-16 along with the notice convening the 39th Annual General Meeting and the dividend e-payment advice were sent to over one lac shareholders so as to minimise the usage of paper. Further, for the current year, annual interest certificates to more than 13 lac customers have been sent through e-mail, towards the said purpose.

HDFC has also introduced the use of kiosks at trade fairs and property exhibitions. These kiosks facilitate electronic filing of loan application forms and directly link the data of potential customers to its loan processing system.

Principle 3

BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES

Equal Employment Opportunities

HDFC has always advocated a business environment that favours the concept of equal employment opportunities for all, without any discrimination with respect to caste, creed, gender, race, religion, disability or sexual orientation. The number of employees as on March 31, 2017 stood at 2,305, out of which 547 are women and the male:female ratio was 76:24 as on the said date. HDFC also provides a conducive environment that is safe, hygienic, humane and which upholds the dignity of its employees. The Corporation does not employ child labour directly or indirectly at any of its offices.

Enabling a Gender Friendly & Safe Workplace

For HDFC, safety of its employees is of paramount importance and as a good corporate citizen, it is committed to ensuring safety of all its employees at the work place.

HDFC has formulated and adopted a Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and has constituted an Internal Complaints Committee (ICC) at all its branches, in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013.

Also, to ensure confidentiality, a dedicated e-mail address has been created for women employees to report complaints pertaining to sexual harassment at the workplace. The complaints reported on the designated e-mail are solely accessible to the members of the ICC. Mechanisms have been established to ensure that complaints received by the ICC are dealt with promptly, sensitively, confidentially and in the most judicious and unbiased manner. During the year, the ICC did not receive any complaints from women employees in this regard.

In a bid to ensure the safety and security of its women employees, HDFC has also issued necessary guidelines to ensure that none of the HDFC offices are manned only by women employees. Necessary arrangements are also made to ensure that women employees reach home safely in case they happen to work unusually late beyond the working hours at office. Further, for the safety of the employees, CCTV cameras have been installed at offices across the country.

Policies for Employee Grievances

HDFC believes in smooth and effective communication to ensure better flow of information and understanding amongst its employees. Any employee, irrespective of hierarchy, has free access to the members of the senior management for sharing creative ideas, suggestions or even personal grievances. Such an 'open door' policy has resulted in HDFC embracing a free and informal culture that has facilitated a sense of belongingness, loyalty and commitment amongst the employees.

HDFC has established a whistle blower mechanism, which is primarily governed by the Corporation's Whistle Blower Policy. The said policy which has been uploaded on HDFC's website and communicated to all employees, aims to promote good governance, instill faith and empower all the stakeholders to fearlessly voice their concerns. The policy aims at ensuring that all the employees 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, violation of the Corporation's Code of Conduct, breach of any policy, abuse of power and authority by any official of the Corporation or any other act with an intention to secure any unethical personal gain or to cause damage to the Corporation or its employees. The platform, which has been developed to confidentially express such concerns, is also extended to the other stakeholders including borrowers, depositors, vendors and direct selling agents.

Over and above the regular channels of communication available to employees, HDFC through the 'Corporate Whistleblower Initiative'(CWI), a third party web-based reporting mechanism provides its employees a platform to communicate to the management, concerns about unethical behaviour, actual or suspected fraud or violation of the code of conduct, in a secure and confidential manner. During the year, two matters were classified as complaints under the CWI mechanism and both the complaints were reviewed, investigated and closed.

Employee Interaction

HDFC has always practiced an Open Door Policy and a unique informal work culture, facilitating free and open discussions that are based on trust and mutual respect.

HDFC firmly believes in the fact that ideas precede innovation, and thus, encourages its employees to share new and innovative ideas across different aspects of work. To facilitate such free flow of ideas and suggestions, HDFC has established a platform on the intranet called "Idea Incubator", through which employees share their ideas with the Senior Management. All ideas are evaluated and assessed by the Senior Management, and based on their feasibility, they are approved for implementation.

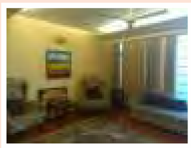
During the year, a team of Senior Management executives visited HDFC's branches and conducted 'Town Hall' meetings wherein detailed presentations on the HDFC's Vision 2020 were made. The strategic way ahead for HDFC, in order to ensure that business growth continues in line with expectations of all the stakeholders, was also deliberated. In addition, the forum was also utilized to discuss the macro and micro economic scenario and the challenges being faced by the housing finance industry were also highlighted. The concept of Town Hall meeting was well appreciated by the employees who were provided with yet another opportunity to interact extensively with the team of Senior Management executives, pursuant to which a lot of ideas, constructive feedback and suggestions were received.

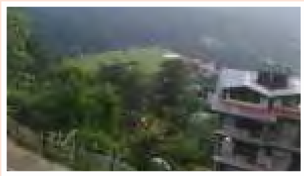
Work-Life Balance

At HDFC, employees are encouraged to strike a balance between office, personal and family life. HDFC's policies are structured around promoting a work-life balance that ensures improved employee productivity at work. Employees are encouraged to complete the assigned responsibilities within the reasonable working hours without resorting to sitting late much beyond business hours.

Holiday Homes for Staff Members

HDFC has 21 fully furnished holiday homes for employees and their families. They are located in various parts of the country from Mussoorie and Shimla in the North to Gopalpur in the East, Nashik in the West to Munnar in the South. The holiday homes provide a pleasant holiday experience to employees and their families.





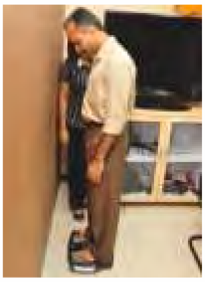
Knowledge Center

As a knowledge facilitator, HDFC has a fully equipped library, which can be accessed even by the branches through the intranet via the Open Public Access Catalogue. Besides, on a regular basis, the library also shares relevant news, articles and reports

with all the employees across offices. Employees also approach the library team for assistance in getting information on various subject matters. Smaller knowledge centers are also set-up at branches.

Employees Wellness/ Promoting well being of Employees

At HDFC, wellness of employees is considered vital. Employees are provided with medical benefits, in line with the Corporation's health and accident policy. On need basis, facilities like extension of Maternity Leave to women employees, allowing employees to work from the office nearest to their residence, etc. are also provided.



HDFC also facilitates awareness programmes on employee wellness including regular health check ups, importance of nutrition and health by organizing lectures and interactive sessions with leading professionals in the medical field for the benefit of its employees. The initiative helps in having a healthy workforce and consequently, a more productive one.

So as to encourage the professional development of its employees, HDFC has a 'Self Education Scheme', under which the employees can apply for reimbursement of expenses incurred for two academic courses, during their tenure with HDFC.

As a gesture of appreciation for loyalty towards the Corporation, every employee completing 25 years of continuous service with HDFC is presented with a customized memento along with a personalised letter signed by the Chairman. Their contributions and achievements are celebrated by the team members at a special function hosted for them.

HDFC is also one of the few organizations that does not have a union or a workers' association. This is primarily because of the high level of employee involvement in all aspects of business. The Corporation's inclusive culture has led to employees having a strong feeling of camaraderie and belongingness.

Employee Engagement

Employees are the driving force of an organization. HDFC firmly believes that in order to keep the motivation and the employee engagement levels high, it is necessary to constantly involve them in activities that enhance their morale. Such engagement activities aim towards employee development, cultivate a strong sense of camaraderie and unravels the untapped skills and competencies in employees. Therefore, in line with this philosophy, HDFC encourages its employees to regularly participate in sports, picnics, outings, get-togethers, team building programmes, etc. and has allocated a separate budget for this purpose. Employee engagement budget has been allocated for each branch under which the respective branch is expected to carry out various employee engagement activities on an ongoing basis. During the year, a special initiative was launched called "The Friday Club" wherein a variety of employee engagement programmes are organized on a monthly basis to enhance team spirit, knowledge and skill sets.

Employee Involvement in CSR Activities

India@75, supported by the Confederation of Indian Industry (CII), organized the India@75 National Volunteering Week (NVW) for the fourth year in succession during January 2017. Some of the activities in which HDFC's employees from 11 branches voluntarily participated included a tree plantation drive, an awareness campaign on road safety, teaching of basic English, Maths, Science, Art & Craft to underprivileged children and support sessions for children with disabilities.

Employee Welfare & Participation

Every year members of the HDFC family participate in various marathons held at different locations in India so as to raise funds for various NGOs supported by HDFC.

To encourage employees to maintain and lead a healthy life, a Stepathlon event and other sports events were organised across various branches. A book exhibition was

organised wherein employees and their children participated enthusiastically. Events are periodically organised at the corporate office and at various branches to celebrate special occasions and festivals. Blood donation camps were also organised at some of our offices. HDFC also has active in-house clubs like the sports club, which organizes sports tournaments. Branches also organised events like picnics, informal get-togethers, fancy dress contests, treasure hunts, etc. to inculcate team spirit.

The in-house magazine, HDFC Quarterly, is an ideal medium for employees and their family members to know the latest happenings within HDFC and in the group companies. It is a vibrant dossier of events that includes activities held at various branches across India and overseas, new office openings, speeches delivered by senior management, anecdotes on HDFCites and their family members, features articles on different topics, and much more.

Development of Employees and Training Programmes

HDFC believes in the all-round development of its employees. Gaps in competencies, job specific knowledge gaps, skills and attitudes are identified during the performance appraisal process and through discussions with immediate superiors and managers. Learning and development ensures that employees are adequately trained in functional and behavioural skills to sustain high standards of service. HDFC nominates staff for self-development and leadership programmes to enhance their effectiveness.

Learning and development needs are also identified on the basis of performance

appraisal as well as customer feedback. On-the-job training, job rotation or internal, external or international trainings are offered to employees to upgrade their competencies. HDFC has also introduced an E-learning platform called “HDFC Aspire” which allows employees to learn about its policies and processes using their desktops at a time most convenient to them. Various knowledge enhancing courses were launched during the year on functional areas like Business Development, HDFC Reach, Credit Risk Management and Managing Prepayments, which witnessed a whole-hearted participation. Virtual classroom initiatives have also been undertaken to blend and enhance the learning processes including programmes on Mentoring, Train the Trainer and communication skills.

During the year, knowledge enhancement programmes were conducted at branches. An initiative called TBT - Tool Box Training was launched where subject matter experts at branches, who have been trained as trainers, conducted training programmes on a monthly basis on important topics related to products, processes and policies pertaining to different verticals.

A total of 99,630 man-hours of training was conducted for the employees, out of which women employees attended a total of 24,625 hours of training during the year. A total of 1,919 employees attended various training programmes during the year.

Amongst the other training programmes, internal training programmes include orientation for new recruits at their respective branches, induction programme generally within six months of joining, on the job training, skill development for call centre executives, training on products, regulatory and compliance framework, etc.

Mentoring Programme

The mentoring programme formulated by HDFC ensures that all new employees integrate into the culture and value system of HDFC. The programme has also helped new entrants understand and blend with the HDFC family in a seamless manner. Mentors support the new comers not only in bridging the knowledge gaps, but also guide them in managing different situations faced on business as well as personal front.

Principle 4

BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED

Over the years, HDFC has been providing traditional home loan products that cater to the employed and the self employed sections in the organised sector. Housing requirements, whether for formal or informal segment customers, have been growing rapidly largely owing to the pace of urbanization and migration of people from rural to urban areas. Complementing the recent initiatives undertaken by the government on affordable housing, large developers have begun showing interest in this segment and are beginning to play a larger role.

Considering the encouragement provided by the government and with the aim to tap the unexplored informal sector market, HDFC has launched home loan products that cater to customers from the informal sector and has developed appropriate credit norms, policies and procedures to finance this informal customer segment. Since the launch of these products and the adoption of an inclusive credit approach, customers from the informal sector have shown a lot of interest in home ownership.

Since the introduction of the aforementioned products, HDFC has disbursed housing loans amounting to over ₹ 665 crore which covers around 67% of the customer segment in the self employed informal sector spreading across over 50 different profiles of customers.

HDFC also provides rural housing finance. Agriculturists, planters, horticulturists, dairy farmers, etc. looking for a home in the rural or urban areas, are sanctioned loans based on the agricultural land owned, crops cultivated, etc. at attractive rates.

Given the projected growth of urbanization and the consequent housing demands in India, the Ministry of Housing and Urban Poverty Alleviation (MoHUPA) introduced in June 2015, an interest subsidy scheme called the Credit Linked Subsidy Scheme (CLSS) under the Pradhan Mantri Awas Yojana (URBAN) - Housing for All, applicable to purchase, construction, extension and improvement of houses for the Economically Weaker Section (EWS), Lower Income Group (LIG) and Middle Income Group (MIG). HDFC has whole-heartedly promoted and facilitated the implementation of this scheme due to which many families that had not owned a pucca house could see the dream of home ownership, materialise. During the year ended March 31, 2017, subsidy amounting to ₹57.92 crore has been availed by 2,913 borrowers.

Principle 5

BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Human Rights

HDFC complies and adheres to all the human rights laws and guidelines of the Constitution of India, national laws and policies and treats all its stakeholders and customers with dignity, respect and due understanding. HDFC strives to be just, patient and understanding while dealing with delinquent customers who have availed housing loans. HDFC has also put in place an internal culture and work ethics where delinquent customers are treated with fairness. Customers who have difficulty in making regular payments are counselled patiently. Even as the Corporation takes legal action, care is taken to treat customers and their family with dignity and respect. Employee training programmes lay emphasis on this aspect. Any complaints and grievances pertaining to behavioural issues are attended to personally by senior officers.

In terms of the circular issued by the NHB dated July 14, 2008, Housing Finance Companies are required to adopt guidelines for recovery agents engaged by them. HDFC provides for internal guidelines, duly approved by the Board of Directors, for its 'Recovery Officers' which lays down the detailed decorum to be followed while approaching customers for recovery of loans and maintain ethical conduct.

Contractual Staff

HDFC has been outsourcing housekeeping, security and maintenance activities to contractual staff. Necessary policy guidelines are issued to contractors to ensure compliance with the various acts as applicable to HDFC, from time to time. HDFC has also appointed an external agency to ensure compliance with labour laws and other applicable laws. It is ensured that all employees, whether on the rolls of the Corporation or on the payrolls of third party contractors are paid wages as prescribed under the Minimum Wages Act and are in compliance with social security benefits such as Provident Fund, ESIC etc. as applicable.

Principle 6

BUSINESSES SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

Green Initiatives

HDFC promotes ecological sustainability and green initiatives such as recycling paper and other waste material by having eco-recycle bins for electronic waste. Besides adopting energy saving mechanisms, employees are sensitised towards making efforts to reduce the carbon foot print of the Corporation.

Employees are encouraged to use electronic medium of communication as far as possible to reduce usage of paper.

Recycling

HDFC also donates old but well maintained desktops to NGOs working to impart education to children from the underprivileged sections of the society. HDFC has installed a plastic bottle flaking machine. The machine crushes the bottles and converted flakes are then utilized as a raw material in the manufacturing of paint and polyster fibres.

Rural Housing

For rural housing, usage of asbestos sheets is not allowed – instead corrugated galvanised iron sheets are used. For low cost housing, HDFC encourages the NGOs to procure environment friendly building materials from the local building centres. HDFC as a policy, finances only self-contained tenements which provide for toilets/sanitation within the housing unit. This leads to a cleaner environment and reduces health hazards in the villages.

Principle 7

BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

HDFC is a member of *inter alia* the following chambers and associations:

1	Bombay Chambers of Commerce and Industry
2	Confederation of Indian Industry
3	Federation of Indian Chambers of Commerce and Industry
4	Bombay Management Association
5	Indo-German Chamber of Commerce
6	US–India Investors' Forum
7	Indian Merchants' Chamber
8	International Union for Housing Finance
9	National Real Estate Development Council

Representatives of HDFC are members of the committees of these industry bodies. HDFC regularly offers its inputs to these associations for the advancement and improvement of housing finance in India. Additionally, at the branch level, HDFC is a member of local bodies and assists in formulating policies that affect local issues. HDFC recognises that the housing and real estate industry plays an important role in the Indian economy as this industry is the second largest employment generator after agriculture. HDFC will continue to support and advocate for the further development of housing industry, as its primary objective is to enhance residential housing stock in the country through the provision of housing finance in a systematic and professional manner and promote home ownership. Towards this objective, HDFC has recently launched a customised product for Rural Housing market to expand its reach.

At the national level, HDFC executives have, over the years, played a key role in formulating national housing policies and strategies. Recognising HDFC's expertise, regulators, industrial bodies and governments have invited HDFC's executives to join a number of committees and task forces related to financial sector reforms, housing finance, infrastructure development, capital markets and corporate governance.

HDFC makes various recommendations/representations before regulators and associations regarding the new enactments that impact the housing finance industry and the business of the Corporation.

Principle 8

BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

In accordance with the provisions of Section 135 of the Companies Act, 2013 and rules framed thereunder, the Corporation has constituted a Corporate Social Responsibility Committee of Directors which acts in accordance with the applicable provisions governing the same.

HDFC undertakes a large part of its social welfare activities through the H T Parekh Foundation (a CSR initiative of HDFC) which partners with exemplary NGOs. Initiatives towards community development projects across various sectors are mentioned as under:

Water Security

HDFC recognises that water resources in India have witnessed quality deterioration, volumetric reduction and ecological degradation. As a result, HDFC has partnered with NGOs in establishing integrated watershed management in rural areas, which could include construction of bunds, lake / river de-silting, rainwater harvesting and increasing the level of groundwater. The aim is to ensure that drought-like situations are minimised, increase awareness amongst local community members on the need for water conservation and create livelihood opportunities.

Additionally, HDFC is undertaking a project by partnering with an experienced NGO to supply safe and clean drinking water to slum communities at affordable rates, thereby assisting them to alleviate water borne diseases and reduce health costs.

Village Upliftment

HDFC lays emphasis on those who are marginalised from the society, especially those who live in villages and have low Human Development Index (HDI) levels. Each village has its own unique set of economic and social issues, which can only be overcome if there is a conducive partnership between the government, corporates and NGOs. HDFC has entered into one such collaboration to transform identified villages in Maharashtra (which have been affected by drought and social challenges) into model villages over the next few years. Outcomes would be measured by each development indicator such as reduction in infant mortality rate addressing malnutrition, sanitation access, availability of safe drinking water and improving literacy levels, which will be benchmarked against the performance indicators of best performing states in India.

Sanitation

HDFC partners with experienced, sanitation focused NGOs who have a strong connect in the communities they work with. The sanitation programmes start with influencing behavioural change through health and hygiene awareness in the community and then move onto the construction of toilets. HDFC has preferred to support individual, household toilets so that the asset ownership remains with the family, as does the long term maintenance. HDFC has supported the construction of toilets in urban slums and rural areas across different states in India, with an aim to reduce the health costs and risks for families as a result of open defecation and to protect the dignity of women and girls.

Environment Protection

HDFC recognises that reducing the pollution of land and water resources has significant sustainable health benefits to communities as well as environmental protection. HDFC is supporting a pilot project that is undertaking waste management activities in popular tourist locations which includes (i) waste collection, segregation &

transportation for recyclable & non-recyclable waste, (ii) education & awareness programmes, (iii) waste composting and (iv) maintaining the cleanliness of public spaces in these area.

HDFC is partnering with an organisation that provides solar lighting solutions to identified villages that have no access to electricity. Two solar lights are provided to each rural household. The solar lights are accompanied by solar panels, one of which is portable. This ensures that the concerned rural household has electricity at any given point in time and the solar light could also be taken out of the house for domestic chores and other purposes.

Other Community Development Interventions

HDFC has a holistic view on community development and has ventured into areas that will ensure immediate benefits and long-term sustainability. HDFC is supporting mobile crèches, which involves setting up and operating day care centres on construction sites for children upto the age of 14 years. A majority of the parents of these children are migrant labourers and these mobile crèche centres offer a safe haven for children while their parents are at the site.

HDFC is supporting a project that will work on training frontline police officers on better child and women safety protocols. The project works jointly with police officials and women volunteers from the community to foster better dialogue and joint action between the two with the objective of reducing child harm in vulnerable communities.

HDFC is also supporting a project wherein the objective is to improve the skill and quality of care provided by an Auxiliary Nurse Midwife (ANM). ANMs are females, health workers stationed at the government health centres in villages and are the key participants of the public health system in India. They are the first point of contact for the community to access government health services. The project seeks to bring about change by creating stronger supervisory support and peer to peer linkages for this very important cadre of health workers.

Principle 9

BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

Customer Relationship Enhancement and Managing System (CREAMS)

HDFC is committed to providing effective and prompt service to its customers. The Corporation has in place, a software called CREAMS to record and redress the grievances/ feedback from the customers which helps in ensuring standard operating procedure and maintaining high service standards.

HDFC, under the CREAMS process, has identified senior personnel at all the branches who are responsible for ensuring efficient and effective redressal of complaints within the prescribed turnaround time. All complaints are centrally monitored by the CREAMS management team.

HDFC has an in-built escalation mechanism wherein complaints are escalated to the level of business heads, regional heads/functional heads and the Managing Director.

Complaints concerning customers and depositors, forwarded by regulatory and supervisory authorities are tracked separately within CREAMS. A grievance redressal procedure recommended by the NHB is also available on HDFC's website for the benefit of HDFC's customers and complaints received from the same are also routed through CREAMS.

Transparent Communication

HDFC strives to ensure that transparent, correct and relevant information, pertaining to its products and services, is disseminated through its advertising material and the information displayed on the digital platforms owned by the Corporation. HDFC is a member of the Advertising Standard Council of India (ASCI) and encourages responsible and responsive communication towards all its stakeholders be it customers, media, investors, analysts, regulatory authorities, vendors and other stakeholders.

HDFC is a strong proponent of true and fair advertising and as such, discourages all kinds of means and activities that are unethical, abusive, derogatory or anti-competitive. All the communication material released by the Corporation adheres to the mandated regulatory requirements. HDFC has also formulated the Fair Practices

Code and a copy of the said code is available on its website and at all its offices. HDFC has complied with all the applicable advertising norms.

The important product attributes, relevant information about the products and services being offered, fees and charges, benchmark interest rates and other important notifications such as Most Important Terms & Conditions and KYC documents are displayed prominently in each HDFC office. A copy of these documents is available for the reference of customers in every office of the Corporation. This information is available on the Corporation's website as well.

HDFC is extending its presence to various social and digital platforms to engage and connect with existing customers and also to reach out to newer audiences through interesting educative content and constant communication. The content created and uploaded on any of the social media or digital platforms managed by HDFC is in consonance with the brand values of HDFC and the prescribed regulatory framework.

The performance and financials of HDFC are disclosed to its stakeholders and the public at large through its annual report, advertisements (on a quarterly basis) and its website.

HDFC also provides for a feedback mechanism on its website to allow stakeholders to leave their comments/queries. Similarly, a response mechanism has been put in place for prompt response to the queries, complaints and service requests of customers received through the social media platforms.

MUMBAI	V. SRINIVASA RANGAN
May 4, 2017	Executive Director

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 Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

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

40th Annual General Meeting (AGM)

Day/Date : Wednesday, July 26, 2017

Time : 2:30 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 of ₹ 2 each approved by it at its meeting held on March 3, 2017, has also recommended payment of a final dividend of ₹ 15 per equity share of ₹ 2 each, at its meeting held on May 4, 2017, for the financial year 2016-17, for the approval of the members at the ensuing AGM. The dividend, if approved by the members, will be paid on Thursday, July 27, 2017.

The total dividend for the year is ₹ 18 per equity share of ₹ 2 each as against ₹ 17 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 18, 2017 to Wednesday, July 26, 2017 (both days inclusive) for the purpose of payment of final dividend for the financial year 2016-17.

The final dividend of ₹ 15 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 17, 2017.

Listing on Stock Exchanges

Equity Shares

The equity shares of the Corporation are listed on the following stock exchanges. The International Securities Identification Number (ISIN) in respect of the said equity shares is INE001A01036.

BSE Limited (BSE)	National Stock Exchange of India Limited (NSE)
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. Tel. Nos. : +91 22-2272 1233/34 Fax No. : +91 22-2272 1919 E-mail : *is@bseindia.com* Website : *www.bseindia.com*	Exchange Plaza, Plot No. C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai 400 051. Tel. Nos. : +91 22-2659 8100-114 Fax No. : +91 22-2659 8120 E-mail : *nseiscmum@nse.co.in* Website : *www.nseindia.com*

Stock Exchange Codes	Reuters Codes	Bloomberg Codes
BSE – 500010	BSE - HDFC.BO	HDFC:IN
NSE - HDFC EQ	NSE - HDFC.NS	HDFC:IS

Warrants

The Warrants issued by the Corporation are listed on 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 is provided in the Management Discussion and Analysis 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 BSE and NSE.

Rupee Denominated Bonds

Rupee Denominated Bonds issued by the Corporation to overseas investors are listed on London Stock Exchange (LSE), 10, Paternoster Square, London, EC4M7LS. Other information regarding the terms of the issue of Rupee Denominated Bonds is provided in the Management Discussion and Analysis Report.

Listing Fees

The listing fees have been paid to BSE and NSE for the financial year 2017-18. The requisite listing/filing fees have also been paid to LSE.

Investor Services Department (ISD)

The Corporation is registered with Securities and Exchange Board of India (SEBI) as an in-house Share Transfer Agent – Category II and has connectivity with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISD is a part of the Secretarial Department of the Corporation.

The ISD offers various services to the shareholders and debentureholders of the Corporation including services pertaining to transfer, transmission, transposition, dematerialisation and re-materialisation 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 and other related services like remittance of dividend through various electronic modes. The ISD also undertakes various non-mandatory periodic initiatives relating to reduction in quantum of unclaimed dividend, registration of nominees, etc.

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.

The Corporation continuously explores the way to reduce the hardship for its shareholders, if any. One of the measures adopted during the year was to make the share transfer related activities more friendly by amending the standard operating procedures pertaining to various services rendered by the ISD, without diluting the legal requirements.

The ISD, being a registered share transfer agent is subject to many internal audits besides regular inspections by NSDL and CDSL. During the year, apart from regular internal audits, SEBI, NSDL and CDSL mandated all share transfer agents to undertake specific internal audits. None of the said reports contained any adverse comments.

Share Transfer System

The Board of Directors of the Corporation has constituted a Share Transfer Committee, which comprises the Chairman and the whole-time directors of the Corporation. The board has also constituted an Investor Services Committee comprising the company secretary and senior officers of the Secretarial Department.

The Investor Services Committee is authorised to approve transfer, transmission, transposition, dematerialisation and re-materialisation of shares and places the same before the Share Transfer Committee for its ratification.

A statement of transactions ratified/approved by the Share Transfer Committee 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 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	-
Dematerialisation of shares	7 working days	-
Re-materialisation of shares	7 working days	-
Release of unclaimed shares	7 working days	-
Issue of duplicate share certificate(s)	15 working days	-

** Subject to receipt and verification of all 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.

The Corporation has designated an e-mail id, *investorcare@hdfc.com* to enable its shareholders/investors to lodge complaints/grievances, which is monitored by the company secretary.

A detailed report on the correspondence including complaints received and attended to is circulated to the Stakeholders Relationship Committee along with agenda papers on a quarterly basis.

Investors' Grievances

The Corporation is committed to providing effective and prompt service to its investors. In case any investor is not satisfied with the response of the Corporation, he/she can escalate the grievance in the manner as made available on the website of the Corporation.

The details of investor complaints received and redressed by the Corporation during the last three financial years are as under:

Received from	No. of complaints received		
	2014-15	2015-16	2016-17
Stock Exchanges and SEBI including SCORES	3	18	3
NHB, MCA and others	1	-	-
Directly received from investors	-	-	-
Total No. of complaints received	**4**	**18**	**3**
Total No. of complaints redressed	**4**	**17**	**4***
No. of complaints pending	-	1	-

** Includes 1 pending complaint pertaining to the financial year 2015-16.*

Unclaimed Dividend

During the year, the Corporation undertook following initiatives to reduce the quantum of unclaimed dividends:

- periodic reminders to the concerned shareholders;
- directly credited the unclaimed dividend to the shareholders' accounts, who had updated their bank details with the Corporation/depositories; and
- issued duplicate dividend drafts i.e., at-par cheques towards the unclaimed dividend for the financial year 2009-10 and dispatched the same to the concerned shareholders at the address registered with the Corporation/ depositories.

Despite the above initiatives, unclaimed dividend amounting to ₹ 1,07,23,200 in respect of the financial year 2008-09 was transferred to the Investor Education and Protection Fund (IEPF) on September 22, 2016, in compliance with the provisions of Section 125 of the Companies Act, 2013. Further, unclaimed dividend in respect of the financial year 2009-10 is due for transfer on August 20, 2017. Concerned shareholders are requested to claim the same on or before the said date.

The details of the unclaimed dividends as on March 31, 2017 and the last date for claiming the same from the Corporation, 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 March 31, 2017 (₹)	Unclaimed dividend as % to total dividend	Date of declaration	Last date for claiming the dividend from the Corporation prior to its transfer to IEPF
2009-10	2,606	1,49,62,572	0.14	July 14, 2010	August 19, 2017
2010-11	3,743	1,93,36,986	0.15	July 8, 2011	August 8, 2018
2011-12	3,386	2,53,79,255	0.15	July 11, 2012	August 10, 2019
2012-13	3,112	3,02,98,861	0.16	July 19, 2013	August 19, 2020
2013-14	3,095	3,70,67,366	0.17	July 21, 2014	August 20, 2021

Financial Year	No. of members who have not claimed their dividend	Unclaimed dividend as on March 31, 2017 (₹)	Unclaimed dividend as % to total dividend	Date of declaration	Last date for claiming the dividend from the Corporation prior to its transfer to IEPF
Interim Dividend 2014-15	4,976	61,71,110	0.20	March 19, 2015	April 20, 2022
Final Dividend 2014-15	3,740	3,51,04,888	0.17	July 28, 2015	August 26, 2022
Interim Dividend 2015-16	5,766	1,07,62,266	0.23	March 21, 2016	April 19, 2023
Final Dividend 2015-16	4,763	4,44,28,692	0.20	July 27, 2016	August 25, 2023

Details of earlier years' dividend that have been transferred in accordance with the applicable provisions of the Companies Act, 1956/Companies Act, 2013, is as under:

Particulars	Unclaimed Dividend up to 1994-95	Unclaimed Dividend from 1995-96 to 2008-09
Status	Transferred to General Revenue account of the Central Government	Transferred to the IEPF
Can be claimed from	Registrar of Companies, Mumbai	IEPF (*www.iepf.gov.in*). Process mentioned in the next section of this document

Unclaimed Shares

As per Listing Regulations

Regulation 39(4) of the Listing Regulations *inter alia* requires every listed company to comply with certain procedures in respect of shares issued by it in physical form pursuant to a public issue or any other issue and which remained unclaimed for any reason whatsoever.

Summary of the claims received/processed by the Corporation in respect of unclaimed shares under the said Regulation during the financial year 2016-17 and its status as on March 31, 2017, 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, 2016.	455	6,23,575
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, 2017.	26	37,500
III	Number of shareholders (out of the said 26 shareholders) to whom equity shares were transferred from the Unclaimed Suspense Account during the year ended March 31, 2017.	17	19,400
IV	Aggregate number of shareholders and the outstanding equity shares lying in the Unclaimed Suspense Account as on March 31, 2017. (I-III)	438	6,04,175

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. The Corporation on receipt of such additional documents and its verification may either transfer the shares lying in the Unclaimed Suspense Account to the depository account provided by the concerned shareholder(s) or deliver the physical share certificate to his/her registered address.

As per Companies Act, 2013

As per Section 124 of the Companies Act, 2013, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the company in the name of IEPF. However, the concerned shareholder(s) can claim the dividend and/or shares that have been transferred to IEPF after complying with the procedure prescribed by the Ministry of Corporate Affairs, Government of India. The details of shares required to be transferred by the Corporation to IEPF is available on its website.

A brief outline of the procedure for claiming the dividend/shares from the IEPF Authority is listed for the benefit of the concerned shareholder(s):

- Download Form IEPF-5 from *www.iepf.gov.in*.
- Submit the duly filled form online at *www.mca.gov.in*. On successful upload, download the acknowledgement that gets generated automatically.
- Take a printout of the duly filled Form IEPF-5 and the acknowledgement. Submit the same to the Nodal Officer (IEPF) of the Corporation at its registered office in an envelope marked as “Claim for refund from IEPF Authority” along with the following documents:
  - indemnity in original with claimant’s signature
  - advance stamped receipt (in original)
  - copy of Aadhaar Card (for Indian citizens)
  - copy of Passport, OCI and PI card (for foreigners and NRI)
  - proof of entitlement (share certificate/dividend warrant etc.) and
  - cancelled cheque leaf
- The Corporation on receipt of the complete set of documents will submit its verification report to the IEPF Authority.
- Upon submission of the verification report by the Corporation, the corresponding action shall solely be at the discretion of the IEPF Authority.

For more details, the concerned shareholders are requested to refer to the “Refund” section of *www.iepf.gov.in*.

Voting Rights

The fundamental voting principle is ‘One Share-One Vote’.

Equity shares issued by the Corporation carry equal voting rights, with an exception, where voting rights in respect of the shares, if any, lying in the Unclaimed Suspense Account/IEPF shall remain frozen till the rightful owner claims such shares and is transferred as such.

Rights and Obligations of shareholders

The Corporation has always accorded great importance towards shareholder engagement.

It has consistently ensured that shareholders are empowered and endeavoured to honour their statutory rights. In continuation of its efforts in that direction, a synopsis of some of the rights and obligations of the shareholders of the Corporation is made available on its website.

Control of the Corporation

The Corporation is neither owned nor controlled, directly or indirectly, by any person, entity or government and does not owe allegiance to any promoter or promoter group. To the best of its knowledge and belief, the Corporation does not have any arrangement, the operation or consequence of which might directly or indirectly result in a change in its ownership, control or management.

Dematerialisation of Shares and Liquidity

As on March 31, 2017, 99.14% 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 March 31, 2017

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	-	-	6,065	6,065	6,065	6,065	-
2 - 10	17	125	44,274	3,07,523	44,291	3,07,648	0.02
11 - 100	417	37,870	81,983	37,75,189	82,400	38,13,059	0.24
101 - 200	580	1,14,865	15,144	23,29,258	15,724	24,44,123	0.15
201 - 500	1,797	8,14,791	18,240	66,83,578	20,037	74,98,369	0.47
501 - 1,000	3,050	29,36,008	14,004	1,18,84,449	17,054	1,48,20,457	0.93
1,001 - 5,000	3,596	79,08,700	20,562	4,54,22,327	24,158	5,33,31,027	3.36
5,001 - 10,000	112	7,82,625	1,884	1,33,25,656	1,996	1,41,08,281	0.89
10,001 – 50,000	36	6,36,875	1,513	3,28,90,529	1,549	3,35,27,404	2.11
50,001 – 1,00,000	2	1,53,550	374	2,64,65,788	376	2,66,89,338	1.68
1,00,001 and above	2	2,13,400	1,101	143,16,12,969	1,103	143,21,26,369	90.15
Total	**9,609**	**1,35,98,809**	**2,05,144**	**157,47,03,331**	**2,14,753**	**158,86,72,140**	**100**

Major Shareholders

Details of shareholders holding 1% or more of the total issued and paid-up share capital of the Corporation as on March 31, 2017 are given below:

Sr. No.	Name of the shareholder account	No. of shares	% to capital
1	Life Insurance Corporation of India	6,75,11,918	4.25
2	Oppenheimer Developing Markets Fund	6,72,69,951	4.24
3	Europacific Growth Fund	5,31,09,265	3.34
4	Government of Singapore	2,96,80,012	1.87
5	Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Fund	2,51,08,614	1.58
6	Copthall Mauritius Investment Limited	2,02,04,736	1.27
7	Vanguard Total International Stock Index Fund	1,90,52,532	1.20
8	Ishares India Index Mauritius Company	1,82,21,317	1.15
	Total	**30,01,58,345**	**18.90**

Details of shareholding based on category of investors are provided in Form MGT–9 (Extract of Annual Return), which is annexed to the Directors' Report.

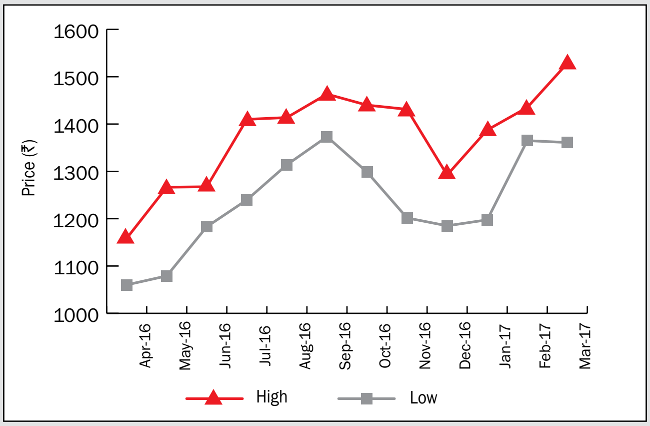
Stock Market Price Data

The monthly high and low price and the volume of shares traded on BSE and NSE during the financial year 2016-17 are as under:

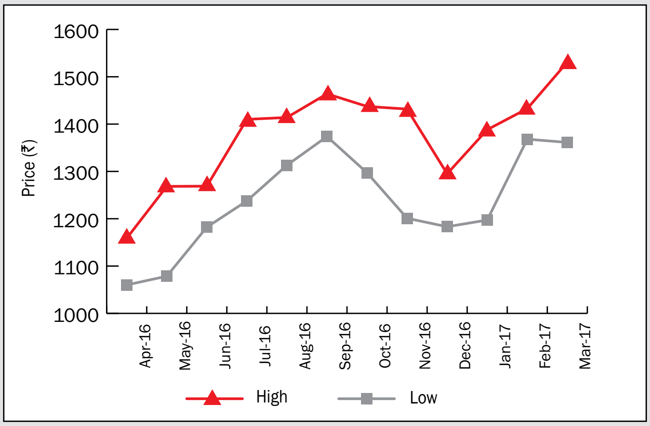
Month	BSE			NSE		
	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded
April-16	1,158.50	1,060.15	32,74,446	1,158.65	1,060.15	6,42,11,386
May-16	1,266.50	1,079.05	39,16,606	1,268.40	1,078.55	6,66,47,666
June-16	1,267.50	1,183.00	33,27,899	1,268.80	1,182.15	5,27,29,142
July-16	1,409.95	1,239.70	30,64,452	1,410.00	1,237.70	4,87,30,409
August-16	1,413.75	1,314.00	36,58,345	1,414.00	1,313.10	6,02,65,850
September-16	1,463.25	1,373.25	29,38,146	1,464.00	1,373.70	4,55,64,871
October-16	1,440.00	1,298.55	19,47,289	1,437.35	1,297.15	3,53,05,859
November-16	1,431.10	1,201.60	51,03,670	1,4 75	1,201.00	6,70,50,385
December-16	1,292.35	1,185.00	27,10,854	1,295.00	1,183.15	4,94,76,453
January-17	1,387.40	1,197.55	24,58,732	1,388.20	1,197.25	5,00,31,560
February-17	1,435.00	1,364.95	21,30,851	1,432.65	1,368.10	4,17,53,136
March-17	1,528.35	1,361.00	64,85,437	1,531.00	1,361.30	6,06,05,840

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

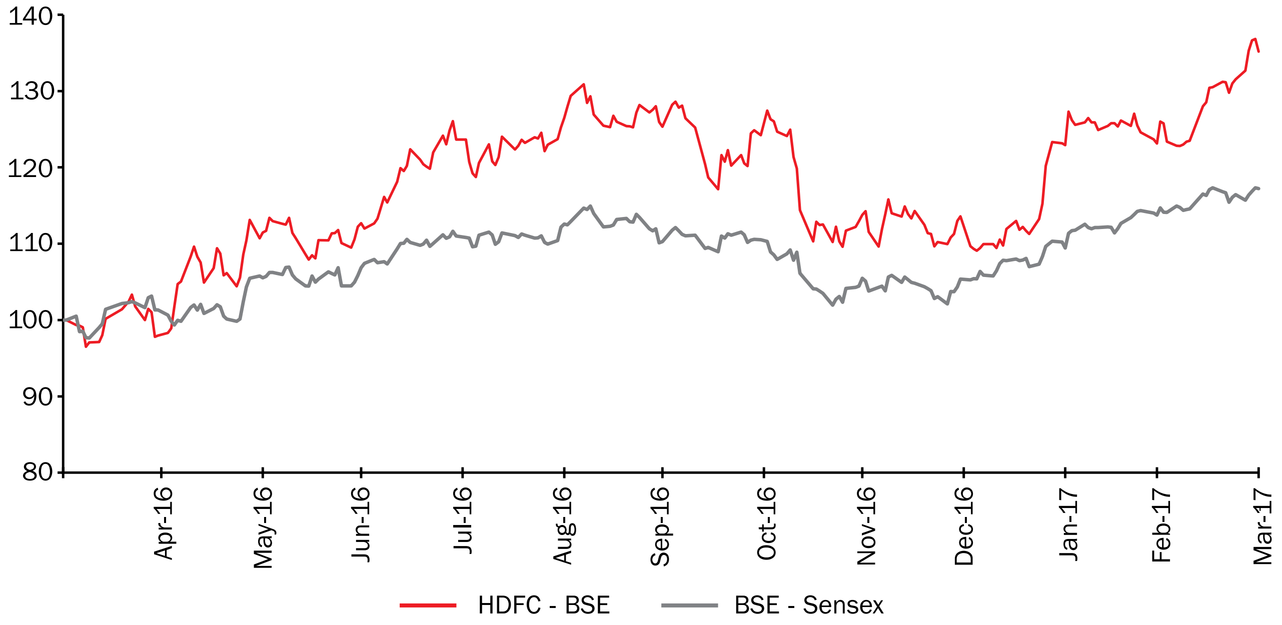
Share Price Movement on BSE

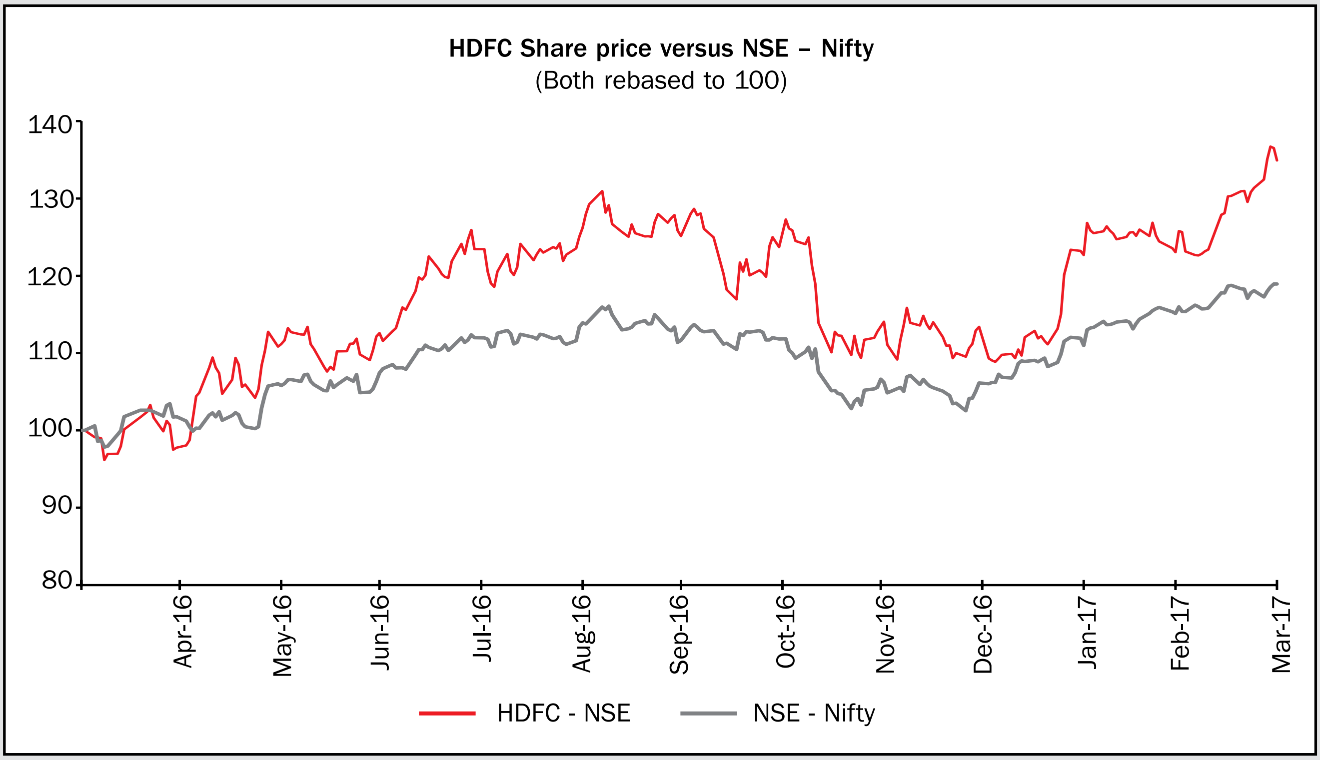


Share Price Movement on NSE

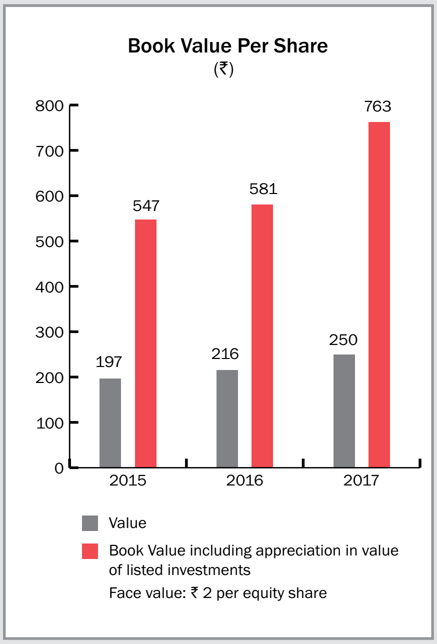


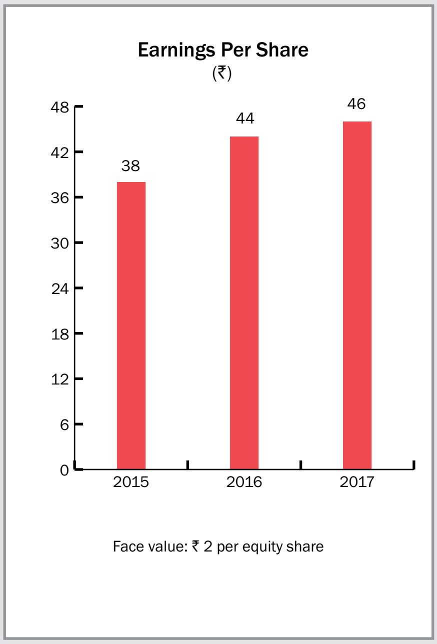
HDFC Share Price versus BSE - Sensex
(Both rebased to 100)





HDFC Share price versus NSE – Nifty
(Both rebased to 100)
140
130
120
110
100
90
80
Apr-16
May-16
Jun-16
Jul-16
Aug-16
Sep-16
Oct-16
Nov-16
Dec-16
Jan-17
Feb-17
Mar-17
HDFC - NSE
NSE - Nifty





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 and the Listing Regulations. In this connection, Messrs Vinod Kothari & Company, practising company secretaries has conducted a secretarial audit for the financial year 2016-17 and the said report is provided elsewhere in the Annual Report.

Nomination Facility

Section 72 of the Companies Act, 2013 provides that every holder of securities of a company may, at any time, nominate, in the prescribed manner, any person to whom his/her securities shall vest in the event of his/her death. Where the securities are held by more than one person jointly, the joint holders may together nominate any person to whom all the rights in the securities shall vest in the event of death of all the joint holders.

In view of the aforesaid, shareholders especially those holding shares in single name are advised to nominate any person by submitting the prescribed nomination form to the ISD. Shareholders can download the said form from the 'Investors' section on the website of the Corporation. Shareholders holding shares in electronic form are requested to contact their DP.

Nomination stands automatically rescinded on transfer/dematerialisation of the shares.

Frequently Asked Questions

For ready reference of the shareholders of the Corporation, responses to frequently asked questions on various investor services are made available on the website of the Corporation.

Feedback

In furtherance to the Corporation's endeavour to engage with its shareholders and to receive insight into their perception on the Corporation, a Feedback Form seeking their views on various matters relating to investor services and Annual Report 2016-17, is being sent along with the Annual Report.

The said Feedback Form can also be submitted online at the 'Investors' section of the website of the Corporation.

HDFC

Web links

As required under the various provisions of the Companies Act, 2013, Housing Finance Companies-Corporate Governance (National Housing Bank) Directions, 2016 and Listing Regulations, the web link of 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 Subsidiary Companies	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.pdf
7.	Board Familiarisation Programme	https://www.hdfc.com/allpolicies/Board-Familiarisation-Programme.pdf
8.	Update on Board Familiarisation	https://www.hdfc.com/allpolicies/Familiarisation-Update .pdf
9.	Policy on Remuneration of Directors, Senior Management, KMPs and other employees	https://www.hdfc.com/allpolicies/Remuneration-Policy.pdf
10.	Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	https://www.hdfc.com/allpolicies/Corporate-Disclosure-Policy-Final.pdf
11.	Letter of Appointment to Independent Directors	https://www.hdfc.com/allpolicies/Letter-of-Appointment-to-Independent-Directors.pdf
12.	Policy on Determination of Materiality	https://www.hdfc.com/allpolicies/policy-on-determination-of-materiality.pdf
13.	Web Archival Policy	https://www.hdfc.com/allpolicies/Web-Archival-Policy.pdf
14.	Policy on Business Responsibility	https://www.hdfc.com/allpolicies/BR-Policy.pdf
15.	Dividend Distribution Policy	https://www.hdfc.com/allpolicies/Dividend-Policy.pdf
16.	Policy on Management of Conflict of Interest	https://www.hdfc.com/allpolicies/Policy-on-Management-of-Conflict-of-Interest.pdf
17.	Disclosure under the SEBI (Share Based Employee Benefits) Regulations, 2014	https://www.hdfc.com/sites/default/files/DisclosureonStockOptions.pdf
18.	Internal Guidelines on Corporate Governance	https://www.hdfc.com/allpolicies/Internal-Guidelines-on-Corporate-Governance.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, 61766100.

CORPORATE OFFICE: HDFC House, Mumbai 400 020. Tel: 66316000, 22820282.

BRANCH OFFICES:

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(As of March 31, 2017.)

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Notes

Notes

Awards & Accolades

HDFC received the following awards and accolades during F.Y. 2016 - 17 :

- The only Indian Company to be ranked in the top 10 Consumer Financial Services Companies in the World for 3 consecutive years - Forbes Global List, 2015 to 2017
- 'India's Leading Housing Finance Company' at the Dun & Bradstreet BFSI Awards 2017
- Ranked 25th in 'India's Most Attractive Employers' by Universum Global
- The 'Leading Housing Finance Company of the Year' award by ASSOCHAM
- Triple A for Best Masala Bond India & for Best QIP India for ₹ 50 Billion Non-Convertible Debentures and ₹ 54 Billion Warrants by The Asset Asian Awards 2016.
- 'AAA' rating for HDFC Deposits by CRISIL & ICRA for the 22nd consecutive year
- 94.3 MY FM Stars of the Industry Award for Excellence in Home Loan Banking 2017 for the third consecutive year.

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