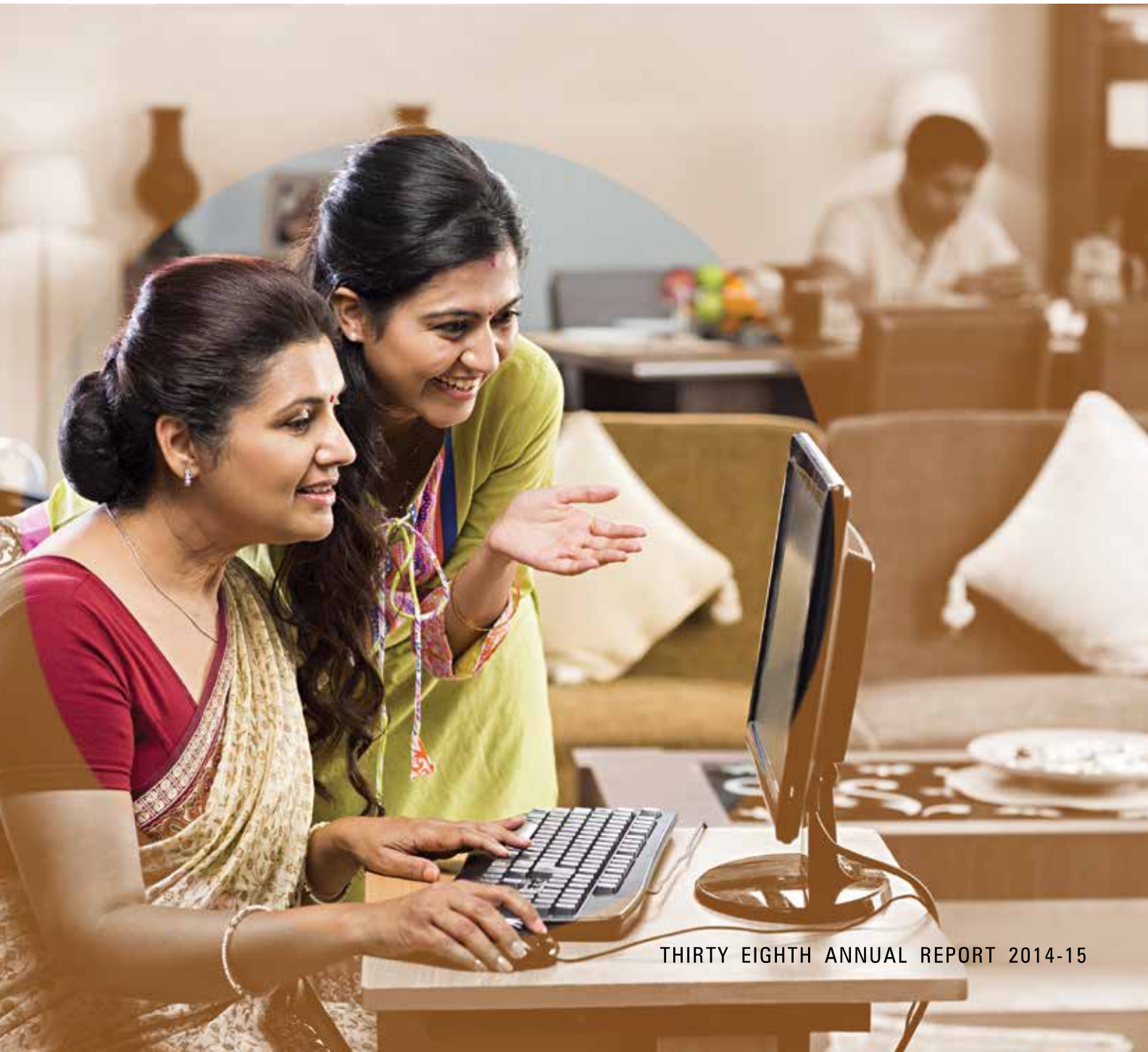
HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

HDFC

ASPIRATIONS *alive*



THIRTY EIGHTH ANNUAL REPORT 2014-15

India is breathing in a fresh air of hope and the aspirations of the nation have come alive. New government policies, directed at the growing middle class, empowering women and increasing the use of technology, are creating synergies with the ability to catalyse limitless opportunities for everyone, including the Housing Finance Sector.

India is aspiring, so are we!

The year 2014-15, has brought a 'sunshine of hope' that has reawakened the aspirations of people from all walks of life.

With all the sectors in the economy poised and geared to cross new frontiers, the housing finance industry is primed to take its place as a front runner.

We at HDFC believe that we too have a vital role to play in this new era. The government's mission to provide 'a home for every one' by 2022 mirrors perfectly the ethos and vision of HDFC.

With over 5 million satisfied customers and an experience of 38 years, HDFC's business philosophy has blended well with the needs of the Indian housing finance market. Our endeavour is to reach out to the farthest customers, and bring alive their aspirations of living in homes they can call their own.

Aspirations alive

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ANNUAL GENERAL MEETING (AGM)

Day / Date: Tuesday, July 28, 2015 Time: 3.00 pm

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

E-VOTING PERIOD

Commences on : Friday, July 24, 2015 at 10.00 am

Closes on : Monday, July 27, 2015 at 5.00 pm

Financial Highlights

(₹ in Crore)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	**2014-15**
Gross Income	4,278	5,896	8,196	11,018	11,361	12,878	17,354	21,148	24,198	**27,471**
Profit After Tax	1,257	1,570	2,436	2,283	2,826	3,535	4,123	4,848	5,440	**5,990[1]**
Shareholders' Funds	4,468	5,551	11,947	13,137	15,198	17,317	19,018	24,830	27,955	**30,970**
Loans from Banks and Financial Institutions	19,996	24,224	21,200	25,372	32,137	42,490	40,697	17,824	32,952	**26,194**
Market Borrowings	17,984	22,584	36,655	39,110	41,347	48,296	62,138	89,071	94,443	**1,16,317**
Deposits	8,741	10,384	11,296	19,375	23,081	24,327	36,293	51,933	56,578	**66,088**
Loans Under Management[2]	46,418	59,361	75,949	91,378	1,08,268	1,29,274	1,55,431	1,87,010	2,17,763	**2,53,333**
Loans Outstanding	44,990	56,512	73,328	85,198	97,967	1,17,127	1,40,875	1,70,046	1,97,100	**2,28,181**
Dividend (%)	200	220	250	300	360	450	550	625	700	**750**
Book Value per Share (₹)[3]	36	44	84	92	106	118	129	162	179	**197**
Earnings per Share (₹)[3]	10	13	13[4]	16	20	24	28	32	35	**38**

[1] For FY 2014-15, excluding the impact of Deferred Tax Liability on Special Reserve, the Profit After Tax is ₹ 6,355 crore.

[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.

A Home for Everyone

The way forward in Housing Finance

'Aspirations are born in many places, the greatest ones come alive at home'.

The thought of India as a country where every citizen owns a house, till recently, appeared to be fraught with challenges.

The new government policies, pragmatic approach by housing finance companies and the corporate sector taking up housing as a social responsibility, are giving hopes to millions across the country.

HDFC, as always, is at the helm of these changes with a singular aim of providing a roof over every Indian's head. With customised products like HDFC Reach and Rural Housing Finance, the objective of HDFC is to reach out to all the strata of the society.

Over the past few decades, rapid development has raised the socio-economic status of millions across the country.

Indians now prefer owning a property rather than living in a rented accommodation. With a steady increase in the income levels, the concept of EMIs has earned preference over payment of rents.

Tailor made products and services are making home loans a delightful experience even for families with budget constraints.

Since its inception, HDFC has contributed immensely in fulfilling the housing dreams for a large section of middle class Indians. We continue to serve the aspirations of the growing middle class families, who are shedding their inhibitions and traditional apprehensions to opt for housing finance companies as their partners in progress.

Growing Middle Class
The new face of India

Rural India

Reaching out to our distant customers

Lending institutions, especially the housing finance companies, are now focusing on rural markets with viable strategies, products and services specifically designed to cater to this segment. The companies are sensitising their front-line staff to understand and address issues that are particular to this segment of customers.

The gap between housing finance companies and rural clientele is being bridged by proactive approach of the Housing Finance companies coupled with pragmatic policies and schemes being formulated by government agencies.

HDFC's Rural Housing product is one such product which has been tailor-made to suit the needs of this customer segment.

In the recent years, the speed of communications has increased exponentially. Fast speed internet connections, smart phones, mobile applications and social media has shrunk the entire globe to the proverbial 'global village'. Housing finance sector is riding this digital revolution to build a strong, customer centric, information network organisation for easy and quick dissemination of information.

Websites, mobile applications, SMS alerts and notifications enable customers to access information even from remote distances. Servers now equipped with improved data security systems and state-of-the-art disaster recovery mechanisms are making the online interface a reliable tool in the industry.

At HDFC, adapting to change has always been intrinsic to its culture. HDFC has taken many initiatives in the digital world and has judiciously integrated technology in its processes to enhance user experience and provide seamless access to detailed information on all our products and services.

Customers can now aspire for a future where they will be able to complete home loan procedures without ever needing to visit the branch.

Digital Infrastructure
Enabler of the future

Empowered Women
Strengthening households

The 'woman of today' has assumed a new role. She has emerged as an equal in decision making.

Education, employment and entrepreneurial opportunities have given wings to the aspirations of India's women. More and more women are now contributing to the income of their families leading to an increase in the investment capabilities of households. This spirit has given housing finance a new perspective and the companies are eager to serve such individuals with tailor made products.

HDFC salutes the spirit of the modern woman with 'Women Power' - a new product specifically designed for women.

5 million customers
Our brand ambassadors

For 38 years, HDFC has been empowering lives of individuals across the nation. Words can barely express the joy of bringing over 5 million dreams to life. We thank all our customers for choosing HDFC as a partner.

Our customers have been our true brand ambassadors. We value and cherish this continued patronage. Our aspirations are soaring wing to wing with the housing dreams of this glorious nation.

Board of Directors

- Mr. Deepak S. Parekh
  Chairman
- Mr. B. S. Mehta
- Mr. D. M. Sukthankar
- Mr. D. N. Ghosh
- Dr. S. A. Dave
- Dr. Ram S. Tarneja
- 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 Wednesday, July 14, 2010. He is a director on the boards of several prominent companies in India.

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

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

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 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. Dr. Dave was the former Chairman of the Securities and Exchange Board of India and the Unit Trust of India. He 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 and a member of the Stakeholders Relationship Committee of Directors and Risk Management Committee. Dr. Dave is the nominee of the Corporation on the board of HDFC Standard Life Insurance Company Limited.

Dr. Ram S. Tarneja (DIN: 00009395) holds a Doctorate in human resources from Cornell University. He also has a MA both from the University of Delhi and University of Virginia and a BA Honours from University of Delhi. He was the former Managing Director of Bennett, Coleman & Company Limited. He is a director on the boards of several prominent companies in India. He has been a director of the Corporation since 1994. He is also the Chairman of the Stakeholders Relationship Committee of Directors.

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

Brief Profile of the Directors of the Corporation

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

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

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

Ms. Renu Sud Karnad (DIN: 00008064) is the Managing Director of the Corporation. She holds a Master's degree in economics from the University of Delhi and is a graduate in law from the University of Mumbai. She is a Parvin Fellow – Woodrow Wilson School of International Affairs, Princeton University, USA. Ms. Karnad joined the Corporation in 1978 and was appointed as the Executive Director of the Corporation in 2000 and was re-designated as the Joint Managing Director of the Corporation in October 2007. She was appointed as the Managing Director of the Corporation, with effect from January 1, 2010. Ms. Karnad is also a member of the Risk Management Committee.

Mr. Keki M. Mistry (DIN: 00008886) is the Vice Chairman & Chief Executive Officer of the Corporation. He is a Fellow of The Institute of Chartered Accountants of India. Mr. Mistry joined the Corporation in 1981. He was appointed as the Executive Director of the Corporation in 1993, as the Deputy Managing Director in 1999 and as the Managing Director in 2000. He was re-designated as the Vice Chairman & Managing Director of the Corporation in October 2007 and as the Vice Chairman & Chief Executive Officer, with effect from January 1, 2010. Mr. Mistry is also a member of the Risk Management Committee.

Senior Executives

MEMBERS OF EXECUTIVE MANAGEMENT

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

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

ADDITIONAL SENIOR GENERAL MANAGERS

Mr. Praveen Kumar Bhalla
Ms. Mala I Bhojwani
Mr. Nikhil B Dwivedi
Mr. Dipta Bhanu Gupta
Mr. Prosenjit Gupta
Mr. C V Ignatius
Mr. Subodh Salunke
Mr. R Sankaranarayan
Mr. S V Shaligram
Mr. H S Shamasundara
Mr. S K Vasant

GENERAL MANAGERS

Mr. Ankur Gupta
Mr. Arjun Gupta
Mr. Padmaraj Hegde
Mr. Sanjay Joshi
Mr. Vinayak P Parkhi
Mr. P C Srivastava
Mr. Sujir Udayanand
Mr. K V Vishwanathan

SENIOR GENERAL MANAGERS

Mr. Sudhir Kumar Jha
Mr. Irfan A Koreishi
Mr. K Suresh Kumar
Ms. Sonal Modi
Mr. Dilip Shetty

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 & Company, Mumbai
AZB & Partners, Mumbai
Amarchand & Mangaldas &
Suresh A. Shroff & Company, Mumbai

INVESTOR SERVICES DEPARTMENT

5th Floor, Ramon House, H. T. Parekh
Marg, 169, Backbay Reclamation,
Churchgate, Mumbai 400 020.
Tel. No. : +91 22-61413900
Fax No. : +91 22-2414 7301
E-mail : investorcare@hdfc.com

REGISTERED OFFICE

Ramon House, H. T. Parekh Marg,
169, Backbay Reclamation,
Churchgate, Mumbai 400 020.
Tel. No. : +91 22-6176 6000
Fax No. : +91 22-2281 1205
CIN: L70100MH1977PLC019916
Website : www.hdfc.com

CORPORATE OFFICE

HDFC House, H. T. Parekh Marg,
165-166, Backbay Reclamation,
Churchgate, Mumbai 400 020.
Tel. Nos. : +91 22-6631 6000,
2282 0282
Fax Nos. : +91 22-2204 6834,
2204 6758

Chairman's Statement

Renewed confidence defined India in financial year 2015. Investor sentiment had never been stronger and this was aided by a favourable macro-economic environment. For a commodity importing economy like India, lower crude oil prices helped rein in inflation and the fiscal and current account deficit. Against a prolonged global economic slowdown, India stood out as the country with immense growth potential.

The global economic outlook continues to remain challenging. The timing of the lift-off in US interest rates remains uncertain, though inevitable. Further, the current divergence in global monetary policies compounds the uncertainty. This has resulted in increased volatility in asset prices and has heightened the risk of adverse spillovers, particularly for emerging markets. In this milieu, it is natural that some investors may be increasingly edgy. Trying as these circumstances may be, it is reassuring that there are ample long-term investors who believe India's best is still to come.

As from the day we started business, we remain committed in helping build a property owning democracy for it guarantees a peaceful and prosperous society. We are excited about the prospects of India's future and hope the vision of 100 smart cities and a rejuvenated urban India turn into reality.

Sometimes expectations run ahead of what can realistically be delivered. India is a difficult country to govern in many ways, but there is confidence in the country. Those who have watched India long enough know that India has a vibrant and noisy democratic voice that is rarely in unison. This is why the legislative process is unduly long and tedious, but it is certainly no longer derailed.

There have been a number of salutary initiatives taken which will hold India in good stead. Credibility has been restored with the transparent auctions of natural resources. The thrust given to financial inclusion has been unprecedented. Today, almost all Indian households have been brought into the fold of institutionalised finance. The government's social security initiative of providing a pension, accident and life insurance will go a long way in deepening the financial system. Equally important, has been the successful implementation of the direct benefit transfer scheme.

Efforts have been made to simplify the process of starting a business. Streamlining and raising threshold limits for foreign direct investment (FDI) is significant as it will speed up approval timelines. Key sectors like defence, construction, railways and insurance have been opened up and benefits will accrue in the ensuing years as more FDI is encouraged. Clearly for India, reforms will be incremental, not 'big bang'.

A vision for a nation with such a large unrealised growth potential is essential. This vision has been well elucidated by the government. It envisages a modern, smart, clean and well-connected India. Within this vision, 'Housing for All' by 2022 features prominently. Some may dismiss this as

rhetoric with little action. Others who truly understand that housing is a unique asset will work relentlessly towards this goal. Needless to add, we at HDFC belong to the latter, though we recognised this thirty-eight years ago. We have remained steadfast in our goal of increasing home ownership in India. Five million housing units have been cumulatively financed by HDFC – a number that gives us immense pride and satisfaction. Yet we recognise our efforts need to intensify manifold if a majority of our citizens are ever to get humane, decent and affordable housing.

Building India

The path to any grand vision is rarely smooth, but some roadblocks can be overcome. One of my greatest concerns today is who will physically build in India on the scale required? Urbanisation is an irreversible trend. By 2030, 600 million Indians will be living in urban India. Rejuvenation of existing urban areas and creation of new cities will require smart real estate and urban infrastructure related solutions. It is the construction sector that has to deliver most of this.

The construction sector contributes around 8% to India's GDP and has a two-fold multiplier effect on other industries with backward and forward linkages. 10% of India's workforce which translates into 45 million jobs is directly or indirectly created by the construction industry. By 2022, the largest incremental growth in jobs is expected to come from this sector – an estimated 77 million new jobs. India needs growth, physical infrastructure and jobs – all of which can be delivered by the construction sector, provided a conducive policy framework supports the sector.

Many construction companies are hamstrung with over leveraged balance sheets, though this is only one aspect of the problem. For the construction sector to revive, there is an urgent need to reduce delays in claims settlements. Ironically, a majority of these claims are with government bodies. There is also a need for a credible and efficient arbitration and dispute resolution mechanism to safeguard against lengthy litigation processes. Further, standardisation of contracts (which would also facilitate standardisation of taxation) and ensuring strict adherence to contractual terms will go a long way in boosting the sector.

Where there is a will, there is affordable housing

The perennial question is how can housing be made more affordable? There currently is a disconnect in the housing market. On one hand there is an acute shortage of housing, but on the other, in some of the larger cities, there is a growing stock of unsold inventory. The answer lies in the pricing points not being right. The real demand is in the affordable housing segment, not high-end luxury housing. Developers are not relenting on the pricing of existing stock, while the cost of launching new projects is only rising.

Solutions to these problems have been elucidated several times. Faster approval processes will reduce overall costs and on-line approvals will bring in the much needed transparency. Approvals take between 18 to 24 months. Needless to add, there are at least 50 approvals required across

different authorities. If there is consensus that fewer approvals and interventions reduces overall costs, compresses timelines and ultimately benefits the homebuyer, then fast-tracking of approvals is imperative. Equal onus must lie with developers as well to ensure strict adherence to ethical building codes and standards. Projects often get delayed as certain developers try to deviate from standard building norms by paying to flout rules. Such malpractices are hazardous for all. A regime that shuns 'speed money' and focuses only on 'speed' would go a long way in improving affordability in the housing sector.

The other critical issue pertains to the high cost that developers incur while borrowing to fund the purchase of land. This initial high cost keeps getting multiplied and is the key reason why housing becomes more unaffordable for many. The root of the problem is that banks and housing finance companies (HFCs) have been prohibited from funding land transactions by the regulators. So at the initial stage, it is the private equity players, the non-banking finance companies and informal private lenders that fund developers to acquire land. These are at prohibitive costs, ranging between 18 to 24% per annum. It is only at the construction stage and after requisite approvals are obtained that banks and HFCs are allowed to fund projects. By this time, developers are already saddled with high cost debt to service.

In 2006, the regulators prohibited banks and HFCs from funding land transactions. Such actions may be justifiable when there are fears of asset price bubbles. Over two years ago, the regulators reduced risk weights on exposures to commercial real estate – residential housing. This signaled that there were no fears of any speculative bubble. Then logically, the regulators now need to relax this near decade old restriction. The regulators should, within limits, permit banks and HFCs to fund land transactions – or at least land transactions that are acquired specifically for residential purposes.

This is a simple, doable solution. It will bring residential prices down, increase the stock of affordable housing and fulfill the aspirations of more Indians becoming homeowners. So the key question remains – will the regulators oblige?

Meanwhile, HDFC finished another year of steady growth. As from the day we started business, we remain committed in helping build a property owning democracy for it guarantees a peaceful and prosperous society. We are excited about the prospects of India's future and hope the vision of 100 smart cities and a rejuvenated urban India turn into reality.

The challenges are immense, yet I remain optimistic to reiterate that India has never had a better chance than today to make the 'big change' for generations to come.

Directors' Report

TO THE MEMBERS

Your directors are pleased to present the Thirty-eighth annual report of your Corporation with the audited accounts for the year ended March 31, 2015.

FINANCIAL RESULTS

	For the year ended March 31, 2015 (₹ in crore)	For the year ended March 31, 2014 (₹ in crore)
Profit before Tax	**8,624.14**	7,440.24
Tax Expense (net of Deferred Tax Liability (DTL) on Special Reserve)	**2,269.23**	2,000.00
Profit after Tax but before DTL on Special Reserve	**6,354.91**	5,440.24
DTL on Special Reserve	**364.77**	-
Profit after Tax	**5,990.14**	5,440.24
Appropriations have been made as under:		
Special Reserve No. II	**1,054.00**	890.00
General Reserve	**2,003.33**	1,037.98
Statutory Reserve (under Section 29C of the National Housing Bank Act, 1987)	**150.00**	900.00
Shelter Assistance Reserve	**-**	60.00
Interim and Proposed Dividend (₹ 15 per equity share of ₹ 2 each)	**2,362.05**	2,184.75
Additional Tax on Interim and Proposed Dividend net of previous year adjustments	**420.76**	367.51
	5,990.14	5,440.24

Dividend

In March 2015, your directors declared and paid an interim dividend of ₹ 2 per equity share of ₹ 2 each.

Your directors recommend payment of final dividend for the financial year ended March 31, 2015 of ₹ 13 per equity share of ₹ 2 each.

The total dividend for the year is ₹ 15 per equity share as against ₹ 14 per equity share for the previous year.

The dividend payout ratio for year ended March 31, 2015 will be 47%, which was the same as in the previous year.

Lending Operations

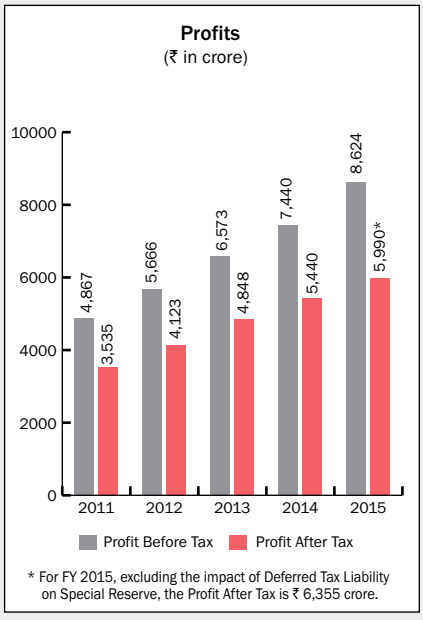
The demand for individual home loans remained healthy during the year, with growth predominantly coming from Tier 1, Tier 2 and Tier 3 cities. Improved affordability due to rising incomes and continued fiscal benefits available on home loans have encouraged more people to avail of home loans.

The Corporation remains committed towards offering a bouquet of home loan products so as to ensure that it addresses a wide spectrum of customers. The Corporation has made a concerted effort to grow its rural housing portfolio. It has developed requisite skills to assess agricultural income and has built robust legal and technical appraisal mechanisms to cater to the rural housing finance market.

Addressing housing needs of those from the unorganised sector is another segment that the Corporation has ventured into with the launch of 'HDFC Reach'. Different credit assessment and appraisal techniques are needed to cater to the self-employed and employed customers from the unorganised sector.

Individual loan disbursements grew by 16% during the year. The average size of individual loans stood at ₹ 23.3 lac as against ₹ 22.1 lac in the previous year.

As at March 31, 2015, the loan book stood at ₹ 2,28,181 crore as against ₹ 1,97,100 crore in the previous year. Loans sold during the preceding twelve months amounted to ₹ 8,249 crore. The growth in the individual loan book, after adding back loans sold was 23% (17% net of loans sold). The non-individual loan book grew



* For FY 2015, excluding the impact of Deferred Tax Liability on Special Reserve, the Profit After Tax is ₹ 6,355 crore.

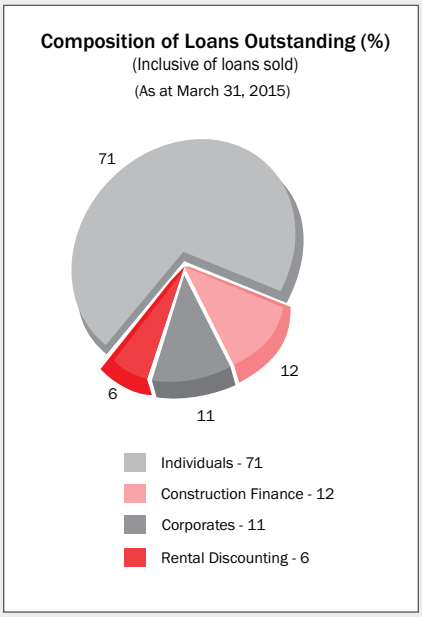
at 14%. The growth in the total loan book after adding back loans sold was 20% (16% net of loans sold).

Of the total loan book, individual loans comprise 71%. Further, 78% of the incremental growth in the loan book during the year came from individual loans.

Sale of Loans

During the year, the Corporation, under the loan assignment route sold individual loans amounting to ₹ 8,249 crore to HDFC Bank pursuant to the buyback option embedded in the home loan arrangement between the Corporation and HDFC Bank.

As at March 31, 2015, total loans outstanding in respect of loans sold/ assigned stood at ₹ 25,152 crore. HDFC continues to service loans and is entitled to the residual interest on the loans sold. The residual interest on the outstanding individual loans sold/assigned is 1.25% per annum. The residual income on the loans sold/assigned 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.

Repayments

During the year under review, ₹ 66,422 crore was received by way of scheduled repayment of principal through monthly instalments as well as redemptions ahead of schedule, as compared to ₹ 58,410 crore received last year.

Resource Mobilisation

Subordinated Debt

During the year, the Corporation raised ₹ 3,000 crore through the issue of long-term unsecured redeemable non-convertible subordinated debentures. The subordinated debt was assigned the highest rating of 'CRISIL AAA/Stable' and 'ICRA AAA/Stable' by CRISIL and ICRA respectively.

As at March 31, 2015, the Corporation's outstanding subordinated debt stood at ₹ 6,475 crore. The debt is subordinated to present and future senior indebtedness of the Corporation and has been assigned the highest rating by CRISIL and ICRA respectively. Based on the balance term to maturity, as at March 31, 2015, ₹ 5,495 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.

Non-Convertible Debentures (NCD)

During the year, the Corporation issued NCD amounting to ₹ 26,170 crore on a private placement basis. The Corporation's NCD issues have been listed on the Wholesale Debt Market segment of the National Stock Exchange of India Limited and the BSE Limited. The NCD issues have been assigned the highest rating of 'CRISIL AAA/Stable' and 'ICRA AAA/ Stable'. As at March 31, 2015, NCD outstanding stood at ₹ 84,183 crore. The Corporation has been regular in making payments of principal and interest on the NCD.

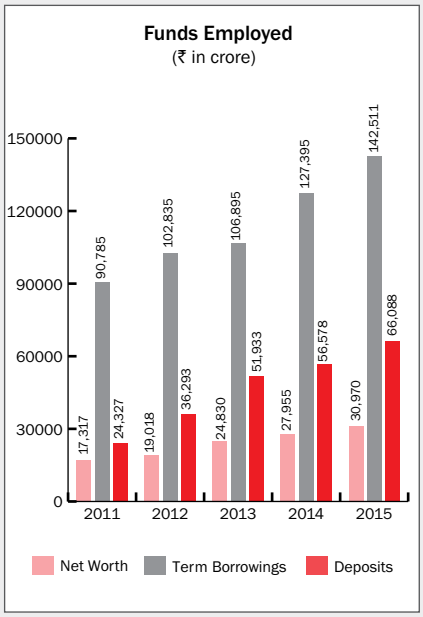
The Corporation is in compliance with the provisions of the Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement (NHB) Directions, 2014.

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

As at March 31, 2015, the total loans outstanding from banks, institutions and NHB amounted to ₹ 26,194 crore as compared to ₹ 32,952 crore as at March 31, 2014.

HDFC's long-term and short-term bank loan facilities have been assigned the highest rating of 'CARE AAA' and 'CARE A1+' respectively by CARE Ratings, signifying highest safety for timely servicing of debt obligations.

During the year, the Corporation has



drawn NHB refinance amounting to ₹ 529 crore under the Golden Jubilee Rural Housing Refinance Scheme and Urban Housing Fund.

Deposits

Total deposits outstanding increased from ₹ 56,578 crore at the beginning of the financial year to ₹ 66,088 crore as at March 31, 2015. The number of deposit accounts grew from 17.5 lac to 18.1 lac.

CRISIL, a subsidiary of Standard & Poor's Rating Services and ICRA, an associate of Moody's Investors Service have for the twentieth consecutive year, reaffirmed a rating of 'CRISIL FAAA/Stable' and 'ICRA MAAA/Stable' respectively for HDFC's deposits. These ratings represent the highest degree of safety regarding timely servicing of financial obligations and carries the lowest credit risk.

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

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

Unclaimed Deposits

As of March 31, 2015, public deposits amounting to ₹ 609 crore had not been claimed by 50,352 depositors. Since then, 12,868 depositors have claimed or renewed deposits of ₹ 219 crore. Depositors were intimated regarding the maturity of deposits with a request to either renew or claim their deposits. Where the deposit remains unclaimed, reminder letters are sent to depositors periodically and follow up action is initiated through the concerned agent or branch.

Deposits remaining unclaimed for a period of seven years from the date they became due for payment have to be transferred to the Investor Education and Protection Fund (IEPF) established by the central government. Accordingly, during the year, an amount of ₹ 1.43 crore has been transferred to the IEPF.

Non-Performing Loans

Gross non-performing loans as at March 31, 2015 amounted to ₹ 1,542 crore. This is equivalent to 0.67% of the loan portfolio (as against 0.69% in the previous year). The non-performing loans of the individual portfolio stood at 0.51% while that of the non-individual portfolio stood at 1.01%.

As per NHB norms, the Corporation is required to carry a total provision of ₹ 1,703 crore.

The balance in the provision for contingencies account as at March 31, 2015 stood at ₹ 2,034 crore of which ₹ 481 crore is on account of non-performing loans and the balance ₹ 1,553 crore is in respect of general provisioning and other provisions. This balance in the provision for contingencies is equivalent to 0.89% of the loan portfolio. The Corporation carries an additional provision of ₹ 331 crore over the regulatory requirements.

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.

Regulatory Guidelines / Amendments

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

The Corporation creates Special Reserve through appropriation of profits in order to avail tax deduction under Section 36 (1)(viii) of the Income Tax Act, 1961. NHB vide its circular dated May 27, 2014, directed HFCs to create Deferred Tax Liability (DTL) on Special Reserve as a matter of prudence. Further, vide circular dated August 22, 2014, NHB permitted HFCs to create DTL in respect of Special Reserve outstanding as at March 31, 2014 by adjusting the same directly from the reserves over a period of three years, starting from the financial year under review, in a phased manner, in the ratio of 25:25:50. DTL for amounts transferred to

Special Reserve from the year ended March 31, 2015 onwards is to be charged to the Statement of Profit and Loss of that year.

The Corporation's capital adequacy ratio (CAR) after reducing the investment in HDFC Bank from Tier I capital stood at 16.1%. Of this, Tier I capital was 12.5% and Tier II capital was 3.6%.

The CAR without reducing the investment in HDFC Bank from Tier I capital, while treating it as a 100% risk weight stood at 18.5%, of which Tier I capital was 15% and Tier II capital was 3.5%. As per the regulatory norms, the minimum requirement for the capital adequacy ratio and Tier I capital is 12% and 6% respectively.

Codes and Standards

The Corporation has adopted various codes and standards set out by NHB including *inter alia* Know Your Customer (KYC) Guidelines, Anti Money Laundering Standards, Fair Practices Code, Model Code of Conduct for Direct Selling Agents, Guidelines for Recovery Agents engaged by HFCs and Most Important Terms and Conditions of housing loans.

The Corporation has mechanisms in place to review and monitor adherence to these codes and standards and ensure reporting and compliances as required.

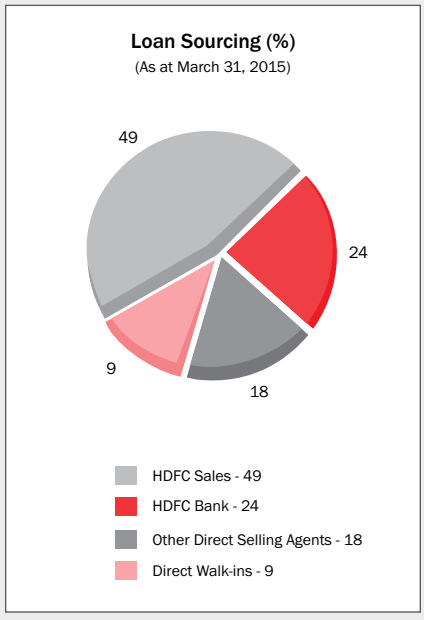
Marketing and Distribution

During the year, efforts were concentrated on further strengthening the distribution network. The Corporation's distribution network now spans 378 outlets, which includes 103 offices of HDFC's wholly owned distribution company, HDFC Sales Private Limited (HSPL).

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

The Corporation's distribution channels which include HSPL, HDFC Bank and third party direct selling associates (DSAs) play an important role in sourcing home loans. In value terms, HSPL, HDFC Bank and third party DSAs sourced 49%, 24% and 18% of home loans disbursed respectively during the year.

The Corporation has distribution tie-ups with banks such as IndusInd Bank, RBL Bank and Lakshmi Vilas Bank as well as with Sundaram Finance Limited, IIFL Limited and Cholamandalam Distribution Services Limited. 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 order to reach out and connect more effectively with customers, the Corporation embarked on a number of digital initiatives including a revamped website, development of a mobile application, introduction of a 'live chat' with non-resident Indian customers as well as building a stronger presence on various social media platforms. The Corporation organised an online property fair to enable customers to identify and select homes.

Property fairs across major cities in India were organised. To cater to the Indian diaspora, 'India Homes' fairs were held in London, Singapore and Muscat where developers were invited by HDFC to show case their properties.

Value Added Services and Cross Selling

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

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

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

(HDFC Life) and HDFC ERGO General Insurance Company Limited (HDFC ERGO).

International Housing Finance Initiatives

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

The Frankfurt School of Finance & Management and HDFC jointly organised the seventh 'Housing Finance Summer Academy' in Germany, which is a course that aims to provide housing finance solutions for emerging markets through a combination of academic knowledge and practical experience.

The Corporation remains committed to sharing its expertise in countries which have nascent mortgage markets. The Corporation continues to lend its support to housing finance players in Bangladesh, Sri Lanka, Maldives and Indonesia. Currently, the Corporation is in the process of setting up a greenfield housing finance company in Tanzania, along with International Finance Corporation (IFC) and three local based investors.

With a perspective of developing the capital markets to facilitate access to long-term funding for housing finance, the Corporation participated in the first international conference on capital markets in East Africa. The conference was held in Rwanda and was co-hosted by the Rwanda government and IFC.

Corporate Social Responsibility

In accordance with the provisions of Section 135 of the Companies Act, 2013 and rules framed there under, the Corporation has a Corporate Social Responsibility (CSR) Committee of Directors comprising Mr. Deepak S. Parekh (Chairman), Mr. D. N. Ghosh (independent director) and the whole-time directors.

The role of the committee is to review the CSR policy, indicate activities to be undertaken by the Corporation towards CSR and formulate a transparent monitoring mechanism to ensure implementation of projects and activities undertaken by the Corporation towards CSR.

The Corporation contributed directly and through H T Parekh Foundation to identified social sectors such as education, health and sanitation, community development, child welfare and livelihood and supporting differently abled persons.

During the year, the Corporation supported educational initiatives such as primary and secondary school education (rural and urban), girl child education, scholarships, alternate educational programmes, special education and teacher training and vocational skills training for underprivileged children. In the healthcare sector, the Corporation has been a strong supporter of institutions that work towards the prevention, treatment, rehabilitation and palliation for cancer patients and also for community based hospitals serving the rural population. Recognising health related risks attached to poor sanitation, the Corporation associated with organisations focusing on urban slum sanitation.

The Corporation supports initiatives towards the health, safety, nutrition and development of orphaned and underprivileged children. Additionally, assistance was provided to institutions educating children with physical and mental disabilities to improve their livelihood. The Corporation also supported organisations promoting environmental preservation and Indian athletes competing at an international level.

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

Human Resource Development

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

Awards and Recognitions

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

- The Dun & Bradstreet-Corporate Awards, 2014 in the FIs / NBFCs / Financial Services sector;

- Best Home Loan Provider by CNBC Awaaz Real Estate Awards, 2014;
- Best Loan Finance Bank and Best Overall Bank for Real Estate in India at the Euromoney Real Estate Awards, 2014.

The Board of Directors of the Corporation was selected as one of the 'Five Best Boards' for the second consecutive year in a study conducted by The Economic Times and Hay Group on India's Best Boards 2014.

Subsidiary/Associate Companies

In accordance with the provisions of Section 136 of the Companies Act, 2013, the annual report of the Corporation, the annual financial statements and the related documents of the Corporation's subsidiary companies are placed on the website of the Corporation, 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 under review, Magnum Foundations Private Limited was acquired as an associate by a subsidiary of the Corporation. There were no new subsidiary or joint venture companies incorporated during the year. H T Parekh Foundation ceased to be a subsidiary of the Corporation during the year.

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.

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, 2015, advances of HDFC Bank stood at ₹ 365,495 crore – an increase of 21% over the previous year. Total deposits stood at ₹ 450,796 crore – an increase of 23%. As at March 31, 2015, HDFC Bank's distribution network includes 4,014 branches and 11,766 ATMs in 2,464 locations.

For the year ended March 31, 2015, HDFC Bank reported a profit after tax of ₹ 10,216 crore as against ₹ 8,478 crore in the previous year, representing an increase of 21%. HDFC Bank has recommended a dividend of ₹ 8 per share of ₹ 2 each as against ₹ 6.85 per share for the previous year.

HDFC together with its wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited holds 21.7% of the equity share capital of HDFC Bank.

HDFC Standard Life Insurance Company Limited (HDFC Life)

Gross premium income of HDFC Life for the year ended March 31, 2015 stood at ₹ 14,830 crore as compared to ₹ 12,063 crore in the previous year. The sum assured in force at the end of FY 2015 was ₹ 3,66,755 crore as compared to ₹ 2,72,697 crore in the previous year, representing a growth of 34%.

The Company has a portfolio of 24 retail products and 7 group products covering saving, investment, protection and retirement needs of its customers, along with 9 optional rider benefits.

HDFC Life's distribution network includes 414 branches, covering 1,000 locations and a liaison office in Dubai. In addition, the company has 86,000 financial consultants, 4 bancassurance partners and 9 pan-India brokers and corporate agency tie-ups. In FY 2015, HDFC Life ranked third among private sector life insurers in terms of market share based on the weighted received premium of individual business.

During the year, the Corporation sold 0.95% of the total issued and paid-up share capital of HDFC Life to Azim Premji Trust.

HDFC Life has reported a profit after tax of ₹ 786 crore for the year ended March 31, 2015 as against ₹ 725 crore in the previous year. The back book is generating sufficient profits to offset the new business strain incurred in writing of new policies.

The new business margin for individual business stood at 22.5% (based on loaded acquisition expenses). The post overrun margins (after considering the impact of the acquisition overrun) was 17.5% (PY 16.1%). At the company level, the post overrun margin was 18.5% for the year ended March 31, 2015.

As at March 31, 2015, the Market Consistent Embedded Value stood at

₹ 8,805 crore (previous year ₹ 6,992 crore).

During the year, HDFC Life paid an interim dividend of ₹ 0.70 per equity share of ₹ 10 each. The solvency ratio of the company was 196% as at March 31, 2015 as against the minimum regulatory requirement of 150%.

HDFC holds 70.7% of the equity share capital in HDFC Life.

HDFC Asset Management Company Limited (HDFC-AMC)

As at March 31, 2015, HDFC-AMC managed 55 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 2015 stood at ₹ 1,67,161 crore (which is inclusive of average assets under discretionary portfolio management/ advisory services). HDFC Mutual Fund has been ranked first in the industry on the basis of quarterly average assets under management for the year ended March 31, 2015. The number of investor accounts was in excess of 52 lac as at March 31, 2015. HDFC-AMC has 141 investor service centres across the country.

For the year ended March 31, 2015, HDFC-AMC reported a profit after tax of ₹ 416 crore as against ₹ 358 crore in the previous year.

HDFC holds 59.8% of the equity share capital of HDFC-AMC.

HDFC ERGO General Insurance Company Limited (HDFC ERGO)

HDFC ERGO continued to retain its market ranking as the fourth largest private sector player in the general insurance industry. Further, the company continued to be the largest player in the personal accident line of business.

The Company offers a complete range of insurance products like motor, health, travel, home and personal accident in the retail segment and customised products like property, marine, aviation and liability insurance in the corporate segment. The Company continues to leverage on the HDFC group's distribution capability to drive its growth and on the technical capability of ERGO in the field of general insurance. The Company has a balanced portfolio mix with the retail segment accounting for 59% of the business.

The gross written premium (excluding motor and declined risk pool) of the Company increased by 9% to ₹ 3,256 crore as against ₹ 2,978 crore in the previous year.

The profit before tax of the Company for the year stood at ₹ 141 crore as against ₹ 224 crore in the previous year. Lower profits during the year under review was mainly on account of the impact of natural catastrophes such as the Jammu & Kashmir floods, Cyclone Hudhud and Cyclone Phailin and due to a change in the depreciation policy, aligning it with the Companies Act, 2013. For the year ended March 31, 2015, the profit after tax stood at ₹ 104 crore.

During the year, HDFC ERGO paid an interim dividend of ₹ 0.75 per equity share of ₹ 10 each as against ₹ 0.50 per equity share in the previous year.

The combined ratio as at March 31, 2015 stood at 108.6% (after motor and declined risk pool losses). The solvency ratio of the company was 165% as at March 31, 2015 as against the minimum regulatory requirement of 150%.

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

HDFC Property Funds

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

HDFC Property Fund has two schemes -- the first scheme is HDFC India Real Estate Fund (HI-REF), which had an initial corpus of ₹ 1,000 crore. HI-REF has, as on date distributed the entire investment corpus and also profits to its investors. HI-REF is in the midst of concluding final exits from the balance portfolio. The second scheme was HDFC IT Corridor Fund, a ₹ 464 crore rent yielding portfolio. This scheme has been fully exited.

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

HDFC holds 80.5% of the equity share capital of HVCL and 100% of the equity share capital of HPVL.

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

GRUH Finance Limited (GRUH)

GRUH is a housing finance company with a retail network of 154 offices spread across 8 states. During the year, GRUH disbursed loans amounting to ₹ 3,121 crore as

compared to ₹ 2,577 crore in the previous year – an increase of 21%. As at March 31, 2015, the loan portfolio stood at ₹ 8,915 crore, recording a growth of 27% over the previous year. The gross non-performing loans stood at 0.28% of the total loans outstanding and the net non performing loans are nil. The average size of loans disbursed during the year was ₹ 8.4 lac.

As at March 31, 2015, the capital adequacy ratio stood at 15.4%, of which Tier I capital was 13.9% and Tier II capital was 1.5%.

For the year ended March 31, 2015, GRUH reported a profit after tax before DTL on Special Reserve of ₹ 223 crore as compared to ₹ 177 crore – representing a growth of 26%. The profit after tax after the factoring DTL on Special Reserve for the year ended March 31, 2015 stood at ₹ 204 crore.

The board recommended payment of a dividend for the year ended March 31, 2015 of ₹ 2 per equity share of ₹ 2 each as against ₹ 3 per equity share in the previous year. Considering the company declared a 1:1 bonus during the year, the effective dividend for the year is ₹ 4 per equity share (pre bonus) as compared to ₹ 3 per share in the previous year (pre bonus).

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

HDFC Sales Private Limited (HSPL)

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

HSPL has a presence in 103 locations. During the year under review, HSPL sourced loans accounting for 49% of individual loans disbursed by HDFC.

HSPL is a wholly owned subsidiary of HDFC.

Credila Financial Services Private Limited (Credila)

Credila is India's first dedicated education loan company, providing loans to students pursuing higher education in India and abroad. As on March 31, 2015, Credila had cumulatively disbursed ₹ 2,221 crore to 21,031 customers. The outstanding loan book stood at ₹ 1,690 crore, registering a growth of 43% over the previous year. The average loan amount disbursed was ₹ 10.5 lac. For the year ended March 31, 2015, Credila reported a profit after tax of ₹ 28 crore as against ₹ 19 crore in the previous year – representing a growth of 45%.

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

HDFC holds 89.5% of the share holding in Credila on a fully diluted basis.

HDFC Education and Development Services Private Limited (HDFC Edu)

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

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

In March 2015, the Corporation's first school called 'The HDFC School' was inaugurated in Gurgaon. The motto of the school is 'Educate, Excel and Empower.' The school has started the primary wing and is in the process of setting up a 5-acre school campus for its secondary wing. The HDFC School is intended to be a full-fledged K-12 school, which will follow the National Curriculum Framework, 2005 and will be a Central Board of Secondary Education (CBSE) affiliated school.

Particulars of Employees

HDFC had 2,081 employees as of March 31, 2015. During the year, 16 employees employed throughout the year were in receipt of remuneration of ₹ 60 lac or more per annum.

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

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

Particulars of Loans, Guarantees or Investments

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

As regards investments made by the Corporation, the details of the

same are provided under Notes 13 and 17 forming part of the standalone financial statements of the Corporation for the year ended March 31, 2015.

Particulars of Contracts or Arrangements with Related Parties

The particulars of contracts or arrangements with related parties referred to Section 188(1), as prescribed in Form AOC – 2 under Rule 8(2) of the Companies (Accounts) Rules, 2014, is annexed to this report.

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

The particulars regarding foreign exchange earnings and expenditure appear as Item Nos. 25.1 and 26.3 in the Notes to the Accounts. 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 variation in the terms of the options granted under any of these schemes. One stock option is equivalent to 5 equity shares of the Corporation.

ESOS-07, ESOS-08 and ESOS-11 (Schemes)

No fresh options were either granted or vested under ESOS-07 and ESOS-08. No fresh options were granted under ESOS-11, however, 1,80,438 options vested during the year, under ESOS-11.

During the year, an aggregate of 28,33,013 options were exercised. Pursuant to the exercise, the Corporation received ₹ 684.28 crore as exercise consideration (excluding tax), of which ₹ 2.83 crore was towards share capital and ₹ 681.45 crore towards securities premium. During the year, pursuant to exercise of options, 1,41,65,065 equity shares of ₹ 2 each were allotted to the concerned option grantees.

During the year, 63,287 options lapsed, while options in force (including unvested) as on March 31, 2015 stood at 99,80,684.

ESOS-14

At the 37th Annual General Meeting (AGM) held on July 21, 2014, you had approved the issue of 62,42,130 stock options representing 3,12,10,650 equity shares of ₹ 2 each to the eligible employees and directors of the Corporation. The Nomination & Remuneration Committee of Directors of the Corporation at its meeting held on October 8, 2014, reserved 10,876 options for grant in future, out of total available 62,83,940 options (including 41,810 options lapsed under previous schemes). Accordingly, 62,73,064 stock options were granted representing 3,13,65,320 equity shares of ₹ 2 each at an exercise price of ₹ 5,073.25 per option i.e., ₹ 1,014.65 per equity share of ₹ 2 each under ESOS-14.

The price was determined in accordance with the pricing formula approved by you i.e. at the latest available closing price of the equity share at the NSE, prior to the meeting of the Nomination & Remuneration Committee at which the options are granted. The options granted will vest over a period of 1 to 3 years from the date of grant. The options are exercisable over a period of five years from the date of respective vesting. None of the options granted have vested during the year (and consequently, no options have been exercised). As at March 31, 2015, 49,045 options have lapsed and 62,24,019 options are in force. Under ESOS-14, 19,79,633 options have been granted to 86 employees, in the grades of Deputy General Manager and above up to and including the Vice Chairman & Chief Executive Officer. The minimum number of options granted to any of these employees was 6,000.

No employee was granted options equal to or in excess of 1% of the total issued and paid-up share capital of the Corporation as on the date of grant.

Fair value

Since options were granted at the market price, the intrinsic value of the option is nil. Consequently, the compensation cost was nil. However, if the fair value of the options using the Black-Scholes model was used, considering the assumptions as of the date of grant, the compensation cost (net) would have been ₹ 198.64 crore and the profit after tax would have been lesser by ₹ 198.64 crore and the basic and diluted Earnings Per Share (EPS) would have been ₹ 36.86 and ₹ 36.52 respectively.

The key assumptions used in Black-Scholes model for calculating the fair value under ESOS-14, as on the date of grant, are (a) risk-free interest rate: 8.28% (b) expected life: up to 3 years (c) expected volatility of share price: 15% and (d) expected growth

in dividend: 20%. The market price of the equity share on the date of grant ranged from ₹ 1,006.85 to ₹ 1,025.65.

All the options were granted at an exercise price of ₹ 1,014.65 per share and hence the weighted average exercise price is ₹ 1,014.65 per share. The weighted average fair value of the option granted under ESOS-14 (using the Black-Scholes model) works out to ₹ 1,035.91 per option i.e. ₹ 207.18 per share of the face value of ₹ 2 each.

The diluted EPS is ₹ 37.78 as against a basic EPS of ₹ 38.13.

Unclaimed Dividend

As at March 31, 2015, dividend amounting to ₹ 16.94 crore had not been claimed by shareholders of the Corporation. The Corporation has been periodically intimating the concerned shareholders, requesting them to encash their dividend before it becomes due for transfer to the IEPF. The Corporation continues to take various initiatives to reduce the quantum of unclaimed dividend.

Unclaimed dividend amounting to ₹ 0.75 crore for FY 2006-07 was transferred to the IEPF on August 22, 2014. Further, the unclaimed dividend in respect of FY 2007-08 must be claimed by shareholders by August 22, 2015, failing which it will be transferred to the IEPF within a period of 30 days from the said date.

In terms of the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Corporation has made the relevant disclosures to the Ministry of Corporate Affairs (MCA) regarding unclaimed dividends and unclaimed matured deposits along with interest accrued thereon. The Corporation has uploaded the prescribed information on www.iepf.gov.in and www.hdfc.com.

Unclaimed Shares

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

Directors and Key Managerial Personnel

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

The necessary resolution for the re-appointment of Mr. Deepak S. Parekh has been included in the notice convening the ensuing AGM.

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

Dr. S. A. Dave is the Corporation's nominee director on the board of HDFC Life. This is in accordance with Clause 49 of the listing agreements, which requires the Corporation to nominate at least one of its independent directors on the board of HDFC Life, which is a material unlisted Indian subsidiary company of the Corporation.

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

During the year under review, Mr. Girish V. Koliyote resigned as the company secretary - a key managerial person of the Corporation, with effect from the close of business hours on March 19, 2015.

The Board of Directors, at its meeting held on March 19, 2015 appointed Mr. Ajay Agarwal as the company secretary – a key managerial person in accordance with the provisions of Section 203 of the Companies Act, 2013, with effect from March 20, 2015.

Auditors

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

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

Messrs PKF, Chartered Accountants, having registration number 10 issued by the Ministry of Economy, United Arab Emirates (UAE) was also appointed for a period of 3 years to hold office as such until the conclusion of the 40th AGM, subject to the members ratifying the said appointment at every AGM. The board proposes to ratify the appointment of Messrs PKF.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Corporation appointed Messrs N. L. Bhatia & Associates, practising company secretaries to undertake the secretarial audit of the Corporation. The Secretarial Audit Report is annexed to this report.

Litigations

During the year under review, no significant or material orders were passed by any regulatory/statutory authorities or courts/tribunals against the Corporation impacting its going concern status and operations in future.

Directors' Responsibility Statement

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

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

b) Accounting policies selected have been applied consistently. Reasonable and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Corporation as at the end of March 31, 2015 and of the profit of the Corporation for the year ended on that date;

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

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

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

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

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

In accordance with Clause 49 of the listing agreements, the Management Discussion and Analysis Report and the Report of the Directors on Corporate Governance form part of this report.

In accordance with the provisions of Clause 55 of the listing agreements, the Business Responsibility Report (BRR) has been prepared and placed on the Corporation's website. Members who wish to receive a physical copy of the BRR are requested to write to the Corporation.

Extract of Annual Return – Form MGT 9

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

Acknowledgements

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

The directors appreciate the guidance received from various regulatory authorities including NHB, RBI, SEBI, MCA, Registrar of Companies, Financial Intelligence Unit (India), Foreign Investment Promotion Board, the stock exchanges and the depositories.

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

On behalf of the Board of Directors

MUMBAI
April 29, 2015

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 2015

Name	Designation	Ratio of remuneration to the median employees' remuneration
Mr. Deepak S. Parekh	Chairman	19:1
Mr. D. M. Sukthankar	Non-executive Director	2:1
Mr. B. S. Mehta	Independent Director	2:1
Mr. D. N. Ghosh	Independent Director	2:1
Dr. S. A. Dave	Independent Director	2:1
Dr. Ram S. Tarneja	Independent Director	2:1
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	49:1
Ms. Renu Sud Karnad	Managing Director	77:1
Mr. Keki M. Mistry	Vice Chairman & CEO	83:1

Percentage increase in the remuneration of each director and key managerial personnel in FY 2015

Name	Designation	Increase in Remuneration (%)
Mr. Keki M. Mistry	Vice Chairman & CEO	15%
Ms. Renu Sud Karnad	Managing Director	15%
Mr. V. Srinivasa Rangan	Executive Director	16%
Mr. Girish V. Koliyote^	Company Secretary	13%
Mr. Ajay Agarwal #	Company Secretary	16%

^ Resigned w.e.f. March 19, 2015 # Appointed w.e.f. March 20, 2015

The commission paid to each non-executive director (other than the Chairman of the Corporation) was raised from ₹ 10 lac to ₹ 15 lac in FY 2015, representing an increase of 50%. Commission paid to the Chairman in FY 2015 was ₹ 1.80 crore, which was the same as in the previous year.

Further details are provided in Form MGT 9.

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

The percentage increase in the median remuneration of employees in FY 2015 stood at 16%. Given below are some key financial parameters which reflected the Corporation's performance. Despite a challenging environment, the Corporation delivered a good financial performance in FY 2014.

Parameter	March 31, 2014 (₹ crore)	March 31, 2013 (₹ crore)	%
Total Income	24,198	21,148	14
Profit Before Tax	7,440	6,573	13
Profit After Tax	5,440	4,848	12
Total Borrowings	1,83,973	1,58,828	16
Total Outstanding Loan Book (including o/s loans sold)	2,17,763	1,87,010	16
Non-performing loans (%)	0.69	0.70	
Book Value per share (₹)	179	162	
Adjusted Book Value per share (adjusted for unrealised gains on listed investments) (₹)	424	360	

Other efficiency parameters included:

The cost to income ratio stood at 7.9% for the year ended March 31, 2014. This is amongst the lowest in the financial sector, even compared to global peers.

The return on equity for FY 2014 was 20.6%.

The average assets per employee in FY 2014 was ₹ 109 crore (PY ₹ 100 crore), while the profit per employee in FY 2014 stood at ₹ 2.78 crore (PY ₹ 2.65 crore).

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

The average increase in the remuneration of all employees was 15% in FY 2015. The average increase in remuneration of managerial personnel (i.e. the executive directors) as well non-managerial personnel was the same at 15%.

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

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

The increase in remuneration of Key Managerial Personnel is based on the overall performance of the Corporation. As elucidated above, the Corporation performed well on various financial parameters. In addition, a peer comparison of other housing finance companies reaffirmed the Corporation's strong performance in FY 2014.

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

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

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

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

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

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

The market capitalisation of the Corporation increased by 50%, from ₹ 1,37,935 crore as at March 31, 2014 to ₹ 2,07,183 crore as at March 31, 2015. The price to earnings ratio was 34.6 times as at March 31, 2015 (PY 25.4 times).

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

The shares of the Corporation closed at ₹ 1,315.70 on National Stock Exchange of India Limited and at ₹ 1,311.25 on BSE Limited on March 31, 2015, representing an increase of 16446% since the date of last public issue.

Annex to Directors' Report - 2

FORM NO. AOC - 2

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

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

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

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

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	HDFC Bank Ltd., Associate company	Assignment Fees / Sale of Loans	April 2014 - March 2015	HDFC Bank has an option to buy 70% of the loans disbursed out of the loans sourced by it for the Corporation. In the event of the purchase being loans which qualify as priority sector for HDFC Bank, the option to buy is restricted to 55% instead of 70%. The loans continue to be serviced by the Corporation, for which it is paid a servicing fee.	-	-
2	HDFC Bank Ltd., Associate company	DSA Commission expense (home loan sourcing)	April 2014 - March 2015	The Corporation pays Direct Sourcing Arrangement (DSA) commission to HDFC Bank 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 loan sourcing)	April 2014 - March 2015	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.	-	-

On behalf of the Board of Directors

MUMBAI
April 29, 2015

DEEPAK S. PAREKH
Chairman

Annex to Directors' Report - 3

Annual Report on Corporate Social Responsibility (CSR) Activities

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

Overview of HDFC's CSR activities:

While India has been growing rapidly over the years, the economic growth has not percolated to vast sections of society. For India to be on a sustainable growth path, a holistic approach is required for social development. Housing Development Finance Corporation Limited (HDFC) recognises that India's social problems are complex and the issues require multifaceted approaches to address them. Hence, HDFC strives to work across a range of social interventions and development initiatives to facilitate deep and long term impact for a developed and inclusive society. HDFC has been making consistent efforts over the years towards economic and social upliftment of the marginalised sections of society.

In 1988, HDFC established a fund called the Shelter Assistance Reserve (SAR) with the main objective of participating and supporting worthwhile social projects. HDFC has been annually transferring a part of its net profits to SAR for CSR activities.

To commemorate the enormous contribution of late Shri H. T. Parekh, Founder Chairman of HDFC, to the development of housing finance and other financial sectors in India, HDFC incorporated the H T Parekh Foundation (Foundation) as a not-for-profit company in October 2012. The Foundation has been incorporated with the aim to undertake, pursue and be concerned with the welfare, betterment and advancement of society. HDFC has committed to support the activities carried on by the Foundation.

HDFC has identified social sectors which include education, health and sanitation, community development, child welfare and livelihood and supporting differently abled persons as important pillars of social and economic development.

During the financial year ended March 31, 2015, HDFC supported a number of educational initiatives such as primary and secondary school education (rural and urban), girl child education, scholarships, alternate educational programmes, special education, teacher training and vocational skills training for underprivileged children and youth who have not been able to complete their formal education. In healthcare, HDFC has been a strong supporter of institutions that work towards the prevention, treatment, rehabilitation and palliation of cancer patients. HDFC also provided financial assistance to community based hospitals serving the rural population. Recognising the health related risks attached to poor sanitation and hygiene awareness, HDFC associated with organisations focusing on urban slum sanitation.

HDFC supports initiatives towards the health, safety, nutrition and development of children across India. Support was extended to organisations working with children of construction labourers, day care and early childhood centres, homes for abandoned and orphaned children, institutions educating children with physical and mental disabilities for livelihood, so that these children grow up to become responsible and financially independent adults.

HDFC also supported organisations promoting environment preservation, conservation of art and culture and Indian athletes competing at an international level.

CSR Policy:

The CSR Policy, on the recommendation of the CSR Committee, has been approved by the Board of Directors of HDFC and is available on HDFC's website: http://hdfc.com/policies/CSRPolicy.pdf

2. The Composition of the CSR Committee

Mr. Deepak S. Parekh (Chairman)
Mr. D. N. Ghosh
Mr. Keki M. Mistry
Ms. Renu Sud Karnad
Mr. V. Srinivasa Rangan

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

3. Average net profit of the company for the last three financial years

₹ 6,130.73 crore

(For the financial years 2011-12, 2012-13 and 2013-14)

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

₹ 122.61 crore

5. Details of CSR spent during the financial year

(a) Total amount spent during the financial year 2014-15:

₹ 49.18 crore *

* This includes the total amount committed and disbursed during the year, the details of which are explained below:

i. During the year, HDFC disbursed ₹ 18.07 crore across a broad spectrum of social sectors not confined by geographic area or demographic factors. A large part of this was contributed to the Foundation to undertake projects and activities across various identified sectors (Refer to Section 5(c) for details).

ii. ₹ 8.84 crore was spent by the Foundation during the year, which was contributed by HDFC prior to April 1, 2014 (Refer to Section 5(d) for details). Accordingly, the total amount disbursed towards CSR activities during the year under review stood at ₹ 26.91 crore.

iii. Additionally, there are certain projects that required a 2-3 year implementation timeframe for a sustainable and meaningful impact. An amount of ₹ 22.27 crore has been committed towards such projects, for which the first disbursement was made during the year under review.

Taken together, the total amount committed and disbursed during the year was ₹ 49.18 crore.

(b) Amount unspent, if any

₹ 73.43 crore (after considering the committed and disbursed amount).

(c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR Project /Activity	Sector	Locations	Amount Outlay (Budget) on Projects or Programmes	Amount Spent (Direct) on Projects or Programmes	Cumulative Expenditure upto Reporting Period	Amount Spent: Through Implementing Agency*
			District (State)	₹ Crore	₹ Crore	₹ Crore	₹ Crore
1	Nutrition Programmes, Day Care Centres & After School Programmes for Underprivileged Children	Child Welfare (Overall Child Development)	Pune (Maharashtra); New Delhi; Ahmedabad (Gujarat)	0.31	0.31	0.31	0.31
2	Shelter/Homes for Orphans, Abandoned and Underprivileged Children	Child Welfare (Setting up Homes for Orphans)	Pune (Maharashtra); Aurangabad (Maharashtra); Sangli (Maharashtra); Ratnagiri (Maharashtra)	0.20	0.20	0.20	0.20

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

Sr. No.	CSR Project /Activity	Sector	Locations	Amount Outlay (Budget) on Projects or Programmes	Amount Spent (Direct) on Projects or Programmes	Cumulative Expenditure upto Reporting Period	Amount Spent: Through Implementing Agency*
			District (State)	₹ Crore	₹ Crore	₹ Crore	₹ Crore
3	Rehabilitation of Socially & Economically Marginalised Groups	Community Development (Measures to Reduce Inequalities)	Mumbai (Maharashtra)	0.85	0.85	0.85	0.85
4	Supporting Flood Affected Victims during Natural Calamities, Aid to Indian Armed Forces	Community Development (Support to Government Initiatives)	Jammu & Kashmir; Maharashtra	0.68	0.68	0.68	0.68
5	Raising Awareness on Maternal Health, Sanitation and Malnutrition, Prevention of Violence against Women, Livelihood Programmes for Young Girls	Community Development (Empowering Women)	Pune (Maharashtra); Thane (Maharashtra); Mumbai (Maharashtra)	0.60	0.47	0.47	0.47
6	Setting Up and Running Homes for the Physically and Mentally Challenged	Differently Abled (Institutional Support)	Raigad (Maharashtra); Pune (Maharashtra)	2.10	2.10	2.10	2.10
7	Specialised Health Aid for Children and Young Adults with Physical Handicaps	Differently Abled (Promoting Healthcare)	Bengaluru (Karnataka)	0.20	0.06	0.06	0.06
8	Vocational Training to School Dropouts and Unemployed Youth	Education (Vocational Skills for Livelihood)	Raipur (Chhattisgarh)	0.36	0.36	0.36	0.36
9	Educational Development Through Life skills, Gender Equality & Socio economic Skills for Children from Economically Weak Backgrounds, Scholarships	Education (Promoting Education for Children)	Palghar (Maharashtra); Mumbai (Maharashtra)	0.28	0.28	0.28	0.28
10	Strengthening Infrastructure in Tiger Reserves	Environment (Ensuring Environmental Sustainability & Animal Welfare)	Sawai Madhopur (Rajasthan)	0.08	0.08	0.08	0.08

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

Sr. No.	CSR Project /Activity	Sector	Locations	Amount Outlay (Budget) on Projects or Programmes	Amount Spent (Direct) on Projects or Programmes	Cumulative Expenditure upto Reporting Period	Amount Spent: Through Implementing Agency*
			District (State)	₹ Crore	₹ Crore	₹ Crore	₹ Crore
11	Support Towards the Prevention, Detection, Treatment & Rehabilitation of Cancer Patients	Health (Prevention & Treatment of Cancer)	Kolkata (West Bengal); Mumbai (Maharashtra)	30.81	8.81	8.81	8.81
12	Health Awareness, Prevention, Treatment & Rehabilitation for Neurological Diseases, Supporting Research on Public Health Policy	Health (Promoting Healthcare including Preventive Healthcare)	Mumbai (Maharashtra); Hyderabad (Telangana); New Delhi	2.08	2.08	2.08	2.08
13	Community Healthcare for Rural and Tribal Areas	Health (Promoting Rural Healthcare Facilities)	East Singhbhum (Jharkhand); West Singhbhum (Jharkhand); Seraikala Kharsawan (Jharkhand); Chamarajanagar (Karnataka)	1.02	1.02	1.02	1.02
14	Capacity Building & Development of Urban Slum Sanitation, Sanitation Awareness Programmes, Building Toilets in Rural Schools	Sanitation (Sanitation Hardware & Hygiene Awareness)	Kanchipuram (Tamil Nadu); Pimpri-Chinchwad (Maharashtra); Kolhapur (Maharashtra)	0.59	0.59	0.59	0.59
15	Supporting Athletes for Olympics	Sports	Mumbai (Maharashtra)	0.18	0.18	0.18	0.18
Sub-Total (1)					**18.07**	**18.07**	**18.07**

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

(d) Details of amount spent by the H. T. Parekh Foundation in financial year 2014-15 from HDFC's contribution in previous year:

Sr. No.	CSR Project/Activity	Sector	Locations	Amount Outlay (Budget) on Projects or Programmes	Amount Spent (Direct) on Projects or Programmes	Cumulative Expenditure upto Reporting Period	Amount Spent through Implementing Agency
			District (State)	₹ Crore	₹ Crore	₹ Crore	₹ Crore
1	Nutrition Programmes, Day Care Centres, After School Programmes & Health facilities for Underprivileged Children	Child Welfare (Overall Child Development)	Ahmedabad (Gujarat); Pune (Maharashtra); Noida (Uttar Pradesh)	0.57	0.57	0.57	0.57
2	Shelter/homes for Orphans, Abandoned and Underprivileged Children	Child Welfare (Setting up Homes for Children)	Mumbai (Maharashtra); Pune (Maharashtra)	0.25	0.25	0.25	0.25
3	Rehabilitation & Livelihood to Socially & Economically Marginalised Groups, Housing for Displaced & Underprivileged Persons, Awareness for Civil Society Rights	Community Development (Measures to Reduce Inequalities)	Muzaffarnagar (Uttar Pradesh); New Delhi; Mumbai (Maharashtra); Raigad (Maharashtra)	0.92	0.92	0.92	0.92
4	Setting Up and Running Homes for the Physically and Mentally Challenged	Differently Abled (Institutional Support)	Pune (Maharashtra); New Delhi	0.22	0.22	0.22	0.22
5	Specialised Healthcare for Children and Young Adults with Physical Handicaps	Differently Abled (Promoting Healthcare)	Mumbai (Maharashtra)	0.30	0.30	0.30	0.30
6	Vocational Skills & Livelihood Training for Disabled Children & Adults	Differently Abled (Promoting Special Education)	Mumbai (Maharashtra); Bengaluru (Karnataka); Kollam (Kerala)	3.58	3.58	3.58	3.58
7	Scholarships for Underprivileged Children & Youth	Education (Scholarships)	Mumbai (Maharashtra); Dehradun (Uttarakhand)	0.24	0.24	0.24	0.24

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

Sr. No.	CSR Project/Activity	Sector	Locations	Amount Outlay (Budget) on Projects or Programmes	Amount Spent (Direct) on Projects or Programmes	Cumulative Expenditure upto Reporting Period	Amount Spent through Implementing Agency
			District (State)	₹ Crore	₹ Crore	₹ Crore	₹ Crore
8	Educational Development through Life skills, Gender Equality & Socio-economic Skills for Children from Economically Weak Backgrounds, Supporting Education for Girls	Education (Promoting Education for Children)	Mumbai (Maharashtra); Sirohi (Rajasthan); Alwar (Rajasthan); Hyderabad (Telangana); Visakhapatnam (Andhra Pradesh); Mahbubnagar (Telangana); Kanker (Chhattisgarh); Ratlam (Madhya Pradesh); Sheopur (Madhya Pradesh); Udaipur (Rajasthan)	1.54	1.54	1.54	1.54
9	Strengthening Infrastructure in Tiger Reserves	Environment (Ensuring Environmental Sustainability & Animal Welfare)	Satpura, Hoshangabad (Madhya Pradesh)	0.62	0.62	0.62	0.62
10	Palliative Care / Hospices for Cancer Patients	Health (Treatment & Palliative Care)	Mumbai (Maharashtra); Nasik (Maharashtra)	0.35	0.35	0.35	0.35
11	Health Awareness, Prevention, Treatment & Rehabilitation for Neurological Diseases, Supporting Community Hospitals in Rural Areas, Support towards Public Blood Banks	Health (Promoting Healthcare Including Preventive Healthcare)	Jodhpur (Rajasthan); New Delhi; Mumbai (Maharashtra); Palghar (Maharashtra)	0.25	0.25	0.25	0.25
Sub-Total (2)					8.84	8.84	8.84
GRAND TOTAL				49.18	26.91	26.91	26.91

*** Details of Implementing Agencies:** The H T Parekh Foundation (Across all sectors); Mobile Creches for Working Mother's Children (Child Welfare); Mumbai City Sainik Welfare Office (Community Development); Prime Minister's Relief Fund (Community Development); Society for Nutrition, Education & Health Action (Community Development); Tata Institute of Social Sciences (Community Development); Maaya Foundation (Differently Abled); Om Creations Trust (Differently Abled); Savali Association for Mentally Retarded & Cerebral Palsy Children (Differently Abled); Tiger Watch (Environment); Neurology Foundation (Healthcare); Indian Cancer Society (Healthcare).

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

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**

HDFC considers social responsibility as an important part of its business and has been involved with the social sector for over 25 years.

In 2012, HDFC envisioned the establishment of a separate foundation with a dedicated team to focus on activities in the social and developmental sectors of India. Accordingly, the H T Parekh Foundation was formed in October 2012 to achieve this purpose.

As HDFC's foreign shareholding exceeds 50%, any amount contributed by it to the Foundation would need prior approval of the Ministry of Home Affairs (MHA) under the Foreign Contribution Regulation Act, 2010 (FCRA). Although the majority of HDFC's shareholders are Foreign Institutional Investors, they do not have any representation on HDFC's Board of Directors or a say in management decisions. Moreover, the Board of Directors are all Indian citizens and HDFC's entire business caters to the Indian market.

The Foundation received the FCRA approval only in March 2014; hence it was unable to undertake any social initiatives prior to this period. Coincidentally, Section 135 of the Companies Act, 2013 which provides for CSR obligations on specified classes of companies also came into force during this time. HDFC therefore thought it appropriate to conduct a major part of its CSR activities through the Foundation, as the objectives of both were aligned.

After receipt of the FCRA approval by the Foundation, an implementation plan was put in place to meet the development objectives of HDFC as well as the Foundation, which included the hiring of full time employees for the Foundation. In October 2014, the employees of the Foundation came on board.

Initially time was taken to put in place processes, evaluate desired projects, their execution timelines, travel to project locations and evaluate social investment options. Keeping in mind the long term and sustainable development objectives of HDFC (as well as the Foundation), it is of paramount importance that any funds provided by HDFC be utilised prudently to ensure maximum social benefit and development.

Considering all the factors stated above, the amount committed and disbursed towards CSR was ₹ 49.18 crore in financial year 2014-15. Now that the team is in place at the Foundation for sometime, HDFC intends to commit and deploy larger funds across social sectors 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
April 29, 2015

Keki M. Mistry
Vice Chairman & CEO

Deepak S. Parekh
Chairman - CSR Committee

Annex to Directors' Report - 4

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2015

[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 / Indian 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 shall be stated:

Sr. No.	Name and Description of main products/services	NIC Code of the Product / Service	% of total turnover of the Company
1	The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes, in India. All other activities of the Corporation revolve around the main business.	65922	98.14

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	**HDFC DEVELOPERS LTD.** Ramon House, H T Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020	U45200MH1981PLC023708	Subsidiary	100	2(87)
2	**GRUH FINANCE LTD.** "GRUH", Netaji Marg, Nr. Mithakali Six Roads, Ellisbridge, Ahmedabad 380 006	L65923GJ1986PLC008809	Subsidiary	58.6	2(87)
3	**HDFC INVESTMENTS LTD.** Ramon House, H T Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020	U65990MH1994PLC083933	Subsidiary	100	2(87)
4	**HDFC TRUSTEE CO. LTD.** HDFC House, 2nd Floor, H T Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U65991MH1999PLC123026	Subsidiary	100	2(87)
5	**HDFC ASSET MANAGEMENT CO. LTD.** HDFC House, 2nd Floor, H T Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U65991MH1999PLC123027	Subsidiary	59.8	2(87)

Annex to Directors' Report - 4 (Continued)

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
6	**HDFC HOLDINGS LTD.** Ramon House, H T Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020	U65993MH2000PLC123680	Subsidiary	100	2(87)
7	**HDFC REALTY LTD.** Ramon House, H T Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020	U74140MH2000PLC124897	Subsidiary	100	2(87)
8	**HDFC STANDARD LIFE INSURANCE CO. LTD.** 13th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai 400 011	U99999MH2000PLC128245	Subsidiary	70.7	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	73.6	2(87)
10	**HDFC SALES PVT. LTD.** HDFC House, H T Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U65920MH2004PTC144182	Subsidiary	100	2(87)
11	**WINDERMERE PROPERTIES PVT. LTD.** HDFC House, CTS 154 & 155, Oshiwara District Centre, Garden Road, Goregaon (West), Mumbai 400 104	U45200MH2004PTC147081	Subsidiary	100	2(87)
12	**HADDOCK PROPERTIES PVT. LTD.** HDFC House, CTS 154 & 155, Oshiwara District Centre, Garden Road, Goregaon (West), Mumbai 400 104	U70102MH2004PTC148768	Subsidiary	100	2(87)
13	**HDFC VENTURES TRUSTEE CO. LTD.** HDFC House, H T Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U65991MH2004PLC149329	Subsidiary	100	2(87)
14	**HDFC VENTURE CAPITAL LTD.** HDFC House, H T Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U65991MH2004PLC149330	Subsidiary	80.5	2(87)
15	**GRANDEUR PROPERTIES PVT. LTD.** HDFC House, CTS 154 & 155, Oshiwara District Centre, Garden Road, Goregaon (West), Mumbai 400 104	U70100MH2005PTC154232	Subsidiary	100	2(87)
16	**PENTAGRAM PROPERTIES PVT. LTD.** HDFC House, CTS 154 & 155, Oshiwara District Centre, Garden Road, Goregaon (West), Mumbai 400 104	U70100MH2005PTC154357	Subsidiary	100	2(87)
17	**WINCHESTER PROPERTIES PVT. LTD.** HDFC House, CTS 154 & 155, Oshiwara District Centre, Garden Road, Goregaon (West), Mumbai 400 104	U70100MH2005PTC154416	Subsidiary	100	2(87)
18	**CREDILA FINANCIAL SERVICES PVT. LTD.** B - 301, Citi Point, Andheri-Kurla Road, Andheri (East), Mumbai 400 059	U67190MH2006PTC159411	Subsidiary	78.7	2(87)
19	**HDFC PROPERTY VENTURES LTD.** HDFC House, H T Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020	U74140MH2006PLC165539	Subsidiary	100	2(87)
20	**HDFC PENSION MANAGEMENT CO. LTD.** (Through HDFC Standard Life Insurance Co. Ltd.) 13th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai 400 011	U66020MH2011PLC218824	Subsidiary	70.7	2(87)
21	**HDFC EDUCATION AND DEVELOPMENT SERVICES PVT. LTD.** Ramon House, H T Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020	U80301MH2011PTC224035	Subsidiary	100	2(87)

Annex to Directors' Report - 4 (Continued)

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
22	**GRIHA PTE. LTD., Singapore** (Through HDFC Investments Ltd.) 9, Battery Road, 15-01 Straits Trading Building, Singapore 049 910	-	Subsidiary	100	2(87)
23	**GRIHA INVESTMENTS, (Mauritius)** (Through HDFC Holdings Ltd.) IFS Court, Twenty Eight, Cybercity, Ebene, Mauritius	-	Subsidiary	100	2(87)
24	**HDFC BANK LTD.*** HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013	L65920MH1994PLC080618	Associate	21.7	2(6)
25	**INDIA VALUE FUND ADVISORS PVT. LTD.** Suite F9C, Grand Hyatt Plaza, Santacruz (East), Mumbai 400 055	U67190MH2000PTC123712	Associate	21.5	2(6)
26	**MAGNUM FOUNDATIONS PVT. LTD.** No. 3, Mangesh Street, T. Nagar, Chennai 600 017	U45201TN1998PTC039924	Associate	50	2(6)

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

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
(A) Promoters									
(1) Indian									
(2) Foreign								-	
Total Shareholding of Promoters (A)= (A)(1)+(A)(2)	-	-	-	-	-	-	-	-	-
(B) Public Shareholding									
(1) Institutions									
(a) Mutual Funds	3,75,35,507	4,750	3,75,40,257	2.40	3,32,46,999	4,750	3,32,51,749	2.11	(0.29)
(b) Financial Institutions/ Banks	2,80,26,994	7,100	2,80,34,094	1.80	1,74,55,460	7,100	1,74,62,560	1.11	(0.69)
(c) Central Government/ State Government(s)	9,02,355	-	9,02,355	0.06	10,91,927	-	10,91,927	0.07	0.01
(d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e) Insurance Companies	11,66,22,066	500	11,66,22,566	7.47	8,27,62,014	500	8,27,62,514	5.26	(2.22)
(f) Foreign Institutional Investors	118,14,42,356	-	118,14,42,356	75.71	125,43,10,973	-	125,43,10,973	79.65	3.95
(g) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(h) Any Other	-	-	-	-	-	-	-	-	-
FDI - Foreign Institutions	32,48,505	-	32,48,505	0.21	29,80,901	-	29,80,901	0.19	(0.02)
Sub-Total (B)(1)	136,77,77,783	12,350	136,77,90,133	87.65	139,18,48,274	12,350	139,18,60,624	88.39	0.74
(2) Non-institutions									
(a) Bodies Corporate	3,49,28,183	4,88,735	3,54,16,918	2.27	2,52,09,567	3,50,335	2,55,59,902	1.62	(0.65)

Annex to Directors' Report - 4 (Continued)

Category of shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
(b) Individuals -									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.	9,69,46,942	1,61,20,384	11,30,67,326	7.24	9,75,98,382	1,48,91,209	11,24,89,591	7.14	(0.10)
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	2,53,97,630	2,08,550	2,56,06,180	1.64	2,66,67,246	2,08,550	2,68,75,796	1.71	0.07
(c) Any Other (specify)									
Directors & their relatives	84,73,909	3,900	84,77,809	0.55	87,54,611	3,900	87,58,511	0.56	0.01
Hindu Undivided Families	11,57,000	-	11,57,000	0.07	12,77,801	-	12,77,801	0.08	0.01
Foreign National	-	-	-	-	-	-	-	-	-
NRIs	28,11,689	13,000	28,24,689	0.18	31,19,609	13,000	31,32,609	0.20	0.02
OCBs	-	-	-	-	-	-	-	-	-
Clearing Members	39,49,053	-	39,49,053	0.25	16,56,014	-	16,56,014	0.10	(0.15)
Trusts	22,43,497	-	22,43,497	0.15	30,86,822	-	30,86,822	0.20	0.05
Sub-Total (B)(2)	17,59,07,903	1,68,34,569	19,27,42,472	12.35	16,73,70,052	1,54,66,994	18,28,37,046	11.61	(0.74)
Total Public Shareholding (B) = (B)(1) + (B)(2)	154,36,85,686	1,68,46,919	156,05,32,605	100	155,92,18,326	1,54,79,344	157,46,97,670	100	-
TOTAL (A)+(B)	154,36,85,686	1,68,46,919	156,05,32,605	100	155,92,18,326	1,54,79,344	157,46,97,670	100	-
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A) + (B) + (C)	**154,36,85,686**	**1,68,46,919**	**156,05,32,605**	**100**	**155,92,18,326**	**1,54,79,344**	**157,46,97,670**	**100**	

(ii) Shareholding of Promoters – Not applicable

(iii) Change in Promoters' Shareholding (please specify, if there is no change) – Not applicable

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top 10 Shareholders*	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	**OPPENHEIMER DEVELOPING MARKETS FUND**				
	April 01, 2014	6,52,03,138	4.18		
	May 23, 2014 – Sale	(2,75,920)	(0.02)	6,49,27,218	4.16
	May 30, 2014 – Sale	(46,83,215)	(0.30)	6,02,44,003	3.86
	June 6, 2014 – Sale	(7,91,135)	(0.05)	5,94,52,868	3.81
	June 20, 2014 – Purchase	5,32,389	0.02	5,99,85,257	3.83
	June 30, 2014 – Purchase	20,64,192	0.13	6,20,49,449	3.96
	November 14, 2014 – Purchase	22,73,314	0.14	6,43,22,763	4.10
	November 21, 2014 – Purchase	16,07,530	0.10	6,59,30,293	4.20
	November 28, 2014 – Purchase	16,49,605	0.10	6,75,79,898	4.30
	March 26, 2015 – Sale	(7,07,174)	(0.05)	6,68,72,724	4.25
	March 31, 2015 – Sale	(8,17,293)	(0.06)	6,60,55,431	4.19
	March 31, 2015	6,60,55,431	4.19		

Annex to Directors' Report - 4 (Continued)

Sr. No.	Top 10 Shareholders*	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
2.	**EUROPACIFIC GROWTH FUND**				
	April 01, 2014	5,86,45,570	3.76		
	June 30, 2014 – Purchase	32,97,871	0.21	6,19,43,441	3.95
	July 4, 2014 – Purchase	3,32,129	0.02	6,22,75,570	3.97
	March 31, 2015	6,22,75,570	3.95		
3.	**LIFE INSURANCE CORPORATION OF INDIA**				
	April 1, 2014	3,82,68,355	2.45		
	August 8, 2014 – Purchase	4,87,238	0.02	3,87,55,593	2.47
	August 15, 2014 – Purchase	4,56,796	0.03	3,92,12,389	2.50
	December 5, 2014 – Sale	(4,51,791)	(0.04)	3,87,60,598	2.47
	December 31, 2014 – Sale	(1,85,308)	(0.01)	3,85,75,290	2.45
	January 23, 2015 – Sale	(20,27,548)	(0.13)	3,65,47,742	2.32
	January 30, 2015 – Sale	(12,52,952)	(0.08)	3,52,94,790	2.24
	February 06, 2015 – Sale	(2,703)	(0.00)	3,52,92,087	2.24
	February 13, 2015 – Sale	(2,09,005)	(0.01)	3,50,83,082	2.23
	February 20, 2015 – Sale	(6,38,619)	(0.04)	3,44,44,463	2.19
	February 27, 2015 – Sale	(8,69,173)	(0.06)	3,35,75,290	2.13
	March 20, 2015 – Sale	(8,446)	(0.00)	3,35,66,844	2.13
	March 26, 2015 – Sale	(8,96,862)	(0.06)	3,26,69,982	2.07
	March 31, 2015	3,26,69,982	2.07		
4.	**ABERDEEN GLOBAL INDIAN EQUITY (MAURITIUS) LIMITED**				
	April 1, 2014	3,17,90,000	2.04		
	May 9, 2014 – Sale	(13,00,397)	(0.08)	3,04,89,603	1.95
	May 23, 2014 – Sale	(31,95,000)	(0.20)	2,72,94,603	1.75
	September 5, 2014 – Sale	(3,80,616)	(0.02)	2,69,13,987	1.72
	September 12, 2014 – Sale	(4,49,148)	(0.03)	2,64,64,839	1.69
	September 19, 2014 – Sale	(24,839)	(0.00)	2,64,40,000	1.69
	November 7, 2014 – Sale	(4,00,000)	(0.03)	2,60,40,000	1.66
	February 06, 2015 – Sale	(13,50,000)	(0.09)	2,46,90,000	1.57
	March 13, 2015 – Sale	(9,50,000)	(0.06)	2,37,40,000	1.51
	March 20, 2015 – Sale	(9,90,000)	(0.07)	2,27,50,000	1.44
	March 31, 2015	2,27,50,000	1.44		
5.	**GOVERNMENT OF SINGAPORE**				
	April 1, 2014	3,02,98,803	1.94		
	April 4, 2014 – Purchase	8,01,480	0.05	3,11,00,283	1.99
	April 11, 2014 – Sale	(5,22,330)	(0.03)	3,05,77,953	1.96
	April 18, 2014 – Sale	(11,90,919)	(0.08)	2,93,87,034	1.88
	April 25, 2014 – Sale	(4,61,892)	(0.03)	2,89,25,142	1.85
	May 2, 2014 – Sale	(5,94,609)	(0.03)	2,83,30,533	1.82
	May 30, 2014 – Sale	(1,38,862)	(0.01)	2,81,91,671	1.81
	June 6, 2014 – Sale	(4,10,962)	(0.03)	2,77,80,709	1.78
	June 13, 2014 – Sale	(2,90,890)	(0.02)	2,74,89,819	1.76
	June 20, 2014 – Sale	(73,497)	(0.01)	2,74,16,322	1.75
	June 30, 2014 – Sale	(1,51,440)	(0.01)	2,72,64,882	1.74
	July 4, 2014 – Sale	(53,210)	(0.00)	2,72,11,672	1.74
	July 11, 2014 – Purchase	45,928	0.00	2,72,57,600	1.74
	July 18, 2014 – Purchase	1,77,851	0.01	2,74,35,451	1.75
	August 1, 2014 – Sale	(7,10,589)	(0.05)	2,67,24,862	1.71

Annex to Directors' Report - 4 (Continued)

Sr. No.	Top 10 Shareholders*	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	August 22, 2014 – Purchase	11,07,917	0.07	2,78,32,779	1.78
	August 29, 2014 – Sale	(1,84,178)	(0.02)	2,76,48,601	1.76
	September 5, 2014 – Sale	(1,94,354)	(0.01)	2,74,54,247	1.75
	September 12, 2014 – Purchase	14,819	0.00	2,74,69,066	1.75
	September 30, 2014 – Sale	(28,398)	(0.00)	2,74,40,668	1.75
	October 3, 2014 – Purchase	1,04,906	0.01	2,75,45,574	1.76
	October 10, 2014 – Purchase	1,88,650	0.01	2,77,34,224	1.77
	October 17, 2014 – Sale	(97,084)	(0.01)	2,76,37,140	1.76
	October 24, 2014 – Sale	(11,48,036)	(0.07)	2,64,89,104	1.69
	October 31, 2014 – Sale	(8,73,328)	(0.06)	2,56,15,776	1.63
	November 7, 2014 – Purchase	4,59,379	0.03	2,60,75,155	1.66
	November 21, 2014 – Sale	(19,630)	(0.00)	2,60,55,525	1.66
	November 28, 2014 – Sale	(21,678)	(0.00)	2,60,33,847	1.66
	December 5, 2014 – Sale	(3,54,855)	(0.03)	2,56,78,992	1.63
	December 12, 2014 – Purchase	48,791	0.01	2,57,27,783	1.64
	December 19, 2014 – Sale	(4,13,109)	(0.03)	2,53,14,674	1.61
	December 31, 2014 – Sale	(1,33,355)	(0.01)	2,51,81,319	1.60
	January 16, 2015 – Purchase	94,760	0.01	2,52,76,079	1.61
	February 13, 2015 – Purchase	4,20,813	0.02	2,56,96,892	1.63
	February 20, 2015 – Sale	(19,791)	(0.00)	2,56,77,101	1.63
	March 6, 2015 – Purchase	34,937	0.00	2,57,12,038	1.63
	March 13, 2015 – Sale	(3,33,376)	(0.02)	2,53,78,662	1.61
	March 26, 2015 – Purchase	1,32,801	0.01	2,55,11,463	1.62
	March 31, 2015 – Purchase	2,82,864	0.02	2,57,94,327	1.64
	March 31, 2015	2,57,94,327	1.64		
6.	VANGUARD EMERGING MARKETS STOCK INDEX FUND, ASERIES OF VANGUARD INTERNATIONAL EQUITY INDE X FUND				
	April 1, 2014	2,73,45,994	1.75		
	April 4, 2014 – Purchase	1,48,760	0.01	2,74,94,754	1.76
	April 11, 2014 – Purchase	1,82,231	0.01	2,76,76,985	1.77
	April 18, 2014 – Purchase	26,033	0.00	2,77,03,018	1.78
	May 23, 2014 – Purchase	66,942	0.00	2,77,69,960	1.78
	May 30, 2014 – Purchase	3,22,417	0.02	2,80,92,377	1.80
	June 6, 2014 – Purchase	2,65,573	0.02	2,83,57,950	1.82
	July 11, 2014 – Purchase	1,30,165	0.00	2,84,88,115	1.82
	July 25, 2014 – Purchase	1,48,760	0.01	2,86,36,875	1.83
	August 1, 2014 – Purchase	2,38,016	0.02	2,88,74,891	1.84
	August 22, 2014 - Purchase	2,08,295	0.01	2,90,83,186	1.85
	September 12, 2014 – Purchase	1,04,132	0.01	2,91,87,318	1.86
	September 30, 2014 – Sale	(5,74,700)	(0.04)	2,86,12,618	1.82
	November 28, 2014 – Purchase	1,70,689	0.01	2,87,83,307	1.83
	December 5, 2014 – Purchase	2,32,658	0.01	2,90,15,965	1.85
	January 9, 2015 – Sale	(1,52,479)	(0.01)	2,88,63,486	1.84
	January 16, 2015 – Sale	(66,942)	(0.00)	2,87,96,544	1.83
	January 23, 2015 - Sale	(63,223)	(0.00)	2,87,33,321	1.83
	February 6, 2015 – Sale	(18,595)	(0.00)	2,87,14,726	1.83
	February 13, 2015 – Sale	(74,380)	(0.00)	2,86,40,346	1.82
	March 26, 2015 – Sale	(2,20,000)	(0.02)	2,84,20,346	1.80
	March 31, 2015 – Sale	(53,805)	(0.00)	2,83,66,541	1.80
	March 31, 2015	2,83,66,541	1.80		

Annex to Directors' Report - 4 (Continued)

Sr. No.	Top 10 Shareholders*	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
7.	**ABERDEEN EMERGING MARKETS FUND**				
	April 1, 2014	2,27,99,000	1.46		
	May 23, 2014 – Sale	(16,55,000)	(0.11)	2,11,44,000	1.35
	June 20, 2014 – Sale	(12,46,000)	(0.08)	1,98,98,000	1.27
	June 30, 2014 – Sale	(15,00,000)	(0.10)	1,83,98,000	1.17
	August 22, 2014 – Sale	(4,21,102)	(0.03)	1,79,76,898	1.15
	August 29, 2014 – Sale	(4,12,514)	(0.03)	1,75,64,384	1.12
	September 5, 2014 – Sale	(5,21,787)	(0.03)	1,70,42,597	1.09
	September 12, 2014 – Sale	(3,59,705)	(0.02)	1,66,82,892	1.06
	September 19, 2014 – Sale	(19,892)	(0.00)	1,66,63,000	1.06
	December 31, 2014 - Sale	(6,63,000)	(0.04)	1,60,00,000	1.02
	March 31, 2015	1,60,00,000	1.02		
8.	**VIRTUS EMERGING MARKETS OPPORTUNITIES FUND**				
	April 1, 2014	2,20,87,975	1.42		
	May 23, 2014 – Purchase	10,289	0.00	2,20,98,264	1.42
	May 30, 2014 – Purchase	80,755	0.00	2,21,79,019	1.42
	June 6, 2014 -Purchase	2,06,400	0.01	2,23,85,419	1.43
	July 25, 2014 – Purchase	3,42,958	0.02	2,27,28,377	1.45
	September 12, 2014 – Purchase	7,56,700	0.05	2,34,85,077	1.50
	September 19, 2014 - Sale	(2,36,000)	(0.02)	2,32,49,077	1.48
	March 31, 2015	2,32,49,077	1.48		
9.	**ABU DHABI INVESTMENT AUTHORITY – GULAB**				
	April 1, 2014	2,18,13,693	1.40		
	June 6, 2014 – Purchase	4,13,369	0.02	2,22,27,062	1.42
	June 30, 2014 – Purchase	18,734	0.00	2,22,45,796	1.42
	July 4, 2014 – Purchase	62,765	0.00	2,23,08,561	1.42
	July 11, 2014 – Purchase	3,22,104	0.02	2,26,30,665	1.44
	July 18, 2014 – Purchase	1,03,545	0.01	2,27,34,210	1.45
	September 5, 2014 – Purchase	1,41,853	0.01	2,28,76,063	1.46
	September 19, 2014 – Purchase	70,635	0.00	2,29,46,698	1.46
	November 28, 2014 – Purchase	4,58,456	0.03	2,34,05,154	1.49
	December 12, 2014 – Purchase	1,27,502	0.01	2,35,32,656	1.50
	February 27, 2015 – Sale	(54,226)	(0.01)	2,34,78,430	1.49
	March 6, 2015 – Sale	(3,32,596)	(0.02)	2,31,45,834	1.47
	March 31, 2015	2,31,45,834	1.47		
10.	**ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD.**				
	April 1, 2014	2,11,03,937	1.35		
	April 4, 2014 – Purchase	79,303	0.01	2,11,83,240	1.36
	April 11, 2014 – Sale	(5,26,062)	(0.04)	2,06,57,178	1.32
	April 18, 2014 – Sale	(4,876)	(0.00)	2,06,52,302	1.32
	April 25, 2014 – Sale	(51,619)	(0.00)	2,06,00,683	1.32
	May 2, 2014 – Sale	(71,715)	(0.00)	2,05,28,968	1.32
	May 9, 2014 – Sale	(4,29,709)	(0.03)	2,00,99,259	1.29
	May 16, 2014 – Sale	(1,54,942)	(0.01)	1,99,44,317	1.28
	May 23, 2014 – Sale	(2,45,134)	(0.02)	1,96,99,183	1.26
	May 30, 2014 – Sale	(36,351)	(0.00)	1,96,62,832	1.26
	June 6, 2014 – Sale	(2,51,207)	(0.02)	1,94,11,625	1.24
	June 13, 2014 – Sale	(2,40,329)	(0.02)	1,91,71,296	1.23

Annex to Directors' Report - 4 (Continued)

Sr. No.	Top 10 Shareholders*	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	June 20, 2014 – Sale	(74,922)	(0.00)	1,90,96,374	1.22
	June 30, 2014 – Purchase	5,220	0.00	1,91,01,594	1.22
	July 4, 2014 – Purchase	86,796	0.00	1,91,88,390	1.22
	July 7, 2014 – Purchase	56,338	0.00	1,92,44,728	1.23
	July 11, 2014 – Sale	(26,113)	(0.00)	1,92,18,615	1.23
	July 18, 2014 – Sale	(2,13,821)	(0.01)	1,90,04,794	1.21
	July 25, 2014 – Purchase	12,809	0.00	1,90,17,603	1.21
	August 1, 2014 – Sale	(2,08,096)	(0.01)	1,88,09,507	1.20
	August 8, 2014 – Sale	(3,11,256)	(0.02)	1,84,98,251	1.18
	August 15, 2014 – Sale	(2,64,254)	(0.02)	1,82,33,997	1.16
	August 22, 2014 – Sale	(3,70,374)	(0.02)	1,78,63,623	1.14
	August 29, 2014 – Sale	(385)	(0.00)	1,78,63,238	1.14
	September 5, 2014 – Sale	(16,675)	(0.00)	1,78,46,563	1.14
	September 12, 2014 – Sale	(41,213)	(0.00)	1,78,05,350	1.14
	September 19, 2014 – Sale	(1,40,753)	(0.01)	1,76,64,597	1.13
	September 30, 2014 – Sale	(1,23,144)	(0.01)	1,75,41,453	1.12
	October 3, 2014 – Sale	(7,528)	(0.00)	1,75,33,925	1.12
	October 10, 2014 – Purchase	31,974	0.00	1,75,65,899	1.12
	October 17, 2014 – Sale	(72,856)	(0.01)	1,74,93,043	1.11
	October 24, 2014 – Sale	(26,758)	(0.00)	1,74,66,285	1.11
	October 31, 2014 – Sale	(1,12,455)	(0.00)	1,73,53,830	1.11
	November 7, 2014 – Sale	(83,277)	(0.01)	1,72,70,553	1.10
	November 14, 2014 – Sale	(83,239)	(0.01)	1,71,87,314	1.09
	November 21, 2014 – Sale	(15,531)	(0.00)	1,71,71,783	1.09
	November 28, 2014 – Sale	(3,28,845)	(0.02)	1,68,42,938	1.07
	December 5, 2014 – Sale	(67,831)	(0.00)	1,67,75,107	1.07
	December 12, 2014 – Sale	(4,41,292)	(0.03)	1,63,33,815	1.04
	December 19, 2014 – Sale	(2,73,645)	(0.02)	1,60,60,170	1.02
	December 31, 2014 – Purchase	8,465	0.00	1,60,68,635	1.02
	January 02, 2015 – Purchase	22,387	0.00	1,60,91,022	1.02
	January 09, 2015 – Sale	(38,833)	(0.00)	1,60,52,189	1.02
	January 16, 2015 – Purchase	2,24,841	0.01	1,62,77,030	1.04
	January 23, 2015 – Sale	(4,60,517)	(0.03)	1,58,16,513	1.01
	January 30, 2015 – Sale	(3,32,860)	(0.03)	1,54,83,653	0.98
	February 06, 2015 – Purchase	53,451	0.01	1,55,37,104	0.99
	February 13, 2015 – Purchase	10,807	0.00	1,55,47,911	0.99
	February 20, 2015 – Sale	(48,920)	(0.00)	1,54,98,991	0.99
	February 27, 2015 – Sale	(2,91,518)	(0.02)	1,52,07,473	0.97
	March 06, 2015 – Sale	(13,52,141)	(0.09)	1,38,55,332	0.88
	March 13, 2015 – Sale	(4,28,645)	(0.03)	1,34,26,687	0.85
	March 20, 2015 – Sale	(2,29,610)	(0.01)	1,31,97,077	0.84
	March 26, 2015 – Purchase	3,72,872	0.02	1,35,69,949	0.86
	March 31, 2015 – Purchase	63,219	0.00	1,36,33,168	0.87
	March 31, 2015	1,36,33,168	0.87		

* the dates mentioned above are the dates of receipt of statement of beneficial positions from the Depositories.

Annex to Directors' Report - 4 (Continued)

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

Name of the Director/ Key Managerial Person	Shareholding at the beginning of the year	Number of shares purchased (allotted pursuant to exercise of stock options) during FY 2014-15	Number of shares sold during FY 2014-15	Shareholding at the end of the year	% of total shares of the Company
Mr. Deepak S. Parekh	22,00,000	2,00,000	8,00,000	16,00,000	0.10
Mr. D. M. Sukthankar	2,31,100	50,000	15,301	2,65,799	0.02
Mr. B. S. Mehta	4,35,000	-	-	4,35,000	0.03
Mr. D. N. Ghosh	1,72,935	5,000	15,000	1,62,935	0.01
Dr. S. A. Dave	3,60,215	10,000	-	3,70,215	0.02
Dr. Ram S. Tarneja	4,57,500	-	-	4,57,500	0.03
Mr. Nasser Munjee	19,600	-	14,000	5,600	0.00
Dr. Bimal Jalan	15,000	20,000	20,000	15,000	0.00
Dr. J. J. Irani	50,000	35,000	20,000	65,000	0.00
Mr. V. Srinivasa Rangan	2,72,620	3,80,000	2,70,620	3,82,000	0.02
Ms. Renu Sud Karnad	18,26,449	13,02,900	8,28,277	23,01,072	0.15
Mr. Keki M. Mistry	6,39,000	7,00,000	6,39,000	7,00,000	0.04
Mr. Girish V. Koliyote+	11,825	80,000	56,200	35,625	0.00
Mr. Ajay Agarwal++	41,190	-	-	41,190	0.00

* 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.

\+ Resigned with effect from March 19, 2015 and hence the closing balance is till March 19, 2015.

++ Appointed with effect from March 20, 2015 and hence the opening balance is of March 20, 2015.

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	1,10,192.49	17,202.47	57,020.79	1,84,415.75
ii) Interest due but not paid	-	-	55.18	55.18
iii) Interest accrued but not due	3,603.42	287.22	2,479.95	6,370.59
Total (i+ii+iii)	**1,13,795.91**	**17,489.69**	**59,555.92**	**1,90,841.52**
Change (Net) in Indebtedness during the financial year	-	-	-	-
i) Addition	-	-	-	-
ii) Reduction				
Net Change	**(5,516.17)**	**20,926.39**	**9,781.02**	**25,191.24**
Indebtedness at the end of the financial year				
i) Principal Amount	1,04,806.16	37,704.84	66,705.96	2,09,216.96
ii) Interest due but not paid	-	-	78.70	78.70
iii) Interest accrued but not due	3,473.58	711.24	2,552.28	6,737.10
Total (i + ii + iii)	**1,08,279.74**	**38,416.08**	**69,336.94**	**2,16,032.76**

Annex to Directors' Report - 4 (Continued)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount (₹)
		Mr. Keki M. Mistry (Managing Director - Vice Chairman and CEO) (₹)	Ms. Renu Sud Karnad (Managing Director) (₹)	Mr. V. Srinivasa Rangan (Executive Director and CFO) (₹)	
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	3,28,58,433	2,95,10,243	1,91,99,038	8,15,67,714
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961(*)	37,94,661	37,80,445	33,87,957	1,09,63,063
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
2	Stock Option (**)	2,40,000	2,40,000	1,35,000	6,15,000
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- Others	4,45,50,000	4,06,50,000	2,59,50,000	11,11,50,000
5	Others	-	-	-	-
	Total	8,12,03,094	7,39,40,688	4,85,36,995	20,36,80,777
	Ceiling as per the Companies Act, 2013	Maximum of ₹ 407,41,58,358 per Whole-time Director			814,83,16,715

* Excludes value of perquisite on exercise of stock options.

** Number of stock options granted during the financial year 2014-15 under ESOS -2014. Each option represents 5 equity shares of ₹ 2 each.

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 **	7,00,000	1,80,00,000	-	1,87,00,000
Mr. D. M. Sukthankar	3,00,000	20,00,000	-	23,00,000
Mr. B. S. Mehta	9,00,000	20,00,000	-	29,00,000
Mr. D. N. Ghosh	7,00,000	20,00,000	-	27,00,000
Dr. S. A. Dave	9,20,000	20,00,000	-	29,20,000
Dr. Ram S. Tarneja	4,20,000	20,00,000	-	24,20,000
Mr. Naseer Munjee	3,00,000	20,00,000	-	23,00,000
Dr. Bimal Jalan	2,50,000	20,00,000	-	22,50,000
Dr. J. J. Irani	5,00,000	20,00,000	-	25,00,000
Total	**49,90,000**	**3,40,00,000**	**-**	**3,89,90,000**
Overall Ceiling as per the Companies Act, 2013	1,00,000+	81,48,31,672	-	81,48,31,672@

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

** Mr. Deepak S. Parekh was granted 1,40,000 stock options under ESOS-2014.

\+ The Company pays ₹ 50,000 as sitting fees to directors (not being whole-time directors) for attending the meeting of board or committee thereof.

@ Excludes sitting fees.

Annex to Directors' Report - 4 (Continued)

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel (Company Secretary)		
		Mr. Girish V. Koliyote (from April 1, 2014 to March 19, 2015)+ (₹)	Mr. Ajay Agarwal (from March 20, 2015 to March 31, 2015)++ (₹)	Total (₹)
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	31,68,363	15,00,451	46,68,814
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961@	2,91,169	4,63,506	7,54,675
	(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	34,59,532	19,63,957	54,23,489

\+ Excludes benefit paid on resignation such as gratuity, leave encashment, leave travel allowance, etc.

++ Remuneration paid for the financial year 2014-15.

* Consequent to the resignation of Mr. Girish V. Koliyote, stock options granted to him under ESOS-2014 have lapsed.

** No options were granted after assuming the office of the Company Secretary.

@ Excludes value of perquisite on exercise of stock options.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

During the year, no penalties were levied against the Corporation, its directors or any of its officers under the Companies Act, 2013 nor was there any punishment or compounding of offences against the Corporation, its directors or any of its officers.

Annex to Directors' Report - 5

Secretarial Audit Report

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

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

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 "Corporation"). 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 Corporation's books, papers, minute books, forms and returns filed and other records maintained by the Corporation and also the information provided by the Corporation, its officers, agents and authorized representatives during the conduct of Secretarial Audit. We hereby report that in our opinion, the Corporation has, during the financial year ended March 31, 2015 complied with the statutory provisions listed hereunder and also that the Corporation 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 Corporation for the financial year ended March 31, 2015, according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The National Housing Bank Act, 1987, rules, regulations, circulars and guidelines issued by NHB;

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

iv. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;

v. Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations made thereunder to the extent applicable;

vi. KYC & PML Policy on securities formulated in terms of the Prevention of Money Laundering Act, 2005, rules made thereunder and guidelines issued by SEBI;

vii. The Depositories Act, 1996 and the regulations and bye-laws framed there under; and

viii. 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 & Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

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

d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

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

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

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

Other applicable laws to the Corporation:

- Tax Laws
- Service Tax Act
- Income Tax Act, 1961
- Employee Laws
- Payment of Gratuity Act, 1972 and Payment of Gratuity (Central) Rules, 1972
- Payment of Bonus Act, 1965 and Payment of Bonus Rules, 1975
- Payment of Wages and Minimum Wages Act, 1948
- Employees' Provident Fund and Miscellaneous Provisions Act, 1952 & the scheme provided thereunder

• Employees' State Insurance Act, 1948

• The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959

• Indian Stamp Act, 1899 and the states Stamp Acts

• Copyright Act, 1957

• Transfer of Property Act, 1982

• The states Shops and Establishment Act

• Registration Act, 1908

• Limitation Act, 1963

• The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI); and

ii. Listing Agreements (equity) & Simplified Listing Agreement for debt securities.

During the period under review, the Corporation has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. However, the Corporation has spent less than the prescribed threshold of 2% of its average net profits for the last three financial years (as calculated in accordance with the Companies Act, 2013) towards Corporate Social Responsibility.

We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings and Board Committee Meetings. Agenda was sent at least seven days in advance. Detailed notes on agenda were not sent seven days in advance, however the same were sent at least 2-3 days prior to the date of the Board meeting 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 the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Corporation commensurate with the size and operations of the Corporation to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the audit period, the Members vide postal ballot on July 21, 2014 approved the special resolution:

1. To authorize the Board of Directors of the Corporation to mortgage, create charge or hypothecates the assets of the Corporation pursuant to Section 180 (1) (a) of the Companies Act, 2013.

We further report that during the Audit period, the Members at the Annual General Meeting held on July 21, 2014 approved:

1. The Borrowing Limit of ₹ 3,00,000 crore (Rupees Three Lac crore only) in pursuance to Section 180 of the Companies Act, 2013;

2. The issue of Redeemable Non-Convertible Debentures (NCDs) secured or unsecured and/or any other hybrid instruments which can be classified as being Tier II capital under the provisions of the Housing Finance Companies (NHB) Directions, 2010, for cash either at premium or discount to the face value, up to an aggregate amount not exceeding ₹ 75,000 crore (Rupees Seventy Five Thousand crore only) under one or more shelf disclosure document; and

3. To create, issue, offer and allot equity shares of the aggregate nominal face value not exceeding ₹ 6,24,21,300 (Rupees Six Crore Twenty Four Lac Twenty One Thousand Three Hundred only) represented by 3,12,10,650 equity shares of ₹ 2 each of the Corporation, fully paid (or such adjusted numbers for any bonus, stock splits or consolidation or other re-organisation of the capital structure of the Corporation as may be applicable, from time to time) to the present and future permanent employees and directors of the Corporation, whether in India or abroad (hereinafter referred to as 'employees'), under the Employee Stock Option Scheme – 2014 (ESOS - 2014).

For N. L. Bhatia & Associates
UIN: S1996MH016600

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

MUMBAI
April 21, 2015

Annex to Secretarial Audit Report

To
The Members
Housing Development Finance Corporation Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Corporation. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and 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.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Corporation.

4. Wherever required we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

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

For N. L. Bhatia & Associates
UIN: S1996MH016600

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

MUMBAI
April 21, 2015

Report of the Directors on Corporate Governance

Corporate governance practices need to be constantly evaluated against the backdrop of an increasingly uncertain and complex business environment that has become the 'new normal'. Globally, there has been much debate on what constitutes good governance. Governance norms in the recent period have centred around tighter regulation, significantly enhanced responsibilities for the board of directors and the growing presence of shareholder activism. There is, however, no standard metric to determine success of corporate governance practices.

The mandatory tick-the-box approach for corporate governance has severe limitations in terms of its effectiveness. On the other hand, relying entirely on an overarching set of principles without any binding rules also has its shortcomings. In the recent period, many countries are opting for a mid-path approach in the form of the 'comply-or-explain' governance code. This appears to be rational as it ensures that companies adhere to basic codes and standards, yet it provides flexibility and accommodates new approaches and ideas that could be beneficial for the long-term interests of stakeholders. This approach encourages companies to be more transparent as any deviation needs to be publicly explained.

Ultimately, long-term sustainability of companies depends on how strong the conviction is to continuously strive to adopt better governance practices. While the business environment may undergo radical change, the underlying principles of transparency, integrity and accountability must remain steadfast.

Corporate Governance at HDFC

HDFC has consistently endeavoured to fulfil the growing expectations of its borrowers, channel partners, depositors, agents, shareholders and other stakeholders. Nurturing long-term relationships and encouraging an open dialogue with all its key constituents has always been accorded highest priority within the Corporation.

Since inception, the Corporation has believed in building a culture of integrity and transparency. The Corporation has endeavoured to revolve all its business activities based on its founding principles of fairness, kindness, efficiency and effectiveness.

The Board of Directors believe in upholding the highest standards of governance and accountability. The board has taken cognisance of various regulatory changes in the overall governance framework that has recently evolved in India and remains committed to imbibing the spirit of the law and regulations.

The board fully supports and endorses corporate governance practices in accordance with the provisions of Clause 49 of the listing agreements. Various provisions of Clause 49 were amended by the Securities and Exchange Board of India (SEBI) during the year under review. The Corporation has complied with the requirements of the revised Clause 49 and listed below is the status with regard to the same.

Board of Directors

Composition

The Board of Directors comprises twelve members. There are nine 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 nine non-executive directors, seven are independent directors. The independent directors have confirmed that they satisfy the criteria prescribed for an independent director as stipulated in Clause 49 II (B) of the listing agreements and the provisions of Section 149(6) of the Companies Act, 2013. None of the directors of the Corporation are related to each other.

The directors bring to the board a wide range of experience and skills. Brief profiles of the directors, are set out elsewhere in the annual report. The composition of the board is in conformity with Clause 49 II (A) of the listing agreements.

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	5	2
2	Mr. D. M. Sukthankar	4	2	1
3	Mr. B. S. Mehta	9	9	3
4	Mr. D. N. Ghosh	4	0	0
5	Dr. S. A. Dave	8	7	3
6	Dr. Ram S. Tarneja	10	6	2
7	Mr. Nasser Munjee	10	6	5
8	Dr. Bimal Jalan	1	0	0
9	Dr. J. J. Irani	3	0	0
10	Mr. V. Srinivasa Rangan (Executive Director)	10	7	0
11	Ms. Renu Sud Karnad (Managing Director)	10	3	1
12	Mr. Keki M. Mistry (Vice Chairman & CEO)	10	8	3

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

Sr. Nos. 3 to 9 are independent directors. Sr. Nos. 10 to 12 are whole-time directors.

The number of directorships includes directorships in HDFC group companies.

Responsibilities

The Board of Directors represent the interests of the Corporation's stakeholders in optimising long-term value by providing the management with guidance and strategic direction on their behalf. The board's mandate is to oversee the Corporation's strategic direction, review corporate performance, assess the adequacy of risk management and mitigation measures, authorise and monitor strategic investments, ensure regulatory compliance and safeguard interests of all stakeholders.

The responsibilities of the board also includes ensuring that the Corporation is transparent in all its dealings with its stakeholders, overseeing the effectiveness of key executives of the Corporation, aligning the remuneration policy with the long-term interests of the Corporation and its stakeholders and ensuring an orderly plan is in place for effective leadership development and succession.

Role of Independent Directors

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

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

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

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

Appointment of Independent Directors

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

Familiarisation Programme

The objective of a familiarisation programme is to ensure that the non-executive directors are updated on the business environment and 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.

Familiarisation programmes were conducted for non-executive directors on areas such as the core functions of the Corporation, overview of the industry, financials and the performance of subsidiary companies. The familiarisation programme also reiterated the roles, rights and responsibilities of the non-executive directors in accordance with various provisions of the Companies Act, 2013, rules made thereunder and other applicable laws. An overview of the familiarisation programme is placed on the Corporation's website.

Board Meetings

The meetings of the Board of Directors are normally held at the Corporation's corporate office in Mumbai. Meetings are generally scheduled well in advance and the notice of each board meeting is given in writing to each director. The board meets at least once a quarter to review the quarterly performance and financial results of the Corporation.

The company secretary in consultation with the Chairman and the whole-time directors prepares a detailed agenda for the meetings. The board is provided with the relevant information as stipulated in Clause 49 of the listing agreements. 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 in advance. The members of the board are also free to recommend inclusion of any matter in the agenda for discussion. Senior management is invited to attend the board meetings so as to provide additional inputs to the items being discussed by the board. At the board meetings, the executive directors and senior management make presentations on various matters including the financial results, operations related issues, risk management, the regulatory environment or any other issues which the board wants to be apprised of. The minutes of each board/committee meeting are recorded in the minute book.

During the year under review, the board met six times. The meetings were held on May 6, 2014, July 21, 2014, October 22, 2014, January 29, 2015, February 14, 2015 and March 19, 2015. The attendance of the directors at the above-mentioned board meetings and the 37th Annual General Meeting held on July 21, 2014, along with the sitting fees paid to them are listed below:

Directors	Board Meetings		Attendance at the 37th AGM
	Number of Meetings Attended	Sitting Fees Paid (₹)	
Mr. Deepak S. Parekh (Chairman)	6	3,00,000	Yes
Mr. D. M. Sukthankar	6	3,00,000	Yes
Mr. B. S. Mehta	6	3,00,000	Yes
Mr. D. N. Ghosh	5	2,50,000	Yes
Dr. S. A. Dave	6	3,00,000	Yes
Dr. Ram S. Tarneja	5	2,50,000	Yes
Mr. Nasser Munjee	4	2,00,000	Yes
Dr. Bimal Jalan	5	2,50,000	Yes
Dr. J. J. Irani	6	3,00,000	Yes
Mr. V. Srinivasa Rangan (Executive Director)	6	-	Yes
Ms. Renu Sud Karnad (Managing Director)	5	-	Yes
Mr. Keki M. Mistry (Vice Chairman & CEO)	6	-	Yes

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

The board met on April 29, 2015, to *inter alia* approve the audited annual financial results of the Corporation and the audited consolidated financial results for the year ended March 31, 2015.

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 responsibilities 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 including branch auditors and their remuneration. The committee and statutory 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 approves the appointment or re-appointment of internal auditors of the Corporation and their remuneration.

The committee's functions include reviewing the adequacy of the internal audit function, its structure, reporting process, audit coverage and frequency of internal audits. The committee's functions also include periodical review of the internal audit reports on compliances pertaining to Know Your Customer norms, internal controls and other compliances. The responsibility of the committee is to also review 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.

The committee's functions include evaluation of internal financial controls and risk management systems adopted by the Corporation. The committee's functions also include periodical review of the functioning of the whistle blower mechanism of the Corporation.

The committee reviews the reports of the internal and statutory auditors and ensures that adequate follow-up action is taken by the management on observations and recommendations made by the respective auditors. In addition, the committee annually reviews the performance of the internal and statutory auditors to ensure that an objective, professional and cost effective relationship is being maintained.

During the year, the committee *inter alia* reviewed the statement of uses/application of funds raised by issuance of debt securities on a private placement basis, management of assets and liabilities of the Corporation, foreign currency and derivative positions, performance of the loan portfolio, statement of related party transactions and the Management Discussion and Analysis Report. The committee reviewed the investments made by the unlisted subsidiary companies of the Corporation and their annual financial statements. The committee reviewed other matters as mandated under Section 177 of the Companies Act, 2013 and Clause 49 III of the listing agreements as applicable.

During the year, the committee formulated and recommended the policy on related party transactions and in line with the policy, granted an omnibus approval for the related party transactions entered into by the Corporation during the year.

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

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

During the year, the committee met eight times. The meetings were held on May 6, 2014, July 21, 2014, October 8, 2014, October 22, 2014, January 20, 2015, January 29, 2015, February 14, 2015 and March 19, 2015. The Chairman of the committee was present at the 37th 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)	8	4,00,000
Mr. B. S. Mehta	8	4,00,000
Mr. D. N. Ghosh*	7	3,50,000

** Leave of absence was granted to Mr. D. N. Ghosh who could not attend the meeting held on March 19, 2015.*

The committee met on April 29, 2015 to *inter alia* review the audited annual financial results of the Corporation and the audited consolidated financial results for the year ended March 31, 2015 and recommended the same to the board for its approval.

Nomination & Remuneration Committee

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

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

The committee's function includes identifying persons who are qualified to become directors of the Corporation, recommending their appointment to the board, ensuring that such persons meet the relevant criteria prescribed under applicable laws and reviewing and approving the remuneration payable to the executive directors of the Corporation within the overall limits as approved by the shareholders and commission payable to the Chairman of the Corporation.

The committee's terms of reference also include formulation and administration of the employee stock option schemes, including granting of options to eligible employees under these schemes. During the year, the committee approved the grant of stock options to the employees/directors of the Corporation under Employee Stock Option Scheme – 2014.

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

During the year, the committee formulated policies on the appointment of directors and members of senior management, remuneration for the directors, key managerial personnel, senior management and other employees of the Corporation, succession planning and board diversity. The committee recommended these policies to the board for its approval.

The committee met four times during the year under review. The meetings were held on May 6, 2014, October 8, 2014, February 14, 2015 and March 19, 2015.

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	4	2,00,000
Mr. Nasser Munjee*	2	1,00,000
Dr. J. J. Irani	4	2,00,000

** Leave of absence was granted to Mr. Nasser Munjee who could not attend the meetings held on February 14, 2015 and March 19, 2015.*

Stakeholders Relationship Committee

The Stakeholders Relationship Committee consists of a majority of independent directors. The members of the committee are Dr. Ram S. Tarneja (Chairman), Dr. S. A. Dave and Mr. V. Srinivasa Rangan. The company secretary of the Corporation, in his capacity as compliance officer, is responsible for expediting the share transfer formalities.

The terms of reference of the committee *inter alia* include reviewing mechanisms adopted by the Corporation to redress shareholder, depositor and debentureholder 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 22, 2014, July 15, 2014, October 13, 2014 and January 14, 2015. The details of the attendance of the members of the committee along with sitting fees paid are listed below:

Members	Number of Meetings Attended	Sitting Fees Paid (₹)
Dr. Ram S. Tarneja (Chairman)	4	1,70,000
Dr. S. A. Dave	4	1,70,000
Mr. V. Srinivasa Rangan	4	-

The sitting fee paid to the non-executive directors for attending the meeting of the board and committees thereof was increased to ₹ 50,000 from ₹ 20,000 with effect from May 6, 2014.

Risk Management Committee

In 2006, the Board of Directors had constituted an internal risk management committee comprising executive directors and members of senior management. This committee met twice during the year. 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.

With the objective of ensuring that the risks impacting the business of the Corporation are identified and appropriate measures are taken to mitigate the same, the Corporation has formulated and adopted a risk management framework. The framework lays down the procedures for identification of risks, assessment of its impact on the business of the Corporation and the efficacy of the measures taken to mitigate the same. The risks are evaluated at an inherent and residual level, based on the impact of such risks and the likelihood of its occurrence. The regional managers and the functional heads of the Corporation are responsible for identifying, monitoring and reviewing the risk profile of their respective region/function on a quarterly basis, which is reviewed by the internal risk management committee.

In accordance with the revised provisions of Clause 49 of the listing agreements, the Risk Management Committee (RMC) was constituted. A majority of the committee's members are directors, including an independent director. 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 board which endorses and approves the overall risk management strategy of the Corporation. The RMC met on March 19, 2015.

Members	Number of Meetings Attended	Sitting Fees Paid (₹)
Dr. S. A. Dave (Chairman)	1	50,000
Mr. Keki M. Mistry	1	-
Ms. Renu Sud Karnad	-	-
Mr. V. Srinivasa Rangan	1	-
Mr. Conrad D'Souza*	1	-
Ms. Madhumita Ganguli*	1	-
Mr. Suresh Menon*	1	-

** Members of Executive Management*

Remuneration Policy

The remuneration policy, including the criteria for remunerating non-executive directors is recommended by the Nomination & Remuneration Committee and approved by the board. The key objective of the remuneration policy is to ensure that it is aligned to the overall performance of the Corporation. The policy ensures that it is fair and reasonable to attract and retain necessary talent, is linked to attaining performance benchmarks and involves a judicious balance of fixed and variable components. The remuneration policy is placed on the website of the Corporation. The remuneration paid 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, shareholding and stock options granted to non-executive directors is provided in Form MGT 9 is given elsewhere in the Annual Report.

Executive Directors

The executive directors of the Corporation have been appointed on a contractual basis, in terms of the resolutions passed by the shareholders at the AGMs, for a tenure of up to 5 years. The elements of the remuneration package of executive directors comprise salary, perquisites (equivalent to their respective annual salary), other benefits and allowances which include use of the Corporation's car with a driver, telephones for the Corporation's business (expenses whereof would be borne and paid by the Corporation), house maintenance allowance, house rent allowance, leave travel allowance, contributions to provident funds, superannuation funds and provision towards post-retirement pension schemes of the Corporation, other post-retirement benefits in the form of medical benefits and use of the Corporation's car as per the schemes framed and/or to be framed by the Corporation and as approved by the board/ Nomination & Remuneration Committee, from time to time and all other benefits as are provided to the whole-time directors or senior employees of the Corporation and commission which is decided by the Nomination & Remuneration Committee within the overall limits as approved by the shareholders at the AGMs.

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

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

The whole-time directors are directors on the boards of certain subsidiary companies of the Corporation and accordingly are paid sitting fees. During the year, Mr. Keki M. Mistry received an amount of ₹ 29.70 lac, Ms. Renu Sud Karnad received ₹ 22.70 lac and Mr. V. Srinivasa Rangan received ₹ 18.85 lac towards sitting fees from subsidiary companies.

Evaluation of Directors and the Board

With the objective of enhancing the effectiveness of the board, the Nomination & Remuneration Committee formulated the methodology and criteria to evaluate the performance of the board and each director.

The evaluation of the performance of the board is done at two levels. First, the overall performance of the board is evaluated through a questionnaire, based on criteria such as the board composition, compensation, strategic planning, role of the Chairman, non-executive directors and other senior management, assessment of the timeliness and quality of the flow of information by the Corporation to the board and adherence to compliance and other regulatory issues. At the second level, the directors do a self evaluation of their performance.

The Nomination & Remuneration Committee at its meetings discussed and reviewed the criteria and responses received from directors.

The independent directors also held a separate meeting to review the performance of the non-executive directors, the Chairman of the Corporation and the overall performance of the board.

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

Investor Grievances

At the beginning of the financial year, there was no investor complaint that was unresolved. During the year, the Corporation received four investor complaints, all of which were resolved and as such there was no unresolved investor complaint as at March 31, 2015.

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

No penalties or strictures have been imposed on the Corporation by any stock exchange, SEBI or other statutory authority on any matter relating to the capital markets.

Subsidiary Companies

In terms of the provisions of Clause 49 of the listing agreements, 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, the Corporation has nominated Dr. S. A. Dave as its nominee 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 the unlisted subsidiary companies are placed before the board meetings on a quarterly basis.

The Corporation has also formulated a policy for determining material subsidiaries. The policy is placed on the Corporation's website.

Employee Stock Option Scheme (ESOS)

At the 37th Annual General Meeting held on July 21, 2014, the shareholders had approved the issue of 62,42,130 stock options representing 3,12,10,650 equity shares of ₹ 2 each to employees and directors of the Corporation under ESOS–14. On October 8, 2014, the Nomination & Remuneration Committee granted 62,73,064 stock options along with the options which had lapsed under previous schemes, representing 3,13,65,320 equity shares of ₹ 2 each at an exercise price of ₹ 1,014.65 per share, being the market price as defined in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended. The stock options granted during the year would vest after a period of one year and can be exercised over a period of five years from the date of vesting. Details of options granted to the whole-time directors is provided in Form MGT 9.

The disclosures in respect of all schemes as required under Clause 12.1 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended, have been made in the Directors' Report.

Code of Conduct

The Corporation had framed and adopted a Code of Conduct, which is approved by the Board of Directors. During the year, the Board of Directors amended the code in accordance with the revised Clause 49 of the listing agreements. With the objective of enhancing the standards of governance, the Corporation adopted two separate codes – one which is applicable to the non-executive directors and the other for the whole-time directors and members of senior management of the Corporation. These codes are placed on the website of the Corporation.

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

Share Dealing Code

The Corporation has formulated and adopted a Share Dealing Code, in accordance with the model code of conduct as prescribed under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended.

The code prescribes the detailed procedures and guidelines to be adopted while dealing in the securities of the Corporation. The code is applicable to all directors, employees and their dependents. 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 and designated employees who buy and sell any number of shares of the Corporation are prohibited from entering into an opposite transaction on the stock exchanges i.e. sell or buy any number of shares during the next six months following the prior transaction and from taking positions in derivative transactions in the equity shares of the Corporation.

In compliance with the provisions of the code, the directors and designated employees of the Corporation and their dependents have disclosed their dealings in the shares of the Corporation and have obtained prior approval of the Corporation for dealing in its securities in excess of the limits prescribed under the code. The disclosures include their dealings in securities of the Corporation, changes in their holding during the financial year and the position as at the end of the financial year. All directors and designated employees have confirmed that they have not taken positions in derivative transactions in the equity shares of the Corporation.

During the year, SEBI notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 which would replace the SEBI (Prohibition of Insider Trading) Regulations, 1992 with effect from May 15, 2015. In compliance with the provisions of the regulations, the Board of Directors of the Corporation, at its meeting held on April 29, 2015, adopted a revised Share Dealing Code and the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, to be effective from May 15, 2015. Mr. Conrad D'Souza, Member of Executive Management has been designated as the Chief Investor Relations Officer of the Corporation.

Transactions with Non-Executive Directors

As at March 31, 2015, deposits held by non-executive directors in the Corporation amounted to ₹ 15.94 crore. The cost and the terms and conditions of the deposits are the same as applicable to public deposits. The non-executive directors of the Corporation do not have any other pecuniary relationships or transactions with the Corporation or its directors, senior management, subsidiary or associate companies, other than in the normal course of business.

Related Party Transactions

During the year, the Board of Directors on the recommendation of the Audit Committee approved the Policy on Related Party Transactions. The policy is placed on the website of the Corporation.

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

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

Whistleblower Policy

During the year, the Board of Directors approved the 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.

Accounting Standards

The Corporation has complied with the applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006. The financial statements for the year have been prepared in accordance with and in compliance of the revised Schedule VI notified by the Ministry of Corporate Affairs (MCA).

Secretarial Standards

The Corporation has complied with the applicable Secretarial Standards notified by The Institute of Company Secretaries of India.

Proceeds from Private Placement Issues

During the year, the Corporation issued secured redeemable non-convertible debentures aggregating to ₹ 26,170 crore on a private placement basis, in various tranches. The Corporation also issued unsecured redeemable non-convertible subordinated debentures aggregating to ₹ 3,000 crore on a private placement basis. The debentures have been assigned the highest rating of 'CRISIL AAA/Stable' and 'ICRA AAA/Stable' by CRISIL and ICRA respectively.

As specified in the respective offer documents, the funds were utilised for the purpose of on lending for housing finance and to augment the capital requirements of the Corporation in respect of subordinated debt. 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 1,91,412 shareholders as on March 31, 2015. The main channel of communication to the shareholders is through the annual report which *inter alia* includes the Chairman's Statement, the Directors' Report, the Report of the Board of Directors on Corporate Governance, Management Discussion and Analysis Report, the Auditors' Report, the Consolidated Group financial statements with the Auditors' Report, Business Responsibility Report, Corporate Social Responsibility Report and Shareholders' Information.

The AGM is the principal forum for interaction with shareholders, where the board answers specific queries raised by shareholders. The board acknowledges its responsibility towards its shareholders and therefore encourages open and active dialogue with all its shareholders – be it individuals, domestic institutional investors or foreign investors.

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

Regular communication with shareholders ensures that the Corporation's strategy is being clearly understood. Details relating to quarterly performance and financial results are disseminated to the shareholders through press releases and uploaded on the Corporation's website. The financial results are published in leading publications such as Business Standard, Business Line and Navshakti. The Corporation also communicates the quarterly financial results by e-mail to shareholders who have registered their e-mail address either with the Corporation or their Depository Participants.

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

A brief profile of the directors to be re-appointed at the 38th AGM is provided as an annex to the notice convening the said AGM. A section on "Shareholders' Information" with information as required under Clause 49 of the listing agreements is provided elsewhere in the annual report.

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

Annual General Meetings (AGM)

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

Financial Year	Meeting	Date	Time	Number of Special Resolutions passed
2011-12	35th AGM	July 11, 2012	3.00 p.m.	1
2012-13	36th AGM	July 19, 2013	3.00 p.m.	-
2013-14	37th AGM	July 21, 2014	3.00 p.m.	3

During the year, one resolution seeking the approval of the shareholders of the Corporation to authorise the Board of Directors to mortgage, create charges or hypothecation as may be necessary, on such of the assets of the Corporation, both present and future, movable as well as immovable, including the undertaking of the Corporation, under the provisions of Section 180(1)(a) of the Companies Act, 2013, was put for voting through postal ballot. The voting pattern for the said resolution is provided below:

% of Votes polled on outstanding shares	% of Votes in favour on votes polled	% of Votes against on votes polled
62.44%	98.41%	1.31%

Mr. N. L. Bhatia of Messrs N. L. Bhatia & Associates, practising company secretaries conducted the postal ballot exercise.

No 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 Clause 49 of the listing agreements. 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 Clause 49 XI of the listing agreements. The said certificate is annexed to the Directors' Report and will be submitted to the stock exchanges and the MCA along with the annual report.

Non-Mandatory Requirements

The Corporation is in compliance with all the non-mandatory requirements listed in Clause 49 of the listing agreements.

Certification of Financial Reporting and Internal Controls

In accordance with Clause 49 IX of the listing agreements, 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
April 29, 2015

DEEPAK S. PAREKH
Chairman

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

MUMBAI
April 29, 2015

KEKI M. MISTRY
Vice Chairman & CEO

Compliance Certificate on Corporate Governance

TO THE MEMBERS OF HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

We have examined the compliance of conditions of Corporate Governance by HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED ("the Corporation") for the year ended March 31, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Corporation with the stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Corporation has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

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

For N. L. Bhatia & Associates
Company Secretaries
UINO: S1996MH016600

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

MUMBAI
April 29, 2015

Management Discussion and Analysis Report

Macroeconomic Overview

During the year under review, there was a significant change in the overall macro-economic environment in India. The new government's strong mandate and reform orientation boded well for the country. Based on the revised estimates by the Central Statistical Organisation, India's GDP for FY 2015 is estimated at 7.3%, making it one of the fastest growing major economies.

Various positive government initiatives that have benefited the Indian economy include the deregulation of diesel prices, the implementation of direct benefit transfers which enabled subsidies to be better targeted, the thrust given to financial inclusion and the opening up of foreign direct investment in sectors such as in insurance, railways, construction and defence.

India imports over 70% of its crude oil requirements. With commodity prices falling sharply, the Indian economy stood to benefit as it managed to rein in inflation, the current account deficit and the fiscal deficit. Inflation as measured by the Consumer Price Index stood at 5.2% in March 2015, undershooting the Reserve Bank of India's (RBI) target rate of 6% for the year. For FY 2015, the current account deficit is estimated at around 1.3% of GDP, which is considerably lower than two years ago. The government also managed to rein in the fiscal deficit at 4% of GDP for FY 2015.

During the financial year under review, net inflows from Foreign Portfolio Investors reached a record high of USD 45 billion – of which USD 18 billion was in equity and USD 27 billion was in debt.

Market Scenario

The demand for individual home loans was driven by rising disposable incomes, improved affordability and fiscal incentives on home loans. Mortgage penetration in the country, however, continues to remain low.

The government has also given a thrust to housing with its mission of achieving 'Housing for All' by the year 2022. Towards this goal, the government has set a target of building 2 crore houses in urban areas and 4 crore houses in rural areas.

Demand for commercial real estate saw some improvement over the previous year as absorption levels increased across the top eight largest cities in India. Demand for commercial space was predominantly from the IT/ITeS and financial services sector. Some pockets, however, continued to exhibit an oversupply of commercial real estate. The government's vision of building industrial corridors and smart cities bodes well for the Indian real estate sector.

Interest Rate Scenario

Given the RBI's stance of keeping the economy on a disinflationary glide path, the central bank kept rates unchanged for most of the year under review. However, lower than expected inflation since September 2014 due to the decline in commodity prices – particularly crude oil and lower food inflation provided headroom to lower interest rates. In the last quarter of the year under review, the RBI cumulatively reduced the repo rate by 50 basis points.

The RBI has done well by setting a target for the consumer price index, which was a landmark change in its monetary policy.

Financial Performance

For the year ended March 31, 2015, HDFC made a profit before tax of ₹ 8,624 crore as against ₹ 7,440 crore in the previous year -- an increase of 16%.

After providing ₹ 2,269 crore (previous year ₹ 2,000 crore) for tax, the net profit before adjustment of Deferred Tax Liability (DTL) on Special Reserve was ₹ 6,355 crore as compared to ₹ 5,440 crore in the previous year, representing a growth of 17%.

After providing ₹ 365 crore for DTL on Special Reserve, the profit after tax for the year ended March 31, 2015 stood at ₹ 5,990 crore.

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 Special Reserve created under Section 36(1) (viii) of the Income Tax Act, 1961.

The balance in the Special Reserve at the beginning of the year was ₹ 6,467 crore. Vide its circular dated August 22, 2014, NHB permitted HFCs to create DTL in respect of the opening balance in Special Reserve over a period of 3 years, in a phased manner in the ratio of 25:25:50 from the reserves.

In accordance with the NHB notification, HDFC has created 25% of DTL on the opening balance in Special Reserve of ₹ 560 crore at the end of this financial year. HDFC has reduced this amount from the general reserves during the year.

The deferred tax liability on the amount of Special Reserve appropriated out of the profits of

HDFC for the current financial year was ₹ 365 crore. This has been taken into account in determining the effective tax rate which has been used in determining the tax charge on the income of the Corporation for the year ended March 31, 2015. After taking this into account, the effective tax rate for the year increased to 30.5% as compared to 26.9% in the previous year.

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

Lending Operations

HDFC has cumulatively financed 5 million housing units. The average size of individual loans stood at ₹ 23.3 lac as compared to ₹ 22.1 lac in the previous year.

Assignment/Sale of Loans

The Corporation, under the loan assignment route sold individual loans amounting to ₹ 8,249 crore to HDFC Bank pursuant to the buyback option embedded in the home loan arrangement between the Corporation and HDFC Bank.

As at March 31, 2015, total loans outstanding in respect of loans sold/assigned stood at ₹ 25,152 crore (inclusive of ₹ 156 crore of non-individual loans). HDFC continues to service these loans and is entitled to the residual interest on the loans sold/assigned.

The residual interest on the outstanding individual loans sold/assigned is 1.25% per annum. The residual income on these loans is being recognised over the life of the underlying loans and not on an upfront basis. Loan pools which were rated by external rating agencies carry a rating indicating the highest degree of safety.

Loan Portfolio

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

During the year, HDFC's loan book increased to ₹ 2,28,181 crore from ₹ 1,97,100 crore in the previous year. In addition, loans securitised and/or assigned by the Corporation and outstanding as at March 31, 2015 amounted to ₹ 25,152 crore.

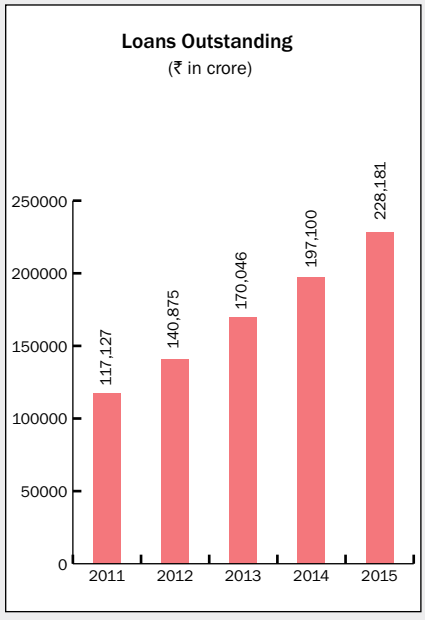
The net increase in the loan book (after removing loans that have been securitised) of ₹ 31,081 crore has been determined after taking into account loan repayments of ₹ 66,422 crore (previous year ₹ 58,410 crore) and loans written off during the year amounting to ₹ 28 crore (previous year ₹ 46 crore).

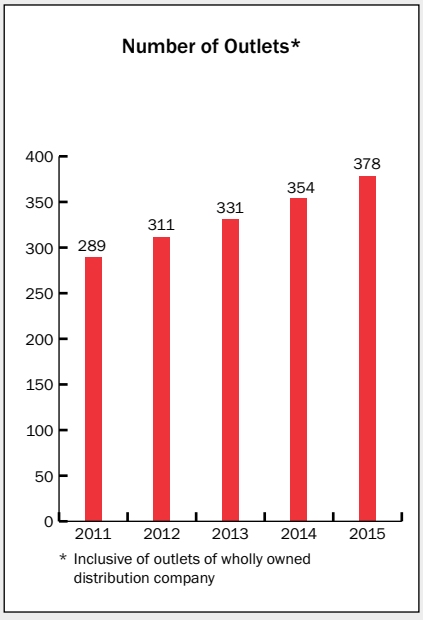
The growth in the individual loan book, after adding back loans sold in the preceding 12 months was 23% (17% net of loans sold). The non-individual loan book grew at 14%. The growth in the total loan book after adding back loans sold was 20% (16% net of loans sold).

Of the total loan book, individual loans comprise 71%. Further, 78% of the incremental growth in the loan book during the year came from individual loans.

Marketing and Distribution

HDFC's distribution network spans 378 outlets, which include 103 offices of the wholly owned distribution company, HDFC Sales Private Limited (HSPL). In addition, HDFC covers





several locations through outreach programmes.

Total loans sourced from distribution channels such as HSPL, HDFC Bank and third party direct selling associates during the year accounted for 91% of individual loans disbursed by HDFC in value terms. The commission paid to the agents in respect of loans retained by the Corporation is charged to the Statement of Profit and Loss upfront and is not amortised over the life of the loan. The total commission payable to distribution channels amounting to ₹ 355 crore has been charged to the Statement of Profit and Loss against fee income.

Investments

The Investment Committee constituted by the Board of Directors is responsible for approving investment proposals in line with the limits as set out by the Board of Directors.

The investment function supports the core business of housing finance. The investment mandate includes ensuring adequate levels of liquidity to support core business requirements, maintaining a high degree of safety and optimising the level of returns, consistent with acceptable levels of risk.

As at March 31, 2015, the investment portfolio stood at ₹ 14,294 crore. The proportion of investments to total assets was 6%.

Housing Finance Companies (HFCs) are required to maintain a statutory liquidity ratio (SLR) in respect of public deposits raised. Currently the SLR requirement is 12.5% of public deposits. As at March 31, 2015, HDFC had ₹ 2,378 crore in bank deposits and National Housing Bank (NHB) bonds and ₹ 4,123 crore in government securities.

As at March 31, 2015, the treasury portfolio (excluding investments in equity shares) had an average balance period to maturity of 34 months. The average yield on the non-equity portfolio for the year was 10.13% per annum on an annualised basis.

HDFC has classified its investments into current and long-term investments. The current investments have been entirely 'marked to market'. In respect of long-term investments, provisions have been made to reflect any permanent diminution in the value of investments. The aggregate provision on account of such current and long-term investments amounts to ₹ 78 crore. After considering the opening balance of ₹ 82 crore in the diminution in the value of investments account an amount of ₹ 4 crore has been written back through the provision for contingencies in the Statement of Profit and Loss.

As at March 31, 2015, the market value of quoted investments was higher by ₹ 55,185 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.

Subsidiaries and Associates

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

During the year, HDFC made gross investments in the equity share capital of its subsidiary companies -- HDFC ERGO (₹ 47 crore), HDFC Education and Development Services Private Limited (₹ 5 crore) and HDFC Developers Limited (₹ 3 crore). HDFC also invested in non-convertible debentures of Credila Financial Services Private Limited (₹ 5 crore).

During the year, the Corporation sold 0.95% of the total issued and paid-up share capital of HDFC Life to Azim Premji Trust.

Recoveries

Gross non-performing loans outstanding amounted to ₹ 1,542 crore as at March 31, 2015, constituting 0.67% of the loan portfolio. The principal outstanding in respect of individual loans where the instalments were in arrears constituted 0.51% of the individual portfolio and the corresponding figure was 1.01% in respect of the non-individual portfolio. HDFC has written off loans aggregating to ₹ 28 crore during the year. These loans have been written off pursuant to one-time settlements, where HDFC will continue making efforts to recover the money. HDFC has, since inception, written off loans (net of subsequent recovery) aggregating to ₹ 224 crore. Thus as at March 31, 2015, the total loan write offs continues to stand at less than 4 basis points of cumulative disbursements since inception of the Corporation.

Provision for Contingencies

During the year, the Corporation made a provision for contingencies of ₹ 165 crore (previous year ₹ 100 crore) through a debit to the Statement of Profit and Loss. This provision was mainly in respect of standard assets.

As per NHB norms, the Corporation is required to carry a total provision of ₹ 1,703 crore.

During the year, HDFC has utilised ₹ 38 crore (net) out of the balance in provision for contingencies primarily on account of provision in diminution of value of investments and loan write offs. After taking into account the transfers as well as the net utilisation, the balance in provision for contingencies as at March 31, 2015 stood at ₹ 2,034 crore (inclusive of provision for non-performing loans of ₹ 481 crore). The balance in the provision for contingencies is equivalent to 0.89% of the loan portfolio.

Fixed Assets

During the year, HDFC reviewed its policy of providing for depreciation on its tangible fixed assets and has also reassessed their useful lives. On and from April 1, 2014, the straight line method is being used to depreciate all classes of tangible fixed assets. Previously, the straight line method was used for depreciating buildings, computers, leased assets and leasehold improvements, while other tangible fixed assets were being depreciated using the reducing balance method. The revised useful lives, as assessed by management match those specified in Part C of Schedule II to the Companies Act, 2013, for all classes of assets other than computer hardware and vehicles. Management believes that the revised useful lives of the assets reflect the periods over which these assets are expected to be used.

As a result of the change, the charge on account of depreciation for the year ended March 31, 2015, is lower by ₹ 13 crore compared to the method used and useful lives estimated in earlier periods.

During the year, HDFC acquired HUL House which is the corporate office of the Corporation. Net fixed assets as at March 31, 2015 amounted to ₹ 677 crore (previous year ₹ 280 crore).

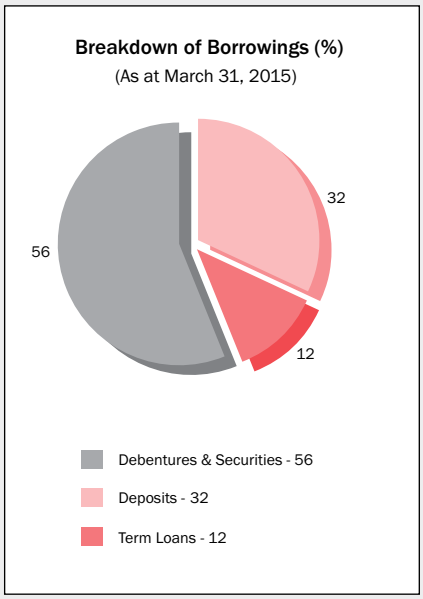
Subordinated Debt

During the year, the Corporation raised ₹ 3,000 crore through the issue of long-term unsecured redeemable non-convertible subordinated debentures. The subordinated debt was assigned the highest rating of 'CRISIL AAA/Stable' and 'ICRA AAA/Stable' by CRISIL and ICRA respectively.

As at March 31, 2015, the Corporation's outstanding subordinated debt stood at ₹ 6,475 crore. The debt is subordinated to present and future senior indebtedness of the Corporation and has been assigned the highest rating by CRISIL and ICRA respectively. Based on the balance term to maturity, as at March 31, 2015, ₹ 5,495 crore of the book value of subordinated debt was considered as Tier II under the guidelines issued by the National Housing Bank (NHB) for the purpose of capital adequacy computation.

Borrowings

Borrowings as at March 31, 2015 amounted to ₹ 2,08,599 crore as against ₹ 1,83,973 crore in the previous year - an increase of 13%. Borrowings constituted 82% of funds employed as at March 31, 2015. Of the total borrowings, bonds and debentures constituted 56%, deposits 32% and term loans 12%.



Foreign Currency Borrowings

The outstanding foreign currency borrowings constitute borrowings from FCNR (B) loans from commercial banks (USD 661 million), Asian Development Bank under the Housing Finance Facility Project (USD 52 million) and External Commercial Borrowing (ECB) under RBI's Low Cost Affordable Housing Scheme (USD 300 million).

Deposits

As at March 31, 2015, total outstanding deposits stood at ₹ 66,088 crore compared to ₹ 56,578 crore in the previous year. The number of deposit accounts stood at 18.1 lac. CRISIL and ICRA have for the twentieth 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 and is paid up-front for the full term of the deposit. In addition, agents who achieve certain collection targets are paid an incentive every year. During the year, HDFC reviewed its policy of charging incentive brokerage on deposits. With effect from April 1, 2014, incentive brokerage on deposits is being amortised over the period of the deposit, which earlier was expensed when incurred. There is no material impact on the Statement of Profit and Loss as a result of this change.

Term Loans from Banks, Institutions and Refinance from NHB

As at March 31, 2015 the total loans outstanding from banks, institutions and NHB amounted to ₹ 26,194 crore as compared to ₹ 32,952 crore as at March 31, 2014.

Non-Convertible Debentures (NCD)

During the year, the Corporation issued NCD amounting to ₹ 26,170 crore on a private placement basis. The Corporation's NCD issues have been listed on the Wholesale Debt Market segment of the National Stock Exchange of India Limited (NSE) and the BSE Limited. The NCD issues have been assigned the highest rating of 'CRISIL AAA/Stable' and 'ICRA AAA/Stable'.

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

As indicated in the past, to offset this mismatch, the Corporation has raised Zero Coupon Debentures (ZCD). The premium on the ZCD is payable on the maturity of the ZCD. The proportionate premium on these ZCD for the year (net of deferred tax) amounting to ₹ 415 crore (previous year ₹ 357 crore) has been debited to the Securities Premium Account in accordance with Section 52 of the Companies Act, 2013. As at March 31, 2015, the outstanding ZCDs amounted to ₹ 6,440 crore as against an investment of ₹ 8,426 crore in subsidiaries and associate companies (including convertible preference shares).

Financial Risk Management

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

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

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

As at March 31, 2015, the Corporation had foreign currency borrowings of USD 1,013 million equivalent. The entire principal on the foreign currency borrowings has been fully hedged through the above-mentioned instruments. Hence as at March 31, 2015, the Corporation's foreign currency exposure on borrowings net of risk management arrangements is nil.

In addition, HDFC has entered into cross currency swaps of a notional amount of USD 409 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 332 million. The open position is at 0.99% of the total borrowings of HDFC.

As a part of asset liability management and on account of the predominance of HDFC's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, HDFC has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of ₹ 15,240 crore as at March 31, 2015 for varying maturities into floating rate liabilities linked to various benchmarks. Further, interest rate swaps on a notional amount of USD 330 million equivalent are outstanding and have been undertaken to hedge the interest

rate risk on the foreign currency borrowings.

Revaluation of Foreign Currency Assets and Liabilities

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

Cross currency interest rate swaps are recorded at the closing rate.

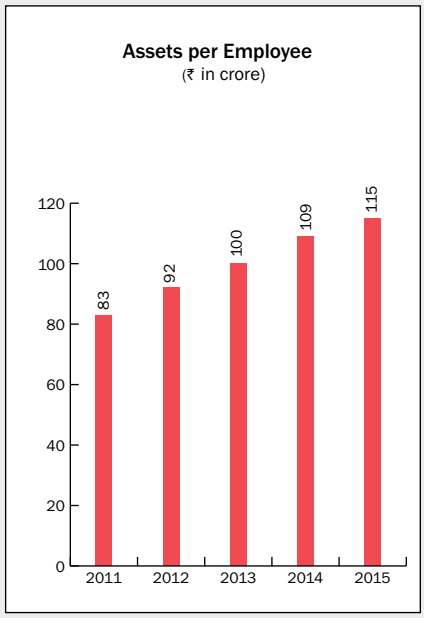
The net loss/gain on translation of long-term monetary assets and liabilities in foreign currencies is amortised over the maturity period of monetary assets and liabilities. The unamortised exchange difference is carried in the Balance Sheet as 'foreign currency monetary item translation difference account'.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

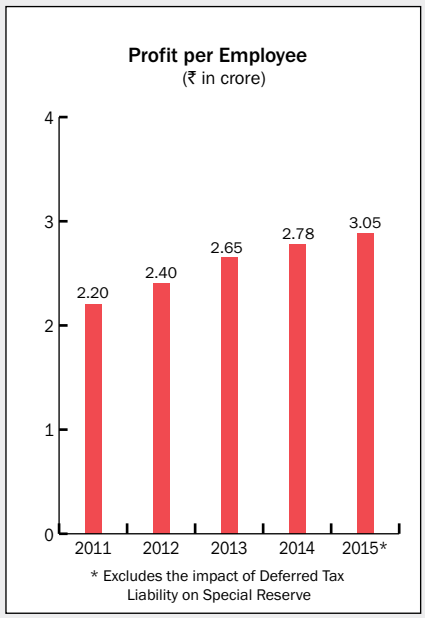
As on March 31, 2015, an amount of ₹ 34 crore (net of future tax benefit of ₹ 11 crore) is carried forward in the foreign currency monetary item translation difference account. This amount is to be amortised over the period of the monetary assets/ liabilities.

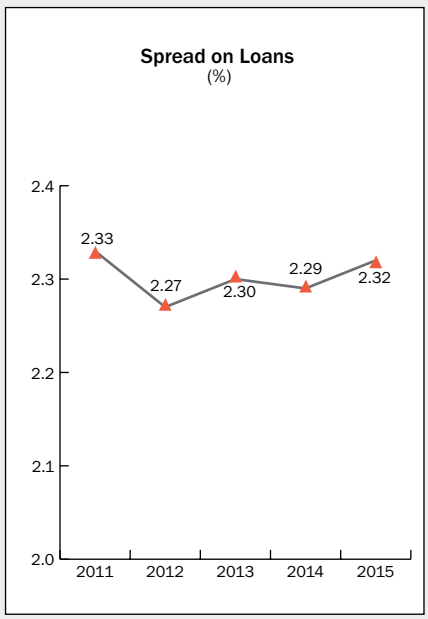
Asset-Liability Management (ALM)

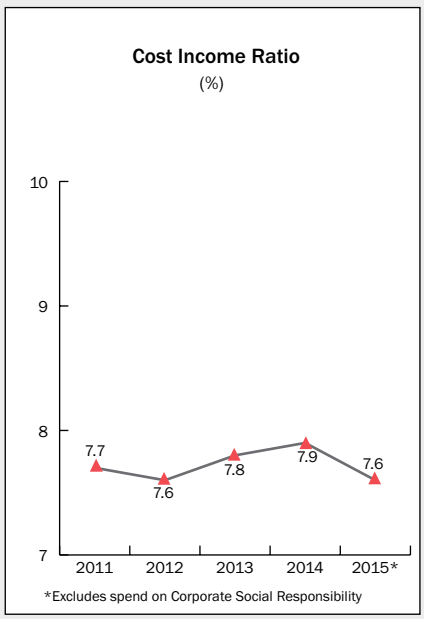
Under Schedule III of the Companies Act, 2013, the classification of assets and liabilities into current and non-current is based on their contracted maturities. However, the estimates based on past trends in respect of prepayments of loans, renewals of liabilities and liquid investments, which are in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

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









The ALM position is as under:

As at March 31, 2015, assets and liabilities with maturity up to 1 year amounted to ₹ 64,825 crore and ₹ 62,994 crore respectively. Asset and liabilities with maturity of between 2 years and 5 years amounted to ₹ 1,22,055 crore and ₹ 1,18,590 crore respectively and assets and liabilities with maturity beyond 5 years amounted to ₹ 67,072 crore and ₹ 72,368 crore respectively.

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

As at March 31, 2015, 86% of the assets and 73% of the liabilities were on a floating rate basis.

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

Internal Audit and Control

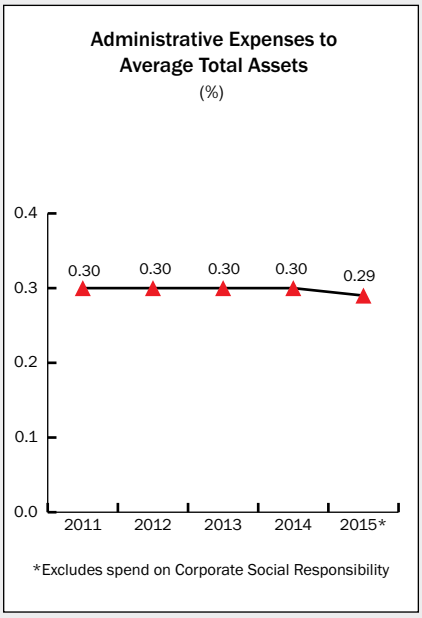
HDFC has instituted adequate internal control systems commensurate with the nature of its business and the size of its operations. Internal audit is carried out by independent firms of chartered accountants and cover all the offices and key areas of business. All significant audit observations and follow-up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

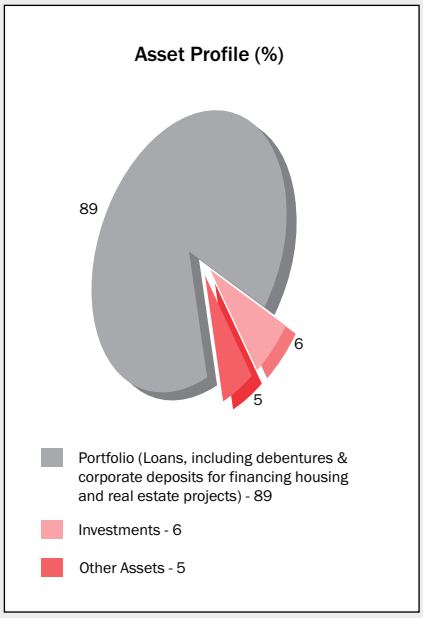
Statement of Profit and Loss Account

Key elements of the statement of profit and loss account for the year ended March 31, 2015 are:

Profit before tax grew by 16%.

- Profit after tax (excluding the impact of DTL on Special Reserve) grew by 17%. After considering DTL on Special Reserve, the profit after tax grew by 10%.
- Net Interest Income grew by 14% during the year.
- Net Interest Margin for the year was 4%.
- Pre-tax return on average assets was 3.8% and the post-tax return on average assets was 2.7%.
- Return on equity (excluding the impact of DTL on Special Reserve) was 21.6% in the current year as compared to 20.6% in the previous year.
- HDFC's cost to income ratio was 7.6% for the year ended March 31, 2015 as against 7.9% in the previous year. HDFC's cost income ratio continues to be among the lowest in the financial sector in Asia.
- Administrative expenses as a percentage of average assets stood at 0.29% as at March 31, 2015 compared to 0.30% in the previous year.
- In March 2015, the board declared and paid an interim dividend of ₹ 2 per equity share of ₹ 2 each. The board recommended a final dividend





of ₹ 13 per equity share. The total dividend for the year is ₹ 15 per equity share as against ₹ 14 per equity share in the previous year. During the year, the Dividend Distribution Tax increased to 20.358% from 16.995% in the previous year.

- The dividend payout ratio will be 47%, which is the same as in the previous year.

Spread on Loans

The average yield on loan assets during the year was 11.78% per annum which was the same as the previous year. The average all-inclusive cost of funds was 9.46% per annum as compared to 9.49% per annum in the previous year. The spread on loans over the cost of borrowings for the year was 2.32% per annum as against 2.29% per annum in the previous year. Spread on individual loans for the year was 1.96% and on non individual loans was 3.10%.

Capital Adequacy Ratio

As per the regulatory norms, the minimum requirement for the capital adequacy ratio (CAR) and Tier I capital is 12% and 6% respectively on the risk weighted assets.

As at March 31, 2015, the risk weighted assets stood at around ₹ 1,93,000 crore.

HDFC's capital adequacy ratio (CAR) after reducing the investment in HDFC Bank from Tier I capital stood at 16.1%. Of this, Tier I capital was 12.5% and Tier II capital was 3.6%. DTL on Special Reserve has been considered as a deduction in the computation of Tier I and Tier II capital.

The CAR without reducing the investment in HDFC Bank from Tier I capital, while treating it as a 100% risk weight stood at 18.5%, of which Tier 1 capital was 15% and Tier II capital was 3.5%.

Prudential Norms for Housing Finance Companies (HFCs)

NHB has issued guidelines to HFCs on prudential norms for income recognition, provisioning norms, asset classification, capital adequacy and concentration of credit/investments and capital market exposure norms. HDFC is in compliance with the prudential norms.

Human Resources

Human resources are HDFC's most valuable assets. The efficiency of HDFC's staff is evident from the fact that the number of offices increased from 41 in 1998 to 275 (excluding offices of HSPL) currently as against the number of employees which increased from 806 to 2,081 during the same period.

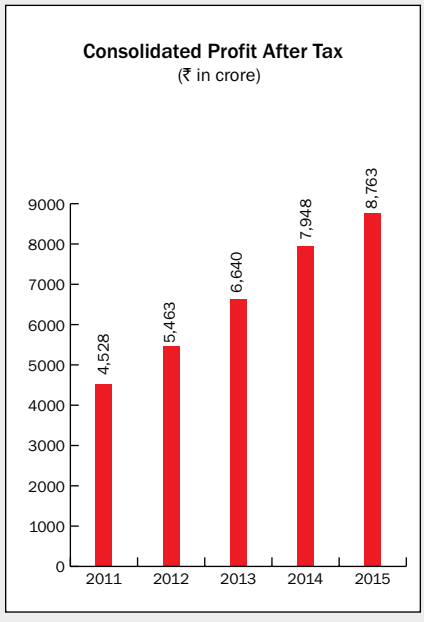
Total assets per employee as at March 31, 2015 stood at ₹ 115 crore as compared to ₹ 109 crore in the previous year and net profit per employee as at March 31, 2015 was ₹ 3.1 crore (excluding DTL on Special Reserve) as compared to ₹ 2.8 crore in the previous year.

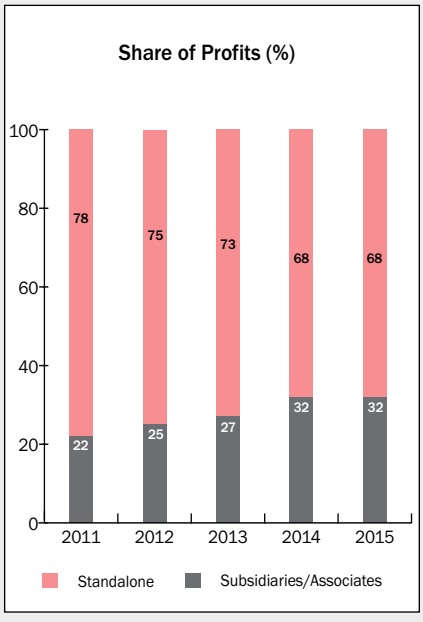
Audited Consolidated Accounts

In accordance with the accounting standards prescribed by the Institute of Chartered Accountants of India, the consolidated financial statements comprise the individual financial statements of the Corporation together with its subsidiaries which are consolidated on a line-by-line basis and its associates which are accounted on the equity method.

On a consolidated basis for the year ended March 31, 2015 the profit before tax was ₹ 10,117 crore as compared to ₹ 8,846 crore in the previous year representing a growth of 14%.

After providing ₹ 3,166 crore (PY ₹ 2,358 crore) for tax, the profit for the year was ₹ 6,951 crore as compared to ₹ 6,488 crore in the previous year.





After adjusting for share of profit of minority interest ₹ 482 crore (PY ₹ 455 crore) and for net share of profit from associates of ₹ 2,294 crore (PY ₹ 1,915 crore), the profit after tax attributable to the group was ₹ 8,763 crore as compared to ₹ 7,948 crore in the previous year representing a growth of 10%.

The consolidated profit after tax for the year ended March 31, 2015 does not consider the charge in respect of the redemption premium on Zero Coupon Debentures amounting to ₹ 415 crore (net of tax) (PY ₹ 357 crore).

The consolidated profit after tax for the year ended March 31, 2015 is after deduction of DTL on Special Reserve of ₹ 384 crore (PY Nil).

Had the aforesaid adjustments been considered, the profit after tax for the year ended March 31, 2015 would have been ₹ 8,732 crore compared to ₹ 7,591 crore for the previous year, representing an increase of 15%.

Analysis of Profits

The increase in the consolidated profit after tax for the year ended March 31, 2015 is attributed to the increase in profits of the Corporation, HDFC Bank, HDFC Asset Management Company Limited (HDFC AMC) and the improved financial performance of HDFC Standard Life Insurance Company Limited (HDFC Life).

For the year ended March 31, 2015, HDFC Bank's (consolidated) profit after tax stood at ₹ 10,689 crore as against ₹ 8,743 crore in the previous year, representing an increase of 22%.

HDFC Life reported a profit after tax of ₹ 786 crore for the year ended March 31, 2015 as against ₹ 725 crore in the previous year, representing a growth of 8%. The back book is generating sufficient profits to offset the new business strain incurred in writing of new policies. During the year, the Corporation received dividend of ₹ 101 crore from HDFC Life.

HDFC Asset Management reported a profit after tax of ₹ 416 crore for the year ended March 31, 2015 as against ₹ 358 crore in the previous year – growth of 16%. During the year, the Corporation received dividend of ₹ 98 crore from HDFC Asset Management.

HDFC ERGO reported a profit after tax for the year stood at ₹ 104 crore as against ₹ 195 crore in the previous year. Lower profits during the year under review were mainly on account of the impact of natural catastrophes such as the Jammu & Kashmir floods, Cyclone Hudhud and Cyclone Phailin and due to a change in the depreciation policy, aligning it with the Companies Act, 2013. During the year, the Corporation received dividend of ₹ 30 crore from HDFC ERGO.

GRUH Finance Limited reported a profit after tax before DTL on Special reserve of ₹ 223 crore for the year ended March 31, 2015 as against ₹ 177 crore in the previous year, representing a growth of 26%. The profit after tax after the factoring DTL on Special Reserve for the year ended March 31, 2015 stood at ₹ 204 crore. During the year, the Corporation received dividend of ₹ 32 crore from GRUH Finance.

Consolidated Share of Profits

The standalone HDFC profit after tax increased from ₹ 5,440 crore in the previous year to ₹ 5,990 crore in the year ended March 31, 2015. The consolidated profits of the subsidiaries and the net share of profits from associates (equity method) stood at ₹ 2,773 crore compared to ₹ 2,508 crore in the previous year. Thus the profit after tax attributable to the group was ₹ 8,763 crore as compared to ₹ 7,948 crore in the previous year representing a growth of 10%.

For the year ended March 31, 2015, the share of the profit from subsidiaries and associates in the consolidated profit after tax was 32%.

The post tax return on assets for the consolidated group accounts for the year ended March 31, 2015 was 2.7%. The return on equity without including the impact of DTL on Special Reserve stood at 22.1%. The basic and diluted earnings per share (on a face value of ₹ 2 per share) for the group was ₹ 55.81 and ₹ 55.30 respectively.

Independent Auditor's Report

TO THE MEMBERS OF

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (the "Corporation"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the returns for the year ended on that date audited by the branch auditor of the Corporation's branch at Dubai.

Management's Responsibility for the Standalone Financial Statements

The Corporation's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Corporation in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Corporation's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Corporation has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Corporation's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Corporation as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We refer to Note 3.2 to the financial statements, which describes the accounting treatment used by the Corporation in creating the Deferred Tax Liability on Special Reserve under section 36(1)(viii) of the Income Tax Act, 1961 as at April 1,

2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated August 22, 2014.

Our opinion is not modified in respect of this matter.

Other Matter

We did not audit the financial statements/information of one branch included in the standalone financial statements of the Corporation whose financial statements / financial information reflect total assets of ₹ 0.90 crore as at 31st March, 2015 and total revenues of ₹ 2.09 crore for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of this branch has been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of that branch, is based solely on the report of such branch auditor.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

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

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

(e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(f) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

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

i. The Corporation has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 22 to the financial statements.

ii. The Corporation has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts - Refer Notes 3.7, 3.8 and 30 to the financial statements.

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

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

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

MUMBAI
29th April, 2015

Annexure to the Independent Auditor's Report

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

i. According to information and explanation given to us in respect of its fixed assets:

a. The Corporation has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

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

ii. According to the information and explanations given to us, the nature of the Corporation's business is such that it is not required to hold any inventories.

iii. According to the information and explanations given to us, the Corporation has granted loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. In respect of such loans:

a. The receipts of principal amounts and interest have been regular/as per stipulations.

b. There is no overdue amount in excess of ₹ 1 lakh remaining outstanding as at the year-end.

iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Corporation and the nature of its business for the purchase of fixed assets and for the sale of services and during the course of our audit we have not observed any major weaknesses in such internal control system.

v. In our opinion and according to the information and explanations given to us, the Corporation has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, the Companies (Acceptance of Deposits) Rules, 2014, as amended and the Housing Finance Companies (NHB) Directions, 2010, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the National Housing Bank or the Reserve Bank of India or any Court or any other Tribunal.

vi. The provisions of clause (3)(vi) of the Order are not applicable to the Corporation as the services rendered by the Corporation are not covered by the Companies (Cost Records and Audit) Rules, 2014.

vii. According to the information and explanations given to us, in respect of statutory dues:

a. The Corporation has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Cess and other

material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.

c. Details of dues of Wealth Tax, Interest on Lease Tax and Employees' State Insurance which have not been deposited as on 31st March, 2015 on account of disputes are given below:

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

d. The Corporation has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.

viii. The Corporation does not have accumulated losses at the end of the financial year and the Corporation has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

ix. In our opinion and according to the information and explanations given to us, the Corporation has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.

x. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Corporation for loans taken by others from banks and financial institutions are not, *prima facie*, prejudicial to the interests of the Corporation.

xi. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Corporation during the year for the purposes for which they were obtained other than temporary deployment pending application.

xii. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Corporation and no material fraud on the Corporation has been noticed or reported during the year, although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amount whereof are not material in the context of the size of the Corporation and the nature of its business and which have been provided for.

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

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

MUMBAI
29th April, 2015

Balance Sheet as at March 31, 2015

	Notes	₹ in Crore	₹ in Crore	March 31, 2014 ₹ in Crore
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share capital	2	314.94		312.10
Reserves and surplus	3	30,655.03		27,643.09
			30,969.97	27,955.19
NON-CURRENT LIABILITIES				
Long-term borrowings	4	97,602.34		86,881.04
Deferred tax liability (Net)	14	200.67		-
Other long-term liabilities	5	2,436.81		2,231.11
Long-term provisions	6	1,550.88		1,347.00
			1,01,790.70	90,459.15
CURRENT LIABILITIES				
Short-term borrowings	7	33,257.71		25,317.85
Trade payables	8	87.80		81.82
Other current liabilities	9			
- Borrowings		77,738.98		71,774.30
- Others		7,467.60		7,137.20
Short-term provisions	10	2,638.90		2,706.98
			1,21,190.99	1,07,018.15
			2,53,951.66	2,25,432.49
ASSETS				
NON-CURRENT ASSETS				
Fixed assets				
(i) Tangible assets	11	671.84		275.76
(ii) Intangible assets	12	5.12		4.72
Non-current investments	13	13,691.70		13,370.29
Deferred tax asset (Net)	14	-		629.87
Long-term loans and advances	15			
- Loans		2,01,680.43		1,75,746.08
- Others		2,564.72		2,640.32
Other non-current assets	16	2,763.11		914.08
			2,21,376.92	1,93,581.12
CURRENT ASSETS				
Current investments	17	602.64		542.36
Trade receivables	18	46.18		84.52
Cash and bank balances	19	3,364.65		7,715.52
Short-term loans and advances	20			
- Loans		26,019.69		20,808.31
- Others		1,966.28		2,303.36
Other current assets	21	575.30		397.30
			32,574.74	31,851.37
			2,53,951.66	2,25,432.49

See accompanying notes forming part of the financial statement

As per our report attached.

Directors

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

Sanjiv V. Pilgaonkar
Partner

MUMBAI, April 29, 2015

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)
V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

R. S. Tarneja (DIN: 00009395)
J. J. Irani (DIN: 00311104)
S. A. Dave (DIN: 00001480)

Ajay Agarwal
Company Secretary
(ACS: 13257)

Statement of Profit and Loss for the year ended March 31, 2015

	Notes	₹ in Crore	Previous Year ₹ in Crore
INCOME			
Revenue from Operations	23	**26,959.88**	23,894.03
Profit on Sale of Investments	24	**441.28**	248.98
Other Income	25	**69.70**	54.66
Total Revenue		**27,470.86**	24,197.67
EXPENSES			
Finance Cost	26	**17,975.09**	16,029.37
Staff Expenses	27	**328.46**	279.18
Establishment Expenses	28	**85.76**	86.98
Other Expenses	29	**262.63**	230.03
Depreciation and Amortisation	11 & 12	**29.78**	31.87
Provision for Contingencies	3.4 & 30.2	**165.00**	100.00
Total Expenses		**18,846.72**	16,757.43
PROFIT BEFORE TAX		**8,624.14**	7,440.24
Tax Expense			
- Current Tax		**2,363.00**	1,973.00
- Deferred Tax	14	**271.00**	27.00
PROFIT FOR THE YEAR		**5,990.14**	5,440.24
EARNINGS PER SHARE (Face Value ₹ 2)	31		
- Basic		**38.13**	34.89
- Diluted		**37.78**	34.62

See accompanying notes forming part of the financial statement

As per our report attached.

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

Sanjiv V. Pilgaonkar
Partner

MUMBAI, April 29, 2015

Deepak S. Parekh
Chairman
(DIN: 00009078)

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

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

Nasser Munjee (DIN: 00010180)
B. S. Mehta (DIN: 00035019)
D. N. Ghosh (DIN: 00012608)
D. M. Sukthankar (DIN: 00034416)
V. Srinivasa Rangan Executive Director (DIN: 00030248)
R. S. Tarneja (DIN: 00009395)
J. J. Irani (DIN: 00311104)
S. A. Dave (DIN: 00001480)
Ajay Agarwal Company Secretary (ACS: 13257)

Cash Flow Statement for the year ended March 31, 2015

		Notes	₹ in Crore	Previous Year ₹ in Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before tax		**8,624.14**	7,440.24
	Adjustments for:			
	Depreciation and Amortisation	**11 & 12**	**29.78**	31.87
	Provision for Contingencies	**3.4**	**165.00**	100.00
	Interest Expense	**26**	**17,864.71**	15,787.38
	Net Loss / (Gain) on translation of foreign currency monetary assets and liabilities	**26.3**	**(19.95)**	135.61
	Interest Income	**23**	**(25,605.58)**	(22,693.17)
	Utilisation of Securities Premium		**(192.80)**	(398.20)
	Utilisation of Shelter Assistance Reserve	**3**	**(0.79)**	(13.02)
	Profit on Sale of Investments		**(441.28)**	(248.98)
	Dividend Income	**23**	**(688.28)**	(555.59)
	Profit on Sale of Investment in Properties		**(6.37)**	(6.21)
	Surplus from deployment in Cash Management Schemes of Mutual Funds	**23**	**(364.55)**	(337.38)
	Profit on Sale of Fixed Assets (Net)		**(27.34)**	(20.93)
	Operating Profit before Working Capital changes		**(663.31)**	(778.38)
	Adjustments for:			
	Current and Non Current Assets		**21.38**	228.46
	Current and Non Current Liabilities		**(48.74)**	(148.85)
	Cash generated from Operations		**(690.67)**	(698.77)
	Interest Received		**25,499.64**	22,376.67
	Interest Paid		**(17,787.00)**	(14,839.24)
	Dividend Received		**688.28**	555.59
	Taxes Paid		**(2,707.81)**	(2,519.78)
	Net cash from Operations		**5,002.44**	4,874.47
	Loans disbursed (net)		**(30,964.16)**	(26,644.16)
	Corporate Deposits (net)		**492.49**	300.80
	Net cash used in operating activities		**(25,469.23)**	(21,468.89)
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		**(451.77)**	(79.76)
	Sale of Fixed Assets		**56.83**	28.55
			(394.94)	(51.21)
	Investments in Subsidiaries		**(60.01)**	(74.66)
	Investment in Cash Management Schemes of Mutual Funds		**(3,08,896.00)**	(4,40,700.00)
	Other Investments		**(1,743.60)**	(1,334.42)
	Sale proceeds of Investments :			
	- in Subsidiary Company		**297.31**	-
	- in Cash Management Schemes of Mutual Funds		**3,09,260.55**	4,41,037.38
	- in Other Companies and Properties		**1,733.33**	1,267.26
	Net cash from investing activities		**196.64**	144.35
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share Capital - Equity	**2.1**	**2.84**	2.83
	Securities Premium	**3**	**681.45**	626.42
	Deposits, CPs and other Short Term Borrowings (Net)		**26,887.75**	4,567.71
	Proceeds from Long-term borrowings		**48,555.01**	63,502.31
	Repayment of Long-term borrowings		**(50,866.15)**	(42,816.75)
	Dividend paid - Equity Shares		**(2,502.57)**	(1,939.91)
	Tax paid on Dividend		**(366.33)**	(314.98)
	Net cash from financing activities		**22,392.00**	23,627.63
	Net (Decrease) / Increase in cash and cash equivalents [A+B+C]		**(2,880.59)**	2,303.09
	Add : Cash and cash equivalents as at the beginning of the year	**19**	**5,634.72**	3,324.05
	Add : Exchange difference on bank balance		**2.80**	7.58
	Cash and cash equivalents as at the end of the year	**19**	**2,756.93**	5,634.72
	Earmarked balances with banks:			
	- Unclaimed Dividend Account		**20.47**	14.36
	- Towards Guarantees Issued by Banks		**0.13**	0.14
	- Others Against Foreign Currency Loans		**7.10**	6.40
	Short-term bank deposits		**580.02**	2,059.90
	Cash and Bank balances at the end of the year	**19**	**3,364.65**	7,715.52

See accompanying notes forming part of the financial statement

As per our report attached.

Directors

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

Sanjiv V. Pilgaonkar
Partner

MUMBAI, April 29, 2015

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)
V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

R. S. Tarneja (DIN: 00009395)
J. J. Irani (DIN: 00311104)
S. A. Dave (DIN: 00001480)

Ajay Agarwal
Company Secretary
(ACS: 13257)

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, read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Companies Act, 2013 and the guidelines issued by the National Housing Bank to the extent applicable.

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

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

1.2 SYSTEM OF ACCOUNTING

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

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

1.3 INFLATION

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

1.4 OPERATING CYCLE

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

1.5 CASH FLOW STATEMENT

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

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

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

1.7 LOANS AND RECEIVABLES AND CREDIT LOSS ALLOWANCES

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

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

Notes forming part of the standalone financial statements (Continued)

1.8 INTEREST INCOME ON LOANS

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

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

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

1.9 DIVIDEND

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

1.10 FEES AND OTHER REVENUE

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

1.11 INCOME FROM LEASES

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

1.12 INCOME FROM INVESTMENTS

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

1.13 BORROWING AND BORROWING COSTS

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

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

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.

Notes forming part of the standalone financial statements (Continued)

Measurement at the Balance Sheet date

Assets and liabilities in foreign currencies are converted at the rates of exchange prevailing at the year-end, where not covered by forward contracts. Wherever the Corporation has entered into a forward contract or an instrument that is, in substance, a forward exchange contract, the difference between the forward rate and the exchange rate on the date of the transaction is recognised as income or expense over the life of the contract. Monetary items represented by currency swap contracts are recorded at closing rate.

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

1.15 **BROKERAGE AND INCENTIVE ON DEPOSITS**

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

1.16 **OPERATING LEASES**

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

1.17 **INVESTMENTS**

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

1.18 **TANGIBLE FIXED ASSETS**

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

1.19 **INTANGIBLE ASSETS**

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

1.20 **DEPRECIATION AND AMORTISATION**

Tangible Fixed Assets

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

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

Computers and data processing equipment - 4 years

Vehicles - 5 years

Leasehold land is amortised over the duration of the lease.

Notes forming part of the standalone financial statements (Continued)

Intangible Assets

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

Computer Software - 4 years

Investment in Properties

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

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

1.21 **PROVISIONS AND CONTINGENCIES**

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

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

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

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

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

1.24 **EMPLOYEE BENEFITS**

Employee Stock Option Scheme ('ESOS')

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

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

Defined contribution plans

The Corporation's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made. These funds

Notes forming part of the standalone financial statements (Continued)

and the schemes thereunder are recognised by the Income-tax authorities and administered by various trustees. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Corporation.

Defined benefit plans

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

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

Short-term employee benefits

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

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

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

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

Long-term employee benefits

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

1.25 EARNINGS PER SHARE

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

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

Notes forming part of the standalone financial statements (Continued)

1.26 TAXES ON INCOME

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

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

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

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

1.27 SERVICE TAX INPUT CREDIT

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

1.28 SECURITISED LOANS AND SECURITISATION LIABILITIES

The Corporation periodically transfers pools of mortgages. Such assets are de-recognised, 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, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
AUTHORISED		
162,50,00,000 Equity Shares of ₹ 2 each	**325.00**	325.00
(Previous Year 162,50,00,000 Equity Shares of ₹ 2 each)		
	325.00	325.00
ISSUED, SUBSCRIBED AND FULLY PAID UP		
157,46,97,670 Equity Shares of ₹ 2 each	**314.94**	312.10
(Previous Year 156,05,32,605 Equity Shares of ₹ 2 each)		
	314.94	312.10

Notes forming part of the standalone financial statements (Continued)

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	₹ in Crore	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**156,05,32,605**	**312.10**	154,63,47,255	309.27
Shares allotted pursuant to exercise of stock options	**1,41,65,065**	**2.84**	1,41,85,350	2.83
Equity shares outstanding as at the end of the year	**157,46,97,670**	**314.94**	156,05,32,605	312.10

2.2 The details of each shareholder holding more than 5 percent shares in the Corporation:

Particulars	Outstanding as on March 31, 2015		Outstanding as on March 31, 2014	
	Number	Percentage of shares held to total Shares (%)	Number	Percentage of shares held to total Shares (%)
Aberdeen Asset Management Asia Ltd. (on behalf of funds advised/ managed)	**8,00,17,312**	**5.08**	11,10,21,121	7.11

2.3 **5,05,74,170** shares of ₹ 2 each (Previous Year 3,35,28,585 shares of ₹ 2 each) were reserved for issuance towards outstanding Employees Stock Options granted / available for grant, including lapsed options [Refer Note 2.4].

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

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

At the 37th Annual General Meeting (AGM) held on July 21, 2014, the shareholders had approved the issue of 62,42,130 stock options representing 3,12,10,650 equity shares of ₹ 2 each to the eligible employees and Directors of the Corporation. The Nomination and Remuneration Committee of Directors (NRC) at its meeting held on October 8, 2014, approved the grant of 62,73,064 new stock options, representing 3,13,65,320 equity shares of ₹ 2 each under ESOS-14, to the eligible employees and Directors. The same represents the Options approved for grant by the shareholders at the AGM held on July 21, 2014 together with 41,810 options lapsed under previous schemes (ESOS-05 : 12,285 options, ESOS-07 : 29,267 options and ESOS-08 : 258 options), net of 10,876 options reserved. The options were granted at an exercise price of ₹ 5,073.25 per option (i.e. ₹ 1,014.65 per equity share of ₹ 2 each) being the latest available closing price of the equity shares of the Corporation on the stock exchange on which the shares are listed and having higher trading volume, prior to the meeting of the NRC at which the options were granted.

In terms of ESOS-14, the options would vest over a period of 1-3 years from the date of grant, but not later than October 7, 2017, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, no options have vested during the current year. The options can be exercised over a period of five years from the date of respective vesting.

Notes forming part of the standalone financial statements (Continued)

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

In terms of ESOS-11, the options would vest over a period of 1-3 years from the date of grant, but not later than May 22, 2015, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, during the year **1,80,438 options** (Previous Year 58,26,953 options) were vested. In the current year, **13,263 options** (Previous Year 28,787 options) were lapsed. The options can be exercised over a period of five years from the date of respective vesting.

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

In terms of ESOS-08, the options would vest over a period of 1-3 years from the date of grant, but not later than November 24, 2011, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. In the current year, **97 options** (Previous Year 146 options) were lapsed after vesting. The options can be exercised over a period of five years from the date of respective vesting.

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

In terms of ESOS-07, the options would vest over a period of 1-3 years from the date of grant, but not later than September 11, 2010, depending upon option grantee completing continuous service of three years with the Corporation. All the options have been vested in the earlier years. In the current year, **882 options** (Previous Year 28,742 options) were lapsed after vesting. The options can be exercised over a period of five years from the date of respective vesting.

Method used for accounting for share based payment plan:

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

Notes forming part of the standalone financial statements (Continued)

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

Particulars	ESOS-14	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	-	-
Granted during the year	62,73,064	-
Vested during the year	-	-
Exercised during the year	-	-
Lapsed during the year	49,045	-
Outstanding at the end of the year	62,24,019	-
Unvested at the end of the year	62,24,019	-
Exercisable at the end of the year	-	-
Weighted average price per option	₹ 5,073.25	

Particulars	ESOS-11	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	54,06,415	60,71,275
Granted during the year	-	-
Vested during the year	1,80,438	58,26,953
Exercised during the year	16,47,566	6,36,073
Lapsed during the year	13,263	28,787
Outstanding at the end of the year	37,45,586	54,06,415
Unvested at the end of the year	36,043	2,25,182
Exercisable at the end of the year	37,09,543	51,81,233
Weighted average price per option	₹ 3,177.50	

Particulars	ESOS-08	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	11,82,357	17,56,739
Granted during the year	-	-
Vested during the year	-	-
Exercised during the year	11,77,158	5,74,236
Lapsed during the year	97	146
Outstanding at the end of the year	5,102	11,82,357
Unvested at the end of the year	-	-
Exercisable at the end of the year	5,102	11,82,357
Weighted average price per option	₹ 1,350.60	

Notes forming part of the standalone financial statements (Continued)

Particulars	ESOS-07	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**15,148**	16,70,651
Granted during the year	**-**	-
Vested during the year	**-**	-
Exercised during the year	**8,289**	16,26,761
Lapsed during the year	**882**	28,742
Outstanding at the end of the year	**5,977**	15,148
Unvested at the end of the year	**-**	-
Exercisable at the end of the year	**5,977**	15,148
Weighted average price per option	**₹ 2,149.00**	

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

Fair Value Methodology:

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

The key assumptions used in Black-Scholes model for calculating fair value under ESOS-14, ESOS-11, ESOS-08 and ESOS-07 as on the date of grant viz. October 8, 2014, May 23, 2012, November 25, 2008 and September 12, 2007, are as follows :

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

Since all the stock options granted under ESOS-08 and ESOS-07 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)	**5,990.14**	5,440.24
Less: Stock-based compensation expenses determined under fair value based method, net of tax: [Gross ₹ **300.92 crore** (Previous Year ₹ 52.98 crore)] (pro-forma)	**198.64**	34.97
Net Profit (pro-forma)	**5,791.50**	5,405.27
Less: Amounts utilised out of Shelter Assistance Reserve	**10.83**	13.02
Net Profit considered for computing EPS (pro-forma)	**5,780.67**	5,392.25

Notes forming part of the standalone financial statements (Continued)

Amount in ₹

Particulars	Current Year	Previous Year
Basic earnings per share (as reported)	**38.13**	34.89
Basic earnings per share (pro-forma)	**36.86**	34.67
Diluted earnings per share (as reported)	**37.78**	34.62
Diluted earnings per share (pro-forma)	**36.52**	34.40

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

3. RESERVES AND SURPLUS

	₹ in Crore	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ 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	**6,415.95**		5,525.95
Add : Transfer from Statement of Profit and Loss [Refer Note 3.3]	**1,054.00**		890.00
		7,469.95	6,415.95
GENERAL RESERVE			
Opening Balance	**8,097.76**		7,059.78
Less : Utilised towards Deferred Tax Liability for Special Reserve [Refer Note 3.2]	**(559.54)**		-
Add : Transfer from Statement of Profit and Loss	**2,003.33**		1,037.98
		9,541.55	8,097.76
STATUTORY RESERVE (As per Section 29C of the National Housing Bank Act, 1987)			
Opening Balance	**3,129.42**		2,278.93
Add : Transfer from Statement of Profit and Loss [Refer Note 3.3]	**150.00**		900.00
	3,279.42		3,178.93
Less : Utilised during the Year [Refer Note 3.4] [(Net of Deferred Tax of ₹ **Nil**) (Previous Year ₹ 25.49 crore)]	-		49.51
		3,279.42	3,129.42
SECURITIES PREMIUM			
Opening Balance	**9,990.42**		9,721.17
Add : Received during the year	**681.45**		626.42
	10,671.87		10,347.59
Less : Utilised during the year (Net) [Refer Note 3.5] [(Net of tax effect of ₹ **213.72 crore**) (Previous Year ₹ 183.91 crore)]	**415.06**		357.17
		10,256.81	9,990.42
SHELTER ASSISTANCE RESERVE			
Opening Balance	**100.61**		53.63
Add : Transfer from Statement of Profit and Loss	-		60.00
	100.61		113.63
Less : Utilised during the year [Refer Notes 3.6 & 29.1]	**10.83**		13.02
		89.78	100.61

Notes forming part of the standalone financial statements (Continued)

	₹ in Crore	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
CAPITAL RESERVE		**0.04**	0.04
FOREIGN CURRENCY MONETARY ITEMS TRANSLATION DIFFERENCE ACCOUNT (Debit Balance) [Refer Note 3.7]			
Opening Balance (Debit)	**(142.34)**		(169.79)
Add / (Less) : Effect of foreign exchange rate variations during the year	**35.33**		80.48
Add / (Less) : Amortisation for the year [Refer Note 3.8]	**73.26**		(53.03)
Closing balance - (Debit)		**(33.75)**	(142.34)
SURPLUS IN THE STATEMENT OF PROFIT AND LOSS:			
Profit for the year	**5,990.14**		5,440.24
Amount available for appropriations	**5,990.14**		5,440.24
Appropriations:			
Special Reserve No. II [Refer Note 3.3]	**1,054.00**		890.00
General Reserve	**2,003.33**		1,037.98
Statutory Reserve (As per Section 29C of The National Housing Bank Act, 1987) [Refer Note 3.3]	**150.00**		900.00
Shelter Assistance Reserve	**-**		60.00
Interim Dividend Paid [Refer Note 3.9]	**314.94**		-
Tax on Interim Dividend	**12.10**		-
Proposed Dividend [Dividend ₹ **13.00** per equity share of ₹ 2 each (Previous Year ₹ 14.00 per equity share of ₹ 2 each)]	**2,047.11**		2,184.75
Additional Tax on Proposed Dividend	**416.74**		371.30
Additional Tax on Dividend [Refer Note 3.10]	**(18.59)**		(15.18)
Dividend including tax of ₹ **1.53 crore** (Previous Year ₹ 1.66 crore) pertaining to Previous Year paid during the year [Refer Note 3.11]	**10.51**		11.39
		-	-
		30,655.03	27,643.09

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

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

Notes forming part of the standalone financial statements (Continued)

3.3 As per Section 29C of the The National Housing Bank Act, 1987 (the "NHB Act"), the Corporation is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Corporation under Section 36(1)(viii) of the Income- tax Act, is considered to be an eligible transfer. The Corporation has transferred an amount of ₹ **1,054 crore** (Previous Year ₹ 890 crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of ₹ **150 crore** (Previous Year ₹ 900 crore) to "Statutory Reserve (As per Section 29C of The NHB Act)".

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

₹ in Crore

Particulars		Current Year	Previous Year
	Balance at the beginning of the year		
a)	Statutory Reserve under Section 29C of The NHB Act	**3,129.42**	2,278.93
b)	Amount of Special Reserve under Section 36 (1)(viii) of the Income Tax Act taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act		
	Special Reserve No. II	**6,113.95**	5,223.95
c)	Total	**9,243.37**	7,502.88
	Addition/Appropriation/Withdrawal during the year		
	Add:		
a)	Amount transferred under Section 29C of the NHB Act	**150.00**	900.00
b)	Amount of Special Reserve under Section 36 (1)(viii) of the Income Tax Act taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act	**1,054.00**	890.00
	Less:		
a)	Amount appropriated from Statutory Reserve under Section 29C of the NHB Act		
	[Net of Deferred Tax of ₹ **Nil** (Previous Year ₹ 25.49 crore)]	-	49.51
b)	Amount withdrawn from Special Reserve under Section 36 (1)(viii) of the Income Tax Act which has been taken into account for the purpose of provision under Section 29C of the NHB Act	-	-
		10,447.37	9,243.37
	Balance at the end of the year		
a)	Statutory Reserve under Section 29C of the NHB Act	**3,279.42**	3,129.42
b)	Amount of Special Reserve under section 36 (1)(viii) of the Income Tax Act taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act		
	Special Reserve No. II	**7,167.95**	6,113.95
c)	Total	**10,447.37**	9,243.37

3.4 During the year, in addition to the charge of ₹ **165 crore** (Previous Year ₹ 100 crore) to the Statement of Profit and Loss, an amount of ₹ **Nil** (net of Deferred Tax ₹ **Nil**) [Previous Year ₹ 49.51 crore (net of Deferred Tax ₹ 25.49 crore)], has been transferred from Statutory Reserve (as per Section 29C of the NHB Act) pursuant to circular NHB(ND)/DRS/Pol-No.03/2004-05 dated August 26, 2004 as under:

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
To Provision for Contingencies Account (Net) [Refer Note 6.2]	**202.44**	58.20
To Provision for Sub-Standard & Doubtful Loans [Refer Note 15.6]	**(37.44)**	116.80
	165.00	175.00

3.5 During the year, the Corporation utilised ₹ **415.06 crore** (net of tax effect of ₹ **213.72 crore**) [Previous Year ₹ 357.17 crore (net of tax effect of ₹ 183.91 crore)] in accordance with Section 52 of the Companies Act, 2013, towards the proportionate premium payable on redemption of Zero Coupon Secured Redeemable Non-Convertible Debentures.

3.6 Miscellaneous Expenses under Note 29.1 exclude ₹ **10.83 crore** (Previous Year ₹ 13.02 crore) in respect of amounts utilised out of Shelter Assistance Reserve during the year.

3.7 Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities. Consequently, an amount of ₹ **33.75 crore** (without considering future tax benefit of ₹ **11.47 crore**) [Previous Year ₹ 142.34 crore (without considering future tax benefits of ₹ 48.38 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2015. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 4 years.

3.8 During the year, there was a net reduction of ₹ **108.59 crore** (Previous Year ₹ 27.45 crore) in the Foreign Currency Monetary Items Translation Difference Account as under :

₹ in Crore

Particulars	Current Year	Previous Year
Net Revaluation of monetary assets & liabilities	**128.54**	(117.20)
Net Debit/(Credit) to the Statement of Profit & Loss on account of repayments during the year	**(93.21)**	197.68
Net amortisation Debit/(Credit) during the year	**73.26**	(53.03)
Net reduction during the year	**108.59**	27.45

3.9 The Board of Directors of the Corporation at its meeting held on March 19, 2015, *inter alia*, has approved the payment of an interim dividend of ₹ **2** per equity share of face value of ₹ 2 each of the Corporation, for the financial year 2014-15.

3.10 Additional Tax on dividend FY 2013-14 credit taken, ₹ **18.59 crore** (Previous Year ₹ 15.18 crore for FY 2012-13), pertains to the dividend tax paid by the subsidiary companies of the Corporation on the dividend paid to the Corporation as per Section 115(O)(1A) of the Income Tax Act, 1961.

3.11 In respect of equity shares issued pursuant to Employee Stock Option Schemes, the Corporation paid dividend of ₹ **8.98 crore** for the year 2013-14 (₹ 9.73 crore for the year 2012-13) and tax on dividend of ₹ **1.53 crore** (Previous Year ₹ 1.66 crore) as approved by the shareholders at the Annual General Meeting held on July 21, 2014.

Notes forming part of the standalone financial statements (Continued)

4. LONG-TERM BORROWINGS

₹ in Crore

Particulars		As at March 31, 2015	As at March 31, 2014
Bonds and Debentures [Refer Notes 4.3 & 4.10]	**60,192.20**		58,192.85
Term Loans :			
- Banks [Refer Note 4.10]	**6,378.01**		5,605.21
- External Commercial Borrowing - Low Cost Affordable Housing [Refer Notes 4.5 & 4.10]	**1,884.00**		1,805.10
- Others [Refer Note 4.10]	**1,300.15**		1,492.06
		69,754.36	67,095.22
Deposits [Refer Note 4.3]		**27,847.98**	19,785.82
Total		**97,602.34**	86,881.04

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

₹ in Crore

Sr. No.	Particulars	As at March 31, 2015	As at March 31, 2014
	Secured : [Refer Note 4.2]		
a)	**Bonds and Debentures**		
	- Bonds	**46.50**	52.25
	- Non Convertible Debentures	**54,170.70**	54,665.60
	Sub-Total	**54,217.20**	54,717.85
b)	**Term Loans from Banks**		
	- Scheduled Banks	**4,899.81**	4,823.00
	Sub-Total	**4,899.81**	4,823.00
c)	**Term Loans from other parties**		
	- Asian Development Bank [Refer Note 4.4]	**232.09**	257.52
	- National Housing Bank	**1,065.06**	1,217.10
		1,297.15	1,474.62
	Total Secured	**60,414.16**	61,015.47
	Unsecured:		
a)	**Bonds and Debentures**		
	- Non-Convertible Subordinated Debentures [Refer Note 4.9]	**5,975.00**	3,475.00
b)	**Term Loans from Banks**		
	- Scheduled Banks	**1,478.20**	782.21
c)	**External Commercial Borrowing - Low Cost Affordable Housing**	**1,884.00**	1,805.10
d)	**Term Loans from other parties**		
	- Under a line from Kreditanstalt für Wiederaufbau	**3.00**	17.44
e)	**Deposits** [Refer Note 4.8]	**27,847.98**	19,785.82
	Total Unsecured:	**37,188.18**	25,865.57
	Total	**97,602.34**	86,881.04

Notes forming part of the standalone financial statements (Continued)

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 ₹ **785.00 crore** (Previous Year ₹ 735.00 crore) and Deposits includes ₹ **2.38 crore** (Previous Year ₹ 0.88 crore) from related parties [Refer Note 35].

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

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

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

4.6 As on March 31, 2015, the Corporation has foreign currency borrowings of **USD 1,013.01 million equivalent** (Previous Year USD 740.63 million equivalent). The Corporation has undertaken currency swaps, options and forward contracts on a notional amount of **USD 495.81 million equivalent** (Previous Year USD 513 million equivalent) to hedge the foreign currency risk. As on March 31, 2015, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD Nil** (Previous Year USD Nil).

Further, interest rate swaps on a notional amount of **USD 330 million equivalent** (Previous Year USD 83 million equivalent) are outstanding, which have been undertaken to hedge the interest rate risk on the foreign currency borrowings.

As a part of asset liability management on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of ₹ **15,240 crore** (Previous Year ₹ 19,040 crore) as on March 31, 2015 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, the Corporation has entered into currency swaps of a notional amount of **USD 408.69 million equivalent** (Previous Year USD 409.49 million equivalent) through which it has converted its rupee liabilities into foreign currency liabilities and the interest rate is linked to the benchmarks of respective currencies.

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

For forward contracts or instruments that are in substance, forward exchange contracts, the exchange differences on such contracts are being amortised over the life of contracts. The amount of exchange difference in respect of such contracts to be recognised as expense in the Statement of Profit and Loss over subsequent accounting periods is ₹ **Nil** (Previous Year ₹ 6.77 crore).

Notes forming part of the standalone financial statements (Continued)

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

4.9 As at March 31, 2015, the Corporation's outstanding subordinated debt is ₹ **6,475 crore** (Previous Year ₹ 3,475 crore). These debentures are subordinated to present and future senior indebtedness of the Corporation and qualify as Tier II capital under National Housing Bank (NHB) guidelines for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2015, **84.86%** (Previous Year 80.29%) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.

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

A) BONDS & DEBENTURES

Previous Year figures are in (brackets)

₹ in Crore

Bonds & Debentures - Secured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
6.03% - 8%		**800.00**	**-**	**-**	**800.00**
		(1,380.60)	*(500.00)*	-	*(1,880.60)*
8.01% - 10%		**24,206.00**	**8,174.70**	**10,795.00**	**43,175.70**
		(24,474.00)	*(10,666.00)*	*(8,145.00)*	*(43,285.00)*
10.01% - 11.95%		**2,205.00**	**4,200.00**	**-**	**6,405.00**
		(1,085.00)	*(5,320.00)*	-	*(6,405.00)*
Zero Coupon		**2,990.00**	**800.00**	**-**	**3,790.00**
		(2,630.00)	*(360.00)*	-	*(2,990.00)*
Variable Rate					
- Linked to G Sec		**12.30**	**14.10**	**20.10**	**46.50**
		(116.75)	*(13.15)*	*(27.35)*	*(157.25)*
TOTAL SECURED	**A**	**30,213.30**	**13,188.80**	**10,815.10**	**54,217.20**
	A	*(29,686.35)*	*(16,859.15)*	*(8,172.35)*	*(54,717.85)*
Bonds & Debentures - Unsecured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
7.62% - 9.6%		**475.00**	**500.00**	**5,000.00**	**5,975.00**
		(975.00)	-	*(2,500.00)*	*(3,475.00)*
TOTAL UNSECURED	**B**	**475.00**	**500.00**	**5,000.00**	**5,975.00**
	B	*(975.00)*	-	*(2,500.00)*	*(3,475.00)*
TOTAL (SECURED & UNSECURED)	**A+B**	**30,688.30**	**13,688.80**	**15,815.10**	**60,192.20**
	A+B	*(30,661.35)*	*(16,859.15)*	*(10,672.35)*	*(58,192.85)*

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					
7.01% - 9%		-	-	-	-
		(323.00)	*(-)*	*(-)*	*(323.00)*
9.01% - 10.75%		**3,400.00**	**100.00**	**1,000.00**	**4,500.00**
		(1,000.00)	*(2,400.00)*	*(1,100.00)*	*(4,500.00)*
Term Loans from Scheduled Banks-Foreign Currency					
USD LIBOR +150- 200 bps		**399.81**	-	-	**399.81**
		(-)	*(-)*	*(-)*	*(-)*
TOTAL SECURED	**A**	**3,799.81**	**100.00**	**1,000.00**	**4,899.81**
	A	*(1,323.00)*	*(2,400.00)*	*(1,100.00)*	*(4,823.00)*
Term Loans from Banks - Unsecured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
Term Loans from Scheduled Banks - Rupee					
9.01% -10.25%		**285.00**	-	-	**285.00**
		(-)	*(-)*	*(-)*	*(-)*
Term Loans from Scheduled Banks - Foreign Currency					
USD LIBOR + 325 bps		**1,193.20**	-	-	**1,193.20**
		(782.21)	*(-)*	*(-)*	*(782.21)*
TOTAL UNSECURED	**B**	**1,478.20**	-	-	**1,478.20**
	B	*(782.21)*	*(-)*	*(-)*	*(782.21)*
TOTAL (SECURED & UNSECURED)	**A+B**	**5,278.01**	**100.00**	**1,000.00**	**6,378.01**
	A+B	*(2,105.21)*	*(2,400.00)*	*(1,100.00)*	*(5,605.21)*

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 + 175 bps	-	**1,884.00**	-	**1,884.00**
	(-)	*(1,805.10)*	*(-)*	*(1,805.10)*
TOTAL UNSECURED	-	**1,884.00**	-	**1,884.00**
	(-)	*(1,805.10)*	*(-)*	*(1,805.10)*

Notes forming part of the standalone financial statements (Continued)

D) TERM LOANS FROM OTHER PARTIES

Previous Year figures are in (brackets)

₹ in Crore

Term Loans from Other parties - Secured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
Asian Development Bank					
USD LIBOR + 40 bps		**15.57**	**17.61**	**25.28**	**58.46**
		(14.03)	*(15.87)*	*(32.92)*	*(62.82)*
Variable linked to Bank PLR		**24.80**	**28.04**	**40.26**	**93.10**
		(23.32)	*(26.37)*	*(54.71)*	*(104.40)*
Variable linked to G Sec		**21.45**	**24.25**	**34.83**	**80.53**
		(20.17)	*(22.80)*	*(47.33)*	*(90.30)*
National Housing Bank					
6% - 8%		**225.80**	**112.81**	**127.45**	**466.06**
		(195.70)	*(121.39)*	*(18.69)*	*(335.78)*
8.01% - 10%		**422.87**	**153.32**	**22.81**	**599.00**
		(510.10)	*(169.82)*	*(91.22)*	*(771.14)*
10.01% - 10.20%		-	-	-	-
		(110.18)	*(-)*	*(-)*	*(110.18)*
TOTAL SECURED	**A**	**710.49**	**336.03**	**250.63**	**1,297.15**
	A	*(873.50)*	*(356.25)*	*(244.87)*	*(1,474.62)*
Term Loans from Other parties - Unsecured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
Kreditanstalt für Wiederaufbau					
6%		**3.00**	**-**	**-**	**3.00**
		(17.44)	*(-)*	*(-)*	*(17.44)*
TOTAL UNSECURED	**B**	**3.00**	**-**	**-**	**3.00**
	B	*(17.44)*	*(-)*	*(-)*	*(17.44)*
TOTAL (SECURED & UNSECURED)	**A + B**	**713.49**	**336.03**	**250.63**	**1,300.15**
	A + B	*(890.94)*	*(356.25)*	*(244.87)*	*(1,492.06)*

5. OTHER LONG-TERM LIABILITIES

₹ in Crore

Particulars	March 31, 2015	March 31, 2014
Amounts payable on swaps [Refer Note 4.7]	**397.09**	718.60
Interest accrued but not due on borrowings	**772.20**	741.83
Premium payable on redemption of Debentures	**1,160.26**	693.65
Security and other deposits received	**9.50**	12.55
Income received in advance	**81.78**	45.59
Accrued Redemption Loss on Investments	**15.98**	18.89
Total	**2,436.81**	2,231.11

Notes forming part of the standalone financial statements (Continued)

6. LONG-TERM PROVISIONS

₹ in Crore

Particulars	March 31, 2015	March 31, 2014
Provision for Employee Benefits [Refer Note 27.3]	**49.44**	37.96
Provision for Contingencies [Refer Notes 6.1 & 6.2]	**1,501.44**	1,309.04
Total	**1,550.88**	1,347.00

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

Accordingly, the Corporation is required to carry a minimum provision of **₹ 1,170.92 crore** (Previous Year ₹ 1,012.03 crore) towards standard assets [Refer Note 30.1].

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

₹ in Crore

Particulars	Current Year	Previous Year
Opening Balance	**1,309.04**	1,265.24
Additions during the year (Net) [Refer Note 3.4]	**202.44**	58.20
Utilised during the year – towards Diminution in Value of Investments [Refer Note 30.2]	**(10.04)**	(14.40)
Closing Balance	**1,501.44**	1,309.04

7. SHORT-TERM BORROWINGS

₹ in Crore

Particulars		March 31, 2015	March 31, 2014
Loans repayable on demand:			
From Banks - Unsecured		**116.46**	6.12
Deposits - Unsecured [Refer Notes 7.2 & 4.8]		**2,822.05**	5,761.63
Other loans and advances:			
Scheduled Banks - Secured [Refer Note 7.1]	**4,660.00**		9,800.00
National Housing Bank - Secured [Refer Note 7.1]	**-**		-
Scheduled Banks - Unsecured	**-**		500.00
Commercial Papers - Unsecured [Refer Note 7.3]	**25,659.20**		9,250.10
		30,319.20	19,550.10
Total		**33,257.71**	25,317.85

7.1 All secured short-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.

7.2 Deposits includes **₹ 16.84 crore** (Previous Year ₹ 24.80 crore) from related parties [Refer Note 35].

Notes forming part of the standalone financial statements (Continued)

7.3 Commercial papers of the Corporation have a maturity value of ₹ **26,665.00 crore** (Previous Year ₹ 9,575.00 crore).

8. TRADE PAYABLES

₹ in Crore

Particulars	March 31, 2015	March 31, 2014
Trade Payables	**87.80**	81.82
Total	**87.80**	81.82

8.1 Trade Payables include ₹ **0.07 crore** (Previous Year ₹ 0.10 crore) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid/payable by the Corporation during the year to the "Suppliers" covered under the Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to inquiries made by the Corporation for this purpose.

8.2 As required under Section 205C of the Companies Act, 1956, the Corporation has transferred ₹ **2.18 crore** (Previous Year ₹ 1.65 crore) to the Investor Education and Protection Fund (IEPF) during the year except to the extent ₹ 0.87 crore in the previous year in respect of claims that are disputed. As of March 31, 2015, no amount was due for transfer to the IEPF.

8.3 Trade Payables includes ₹ **23.08 crore** (Previous Year ₹ 19.57 crore) due to related parties [Refer Note 35].

9. OTHER CURRENT LIABILITIES

₹ in Crore

Particulars		March 31, 2015	March 31, 2014
Current maturities of long-term borrowings [Refer Note 9.3]		**77,738.98**	71,774.30
Interest accrued but due on borrowings	**5,409.65**		5,385.82
Premium payable on redemption of Debentures	**136.54**		167.17
Interest accrued and due on matured deposits	**78.70**		55.19
Income and other amounts received in advance	**271.60**		184.21
Unclaimed dividend	**16.94**		14.36
Interim Dividend Payable	**3.53**		-
Unclaimed matured deposits	**617.92**		442.56
Other payables			
- Statutory Remittances	**147.37**		152.75
- Financial Assistance received from Kreditanstalt für Wiederaufbau	**7.78**		20.93
- Amounts payable - Securitised Loans	**567.73**		514.84
- Amounts payable on swaps [Refer Note 4.7]	**172.57**		167.24
- Accrued redemption loss on Investments	**-**		2.32
- Others	**37.27**		29.81
		7,467.60	7,137.20
Total		**85,206.58**	78,911.50

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, 2015	March 31, 2014
	Secured [Refer Note 9.2]		
(i)	**Bonds and Debentures**		
	- Bonds	**5.75**	5.25
	- Non-Convertible Debentures	**29,959.60**	26,995.00
(ii)	**Term Loans from Banks**		
	- Scheduled Banks	**9,230.40**	11,837.51
(iii)	**Term Loans from other parties**		
	- Asian Development Bank	**28.18**	26.22
	- Kreditanstalt für Wiederaufbau	**-**	12.74
	- National Housing Bank	**391.61**	494.18
	Total Secured	**39,615.54**	39,370.90
	Unsecured		
(i)	**Bonds and Debentures** [Refer Notes 4.9 & 9.3]	**500.00**	-
(ii)	**Term Loans from Banks**		
	- Scheduled Banks	**2,191.00**	1,355.92
(iii)	**Term Loans from other parties**		
	- Under a line from Kreditanstalt für Wiederaufbau	**14.44**	16.70
(iv)	**Deposits** [Refer Note 4.8]	**35,418.00**	31,030.78
	Total Unsecured	**38,123.44**	32,403.40
	Total	**77,738.98**	71,774.30

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 ₹ **116.00 crore** (Previous Year ₹ 40.00 crore) and Deposits includes ₹ **0.98 crore** (Previous Year ₹ 3.87 crore) from related parties [Refer Note 35].

10. SHORT-TERM PROVISIONS

₹ in Crore

Particulars	March 31, 2015	March 31, 2014
Provision for Employee benefits [Refer Note 27.3]	**110.52**	88.50
Provision for Tax (Net of Advance Tax)	**64.53**	62.43
Proposed Dividend	**2,047.11**	2,184.75
Additional Tax on Dividend	**416.74**	371.30
	2,638.90	2,706.98

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, 2014	Additions	Deductions	As at March 31, 2015	As at March 31, 2014	For the Year	Deductions	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Land:										
Freehold	15.70	-	-	**15.70**	-	-	-	-	**15.70**	15.70
	(15.70)	-	-	*(15.70)*	-	-	-	-	*(15.70)*	*(15.70)*
Leasehold	3.45	**366.80**	-	**370.25**	0.65	**2.29**	-	**2.94**	**367.31**	2.80
	(3.45)	-	-	*(3.45)*	*(0.61)*	*(0.04)*	-	*(0.65)*	*(2.80)*	*(2.84)*
Buildings:										
Own Use	205.78	**59.40**	**37.02**	**228.16**	44.41	**3.08**	**8.14**	**39.35**	**188.81**	161.37
	(211.08)	*(2.11)*	*(7.41)*	*(205.78)*	*(42.44)*	*(3.35)*	*(1.38)*	*(44.41)*	*(161.37)*	*(168.64)*
Leasehold Improvements	55.07	**2.17**	**1.28**	**55.96**	16.22	**12.81**	**1.27**	**27.76**	**28.20**	38.85
	(16.03)	*(39.35)*	*(0.31)*	*(55.07)*	*(10.68)*	*(5.84)*	*(0.30)*	*(16.22)*	*(38.85)*	*(5.35)*
Computer Hardware	66.91	**12.99**	**2.01**	**77.89**	56.43	**4.21**	**2.01**	**58.63**	**19.26**	10.48
	(61.23)	*(7.83)*	*(2.15)*	*(66.91)*	*(51.79)*	*(6.79)*	*(2.15)*	*(56.43)*	*(10.48)*	*(9.44)*
Furniture and Fittings:										
Own Use	61.11	**2.49**	**4.33**	**59.27**	42.81	**(1.39)**	**4.17**	**37.25**	**22.02**	18.30
	(52.62)	*(13.05)*	*(4.56)*	*(61.11)*	*(42.15)*	*(4.61)*	*(3.95)*	*(42.81)*	*(18.30)*	*(10.47)*
Under Operating Lease	0.71	-	**0.71**	-	0.63	**0.06**	**0.69**	-	-	0.08
	(0.71)	-	-	*(0.71)*	*(0.62)*	*(0.01)*	-	*(0.63)*	*(0.08)*	*(0.09)*
Office Equipment etc. :										
Own Use	57.11	**3.22**	**3.65**	**56.68**	33.57	**2.54**	**3.30**	**32.81**	**23.87**	23.54
	(46.36)	*(13.15)*	*(2.40)*	*(57.11)*	*(30.42)*	*(4.85)*	*(1.70)*	*(33.57)*	*(23.54)*	*(15.94)*
Under Operating Lease	0.79	-	**0.79**	-	0.67	**0.12**	**0.79**	-	-	0.12
	(0.79)	-	-	*(0.79)*	*(0.65)*	*(0.02)*	-	*(0.67)*	*(0.12)*	*(0.14)*
Vehicles	11.73	**2.88**	**1.43**	**13.18**	7.21	**0.66**	**1.36**	**6.51**	**6.67**	4.52
	(11.12)	*(2.02)*	*(1.41)*	*(11.73)*	*(6.77)*	*(1.58)*	*(1.14)*	*(7.21)*	*(4.52)*	*(4.35)*
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	623.91	**449.95**	**51.22**	**1,022.64**	348.15	**24.38**	**21.73**	**350.80**	**671.84**	275.76
Previous Year	*(564.64)*	*(77.51)*	*(18.24)*	*(623.91)*	*(331.68)*	*(27.09)*	*(10.62)*	*(348.15)*	*(275.76)*	*(232.96)*

* Assets held for disposal

11.1 The Corporation has reviewed its policy of providing for depreciation on its tangible fixed assets and has also reassessed their useful lives. On and from April 1, 2014, the straight line method is being used to depreciate all classes of tangible fixed assets. Previously, the straight line method was used for depreciating Buildings, Computers, Leased Assets and Leasehold Improvements while other tangible fixed assets were being depreciated using the reducing balance method. The revised useful lives, as assessed by Management, match those specified in Part C of Schedule II to the Companies Act, 2013, for all classes of assets other than Computer Hardware and Vehicles. Management believes that the revised useful lives of the assets reflect the periods over which these assets are expected to be used.

As a result of the change, the charge on account of Depreciation for year, is lower by ₹ **12.94 crore** compared to the method used and useful lives estimated in earlier periods.

11.2 Depreciation charge for the financial year above, excludes ₹ **3.98 crore** (Previous Year ₹ 2.27 crore) being depreciation charge on investment in Properties.

Notes forming part of the standalone financial statements (Continued)

12. INTANGIBLE ASSETS

Previous Year figures are in (brackets)
₹ in Crore

	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at March 31, 2014	Additions	Deductions	As at March 31, 2015	As at March 31, 2014	For the Year	Deductions	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Computer Software Licences	14.02	**1.82**	-	**15.84**	9.30	**1.42**	-	**10.72**	**5.12**	4.72
(Acquired)	*(11.77)*	*(2.25)*	-	*(14.02)*	*(6.79)*	*(2.51)*	-	*(9.30)*	*(4.72)*	*(4.98)*
Total	14.02	**1.82**	-	**15.84**	9.30	**1.42**	-	**10.72**	**5.12**	4.72
Previous Year	*(11.77)*	*(2.25)*	-	*(14.02)*	*(6.79)*	*(2.51)*	-	*(9.30)*	*(4.72)*	*(4.98)*

13. NON-CURRENT INVESTMENTS (AT COST)

	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Trade Investments :		
Equity Shares - Subsidiaries and Associate Companies	**8,250.18**	8,242.05
Preference Shares - Convertible - Subsidiary Company	**67.00**	67.00
Debentures - Redeemable - Subsidiary Company	**79.00**	74.00
Venture Funds	**223.49**	182.80
Non-Trade Investments :		
Equity Shares	**552.70**	745.59
Preference Shares - Convertible	**0.50**	0.50
Preference Shares - Cumulative Redeemable	**5.99**	5.99
Debentures and Bonds - Redeemable - for Financing Real Estate Projects	**63.33**	163.33
Debentures and Bonds - Redeemable - Others	**-**	20.00
Pass Through Certificates and Security Receipts - for Financing Real Estate Projects	**37.10**	41.91
Security Receipts - Others	**8.11**	21.97
Government Securities	**4,087.64**	3,719.77
Mutual Funds	**10.00**	10.00
Venture Funds	**110.08**	54.22
Properties [Net of Depreciation of ₹ **15.11 crore** (Previous Year ₹ 13.13 crore)]	**270.93**	102.88
	13,766.05	13,452.01
Less: Provision for other than temporary Diminution in Value of Investments	**74.35**	81.72
	13,691.70	13,370.29

Notes forming part of the standalone financial statements (Continued)

	Book Value ₹ in Crore	Market Value ₹ in Crore
Aggregate of Quoted Investments	**5,806.92**	**45,661.78**
Previous Year	*5,966.95*	*32,982.31*
Aggregate of Investments listed but not quoted	**4,150.97**	
Previous Year	*3,883.10*	
Aggregate of Investments in Unquoted Mutual Funds (Refer Note 2 below)	**10.00**	**10.20**
Previous Year	*10.00*	*10.06*
Aggregate of Unquoted Investments (Others)	**3,452.88**	
Previous Year	*3,407.36*	
Properties	**270.93**	
Previous Year	*102.88*	
	13,691.70	
Previous Year	*13,370.29*	

Trade Investments :

	Number of Shares	Face Value per Share ₹	**As at March 31, 2015 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
Equity Shares - Subsidiaries and Associate Companies (fully paid)						
Subsidiaries						
Credila Financial Services Pvt. Ltd.	4,22,72,003	10	**47.97**	422,72,003	10	47.97
GRUH Finance Ltd.*	21,30,77,850	2	**60.74**	10,65,38,925	2	60.74
HDFC Asset Management Co. Ltd.	1,50,96,600	10	**235.88**	1,50,96,600	10	235.88
HDFC Developers Ltd.	30,50,000	10	**3.05**	50,000	10	0.05
HDFC Education and Development Services Pvt. Ltd.	1,51,00,000	10	**15.10**	1,01,00,000	10	10.10
HDFC ERGO General Insurance Co. Ltd.	39,66,08,250	10	**644.96**	39,07,32,250	10	597.96
HDFC Holdings Ltd.	18,00,070	10	**102.40**	18,00,070	10	102.40
HDFC Investments Ltd.	2,66,70,500	10	**66.15**	2,66,70,500	10	66.15
HDFC Property Ventures Ltd.	10,00,000	10	**1.00**	10,00,000	10	1.00
HDFC Realty Ltd.	77,50,070	10	**7.31**	77,50,070	10	7.31
HDFC Sales Pvt. Ltd.	40,10,000	10	**4.02**	40,10,000	10	4.02
HDFC Standard Life Insurance Co. Ltd.	140,92,99,334	10	**1,508.78**	144,37,33,842	10	1,545.64
HDFC Trustee Co. Ltd.	1,00,000	10	**0.10**	1,00,000	10	0.10
HDFC Venture Capital Ltd.	4,02,500	10	**0.40**	4,02,500	10	0.40
HDFC Ventures Trustee Co. Ltd.	50,000	10	**0.05**	50,000	10	0.05
H T Parekh Foundation	-	-	**-**	1,00,09,990	10	10.01
			2,697.91			2,689.78
Associate Companies						
HDFC Bank Ltd.*	39,32,11,100	2	**5,549.74**	39,32,11,100	2	5,549.74
India Value Fund Advisors Pvt. Ltd.	9,75,002	4	**0.03**	9,75,002	4	0.03
RuralShores Business Services Pvt. Ltd.	4,76,351	10	**2.50**	4,76,351	10	2.50
			5,552.27			5,552.27
			8,250.18			8,242.05

* listed shares

Notes forming part of the standalone financial statements (Continued)

		Number of Shares	Face Value per Share ₹	**As at March 31, 2015 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
Preference Shares - Convertible - Subsidiary Company (fully paid)							
0.01%	Credila Financial Services Pvt. Ltd. (Compulsorily Fully Convertible)	6,69,99,956	10	**67.00**	6,69,99,956	10	67.00
				67.00			67.00

		Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	**As at March 31, 2015 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2014 ₹ in Crore
Debentures - Redeemable - Subsidiary Company (fully paid)							
12.75%	Credila Financial Services Pvt. Ltd.	100	10,00,000	**10.00**	100	10,00,000	10.00
12.75%	Credila Financial Services Pvt. Ltd.	100	10,00,000	**10.00**	100	10,00,000	10.00
12.75%	Credila Financial Services Pvt. Ltd.	100	10,00,000	**10.00**	100	10,00,000	10.00
12.75%	Credila Financial Services Pvt. Ltd.	100	10,00,000	**10.00**	100	10,00,000	10.00
12.75%	Credila Financial Services Pvt. Ltd.	100	10,00,000	**10.00**	100	10,00,000	10.00
12.75%	Credila Financial Services Pvt. Ltd.	90	10,00,000	**9.00**	90	10,00,000	9.00
12.75%	Credila Financial Services Pvt. Ltd.	100	10,00,000	**10.00**	100	10,00,000	10.00
12.75%	Credila Financial Services Pvt. Ltd.	50	10,00,000	**5.00**	50	10,00,000	5.00
12.75%	Credila Financial Services Pvt. Ltd.	50	10,00,000	**5.00**	-	-	-
				79.00			74.00
Venture Funds							
HDFC Investment Trust				**172.35**			182.80
HDFC Investment Trust II				**51.14**			-
				223.49			182.80

Non - Trade Investments:

	Number of Shares	Face Value per Share ₹	**As at March 31, 2015 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
Equity Shares (fully paid)						
Unlisted :						
AEC Cements and Constructions Ltd.	2,80,000	10	**0.28**	2,80,000	10	0.28
Avantha Power & Infrastructure Ltd.			**-**	145,35,188	10	45.00
Asset Reconstruction Co. (India) Ltd.	75,41,137	10	**46.37**	75,41,137	10	46.37
Career Launcher Education Infrastructure & Services Ltd.			**-**	9,38,028	10	21.18
Computer Age Management Services Pvt. Ltd.	54,06,680	10	**1.51**	54,06,680	10	1.51
Citrus Processing India Pvt. Ltd.	11,51,234	10	**34.09**	9,28,414	10	27.49
CL Educate Ltd.	5,94,233	10	**35.08**	-	-	-
Feedback Ventures Pvt. Ltd.	18,10,515	10	**8.97**	18,10,515	10	8.97
GVFL Ltd.	1,50,000	10	**0.27**	1,50,000	10	0.27
Goods & Services Tax Network	10,00,000	10	**1.00**	97,143	10	0.10
Idhasoft Ltd.	4,71,06,525	1	**8.21**	4,71,06,525	1	8.21
INCAB Industries Ltd.	76,188	10	**0.23**	76,188	10	0.23
Infrastructure Development Corporation (Karnataka) Ltd.	1,50,000	10	**0.15**	1,50,000	10	0.15

Notes forming part of the standalone financial statements (Continued)

	Number of Shares	Face Value per Share ₹	**As at March 31, 2015 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
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.	22,258	2	-	22,258	2	-
(received on demerger in 1999-2000)						
Mahindra First Choice Wheels Ltd.	31,82,000	10	**4.84**	31,82,000	10	4.84
MIEL e-Security Pvt. Ltd.	1,11,112	10	**4.11**	1,11,112	10	4.11
National Stock Exchange of India Ltd.	73,750	10	**21.45**	73,750	10	21.45
Next Gen Publishing Ltd.	19,35,911	10	**1.70**	19,35,911	10	1.70
Novacel Life Sciences Ltd.	7,50,000	10	**0.75**	7,50,000	10	0.75
OCM India Ltd.	22,56,295	10	**3.41**	22,56,295	10	3.41
Tamil Nadu Urban Infrastructure Financial Services Ltd.	1,50,000	10	**0.15**	1,50,000	10	0.15
Tamil Nadu Urban Infrastructure Trustee Co. Ltd.	15,000	10	**0.02**	15,000	10	0.02
The Greater Bombay Co-operative Bank Ltd.*	-	-	-	40	25	-
The Ratnakar Bank Ltd.	88,04,680	10	**58.99**	88,04,680	10	58.99
TVS Credit Services Ltd.	50,00,000	10	**10.00**	50,00,000	10	10.00
VBHC Value Homes Private Limited [Erstwhile Value & Budget Housing Corporation (India) Pvt. Ltd.]	1,89,394	10	**6.08**	2,63,626	10	8.46
Vayana Enterprises Pvt. Ltd.	10,44,776	10	**3.47**	10,44,776	10	3.47
			329.25			355.23
Listed :						
Axis Bank Ltd.	-	-	-	1,31,377	10	16.52
Andhra Cements Ltd.	2,59,57,055	10	**49.82**	2,59,57,055	10	49.82
BASF India Ltd.	-	-	-	1,89,635	10	12.74
Bharat Bijlee Ltd.	1,22,480	10	**2.65**	1,22,480	10	2.65
Credit Analysis and Research Ltd.	-	-	-	2,422	10	0.18
Castrol India Ltd.	-	-	-	1,87,483	10	3.14
Coromandel International Ltd.	2,69,330	2	-	2,69,330	2	-
(received under Scheme of Arrangement in 2003-04)						
Crompton Greaves Ltd.	-	-	-	1,68,750	2	4.27
DCB Bank Ltd. (Erstwhile Development Credit Bank Ltd.)	40,47,926	10	**16.89**	40,47,926	10	16.89
Engineers India Ltd.	-	-	-	3,11,992	5	10.86
Grasim Industries Ltd.	-	-	-	37,300	10	11.50
Hindustan Oil Exploration Co. Ltd.	1,48,26,303	10	**105.50**	1,48,26,303	10	105.50
Indian Oil Corporation Ltd.	-	-	-	1,51,000	10	4.94
ICICI Bank Ltd.	-	-	-	48,000	10	4.98
Indraprastha Medical Corporation Ltd.	90,00,000	10	**38.65**	90,00,000	10	38.65
Infosys Technologies Ltd.	-	-	-	33,000	5	9.69
IDFC Ltd.	27,94,319	10	**2.79**	27,94,319	10	2.79
ITC Ltd.	-	-	-	2,51,000	1	4.07
Larsen & Toubro Ltd.	-	-	-	52,500	2	4.88
Mahindra & Mahindra Ltd.	-	-	-	3,15,000	5	5.87

Notes forming part of the standalone financial statements (Continued)

	Number of Shares	Face Value per Share ₹	**As at March 31, 2015 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
Nestle India Ltd.	-	-	-	8,200	10	3.49
Nirlon Ltd.	-	-	-	9,09,000	10	5.00
NMDC Ltd.	-	-	-	1,66,660	1	5.00
Oil & Natural Gas Corporation Ltd.	-	-	-	2,10,000	5	6.97
Reliance Industries Ltd.	-	-	-	1,41,169	10	14.36
Shipping Corporation of India Ltd.	-	-	-	1,28,439	10	1.80
Siemens Ltd.	2,02,707	2	**7.15**	7,87,707	2	27.81
State Bank of India	-	-	-	40,000	10	8.09
Tata Steel Ltd.	-	-	-	1,36,448	10	7.90
			223.45			390.36
* Amount less than ₹ 50,000			**552.70**			745.59

		Number of Shares	Face Value per Share ₹	**As at March 31, 2015 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
Preference Shares - Convertible (fully paid)							
0.02%	Ziqitza Healthcare Ltd. (Compulsorily Fully Convertible Preference Shares)	2,350	10	**0.50**	2,350	10	0.50
				0.50			0.50
Preference Shares - Cumulative Redeemable (fully paid)							
0.001%	BPL Ltd.	5,99,014	100	**5.99**	5,99,014	100	5.99
				5.99			5.99

	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	**As at March 31, 2015 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2014 ₹ in Crore
Debentures and Bonds - Redeemable						
- for financing Real Estate Projects (fully paid)						
- Zero Coupon Bonds						
- Listed Unquoted						
NHB Sumeru Zero Coupon Bonds (Refer Note 3 below) (yield to maturity - 9%)	1,50,000	10,000	**63.33**	1,50,000	10,000	63.33
Trent Ltd. (yield to maturity - 10%)	-	-	**-**	1,000	10,00,000	100.00
			63.33			163.33
Debentures and Bonds - Redeemable - Others (fully paid)						
- Unlisted						
3% Feedback Infra Private Ltd. (yield to maturity -13%)	-	-	-	2,00,000	1,000	20.00
			-			20.00

Notes forming part of the standalone financial statements (Continued)

	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Pass Through Certificates & Security Receipts		
- for financing Real Estate Projects		
Pass Through Certificates	**17.13**	21.94
Security Receipts	**19.97**	19.97
	37.10	41.91
- Others		
Security Receipts	**8.11**	21.97
	8.11	21.97
Government Securities		
Government of India Loans	**4,087.64**	3,719.77
Schemes of Mutual Funds		
HDFC Mutual Fund	**10.00**	10.00
	10.00	10.00
Venture Funds		
Faering Capital India Evolving Fund	**27.11**	17.06
Gaja Capital India Fund	**-**	8.40
India Value Fund	**47.24**	12.98
India Venture Trust	**5.00**	5.00
Kaizen Domestic Scheme 1	**7.29**	5.50
Tata Capital Growth Fund	**6.72**	5.28
Tamil Nadu Urban Development Fund	**16.72**	-
	110.08	54.22

Notes :

1) Unquoted investments include ₹ **Nil** (Previous Year ₹ 6.08 crore) in respect of equity shares, which are subject to a lock-in period and include ₹ **40.17 crore** (Previous Year ₹ 35.96 crore) in respect of equity shares, which are subject to restrictive covenant. Quoted investments include ₹ **60.74 crore** (Previous Year ₹ 60.74 crore) in respect of equity shares, which are subject to restrictive covenant.
2) Market value of Investments in Unquoted Mutual Funds represents the repurchase price of the units issued by the Mutual Funds.
3) NHB Sumeru Zero Coupon Bonds are held as Capital Assets under Section 2(48) of the Income Tax Act, 1961.

14. DEFERRED TAX ASSET/LIABILITY

In compliance with the Accounting Standard relating to 'Accounting for Taxes on Income' (AS 22), the Corporation has taken debit of ₹ **271.00 crore** (Previous Year ₹ 27.00 crore) in the Statement of Profit and Loss for the year ended March 31, 2015 towards deferred tax liability (net) for the year, arising on account of timing differences, ₹ **559.54 crore** (Previous Year ₹ Nil) has been adjusted against utilisation from the General Reserve (as per Note 3.2) and ₹ **Nil** (Previous Year ₹ 25.49 crore) has been adjusted against the utilisation from Statutory Reserve (As per Section 29C of National Housing Bank Act, 1987) as per Note 3.4.

Notes forming part of the standalone financial statements (Continued)

The major components of deferred tax assets and liabilities are :

₹ in Crore

Particulars	Assets		Liabilities	
	Current Year	Previous Year	Current Year	Previous Year
a) Depreciation	-	-	**61.92**	50.66
b) Special Reserve I & II	-	-	**924.31**	-
c) Provision for Contingencies	**726.81**	669.62	-	-
d) Provision for Employee Benefits	**43.48**	31.16	-	-
e) Accrued Redemption Loss (net)	**5.53**	7.21	-	-
f) Others (net)	**9.74**	-	-	27.46
Total	**785.56**	707.99	**986.23**	78.12
Net Deferred Tax Asset/Liability		629.87	**200.67**	

15. LONG-TERM LOANS AND ADVANCES

₹ in Crore

Particulars		As at March 31, 2015	As at March 31, 2014
Loans: [Refer Notes 15.3, 15.4 & 15.5]			
- Individuals		**1,46,668.23**	1,25,768.44
- Corporate Bodies		**52,768.61**	48,785.08
- Others		**2,724.33**	1,738.52
		2,02,161.17	1,76,292.04
Less: Provision for Sub-Standard and Doubtful loans [Refer Notes 15.6 & 30.1] (including additional provision made by the Corporation in the previous year)		**(480.74)**	(545.96)
		2,01,680.43	1,75,746.08
Others:			
Corporate Deposits - Unsecured; Considered doubtful	**2.00**		2.00
Capital Advances - Unsecured; Considered good	**10.70**		3.99
Advance against Investment in Properties	**0.59**		184.82
Security Deposits - Unsecured; Considered good	**18.69**		311.35
Instalments due from borrowers - Secured; Considered doubtful	**99.39**		83.92
Others - Unsecured; Considered doubtful	**49.71**		49.71
Other Long-term Loans and Advances:			
- Staff Loans Others - Secured; Considered good [Refer Note 15.1]	**17.53**		14.95
- Prepaid Expenses - Unsecured; Considered good	**91.16**		61.54
- Advance Tax (Net of Provision)	**2,326.66**		1,979.75
	2,616.43		2,692.03
Less : Provision for Doubtful Corporate Deposit & Other Receivables [Refer Note 32.1]	**51.71**		51.71
		2,564.72	2,640.32
Total		**2,04,245.15**	1,78,386.40

15.1 Loans includes amounts due from the directors ₹ **0.08 crore** (Previous Year ₹ 0.13 crore) [Refer Note 35].

Notes forming part of the standalone financial statements (Continued)

15.2 Investments in Debentures, Pass Through Certificates and Security Receipts amounting to ₹ **100.44 crore** (Previous Year ₹ 205.24 crore) are towards financing Real Estate Projects. The Debentures, Pass Through Certificates and Security Receipts are reflected in Note 13.

15.3 Loans granted by the Corporation aggregating to ₹ **1,99,935.60 crore** (Previous Year ₹ 1,74,277.73 crore) are secured or partly secured by:

(a) Equitable mortgage of property and/or
(b) Pledge of shares, units, other securities, assignment of life insurance policies and/or
(c) Hypothecation of assets and/or
(d) Bank guarantees, company guarantees or personal guarantees and/or
(e) Negative lien and/or
(f) Assignment of hire purchase receivables and/or
(g) Undertaking to create a security.

15.4 Loans include ₹ **198.33 crore** (Previous Year ₹ 35.31 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

15.5 Long term loans and advances includes Sub-Standard and Doubtful Loans of ₹ **1,542.36 crore** (Previous Year ₹ 1,413.12 crore) [Refer Note 30.1].

15.6 Movement in Provision for Sub-Standard and Doubtful Loans is as under: [Refer Note 32.1]

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Opening Balance	**545.96**	475.33
Additions/(Reversal) during the year (Net) [Refer Note 3.4]	**(37.44)**	116.80
Utilised during the year – towards Loans written off	**(27.78)**	(46.17)
Closing Balance	**480.74**	545.96

16. OTHER NON-CURRENT ASSETS

₹ in Crore

	As at March 31, 2015	As at March 31, 2014
Unamortised discount on Non-Convertible Debentures	**-**	2.24
Receivables on Securitised Loans	**353.19**	331.57
Forward Receivable	**104.00**	104.00
Interest accrued but not due on Loans	**373.24**	356.99
Interest accrued but not due on Bank Deposits	**26.16**	0.02
Income accrued but not due on Investments	**42.93**	56.31
Bank Deposits with maturities beyond twelve months from the Balance Sheet date [Refer Note 16.1]	**1,863.59**	62.95
Total	**2,763.11**	914.08

16.1 Bank deposits, with maturities beyond twelve months from the Balance Sheet date, includes earmarked balances ₹ **58.46 crore** (Previous Year ₹ 62.82 crore) against foreign currency loans [Refer Note 4.4] and ₹ **0.13 crore** (Previous Year ₹ 0.13 crore) towards letter of credit issued by Bank.

Notes forming part of the standalone financial statements (Continued)

17. CURRENT INVESTMENTS

	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Held as current Investments		
(At lower of cost and fair value unless stated otherwise)		
Trade		
Equity Shares - Subsidiary Companies	**108.67**	108.67
Debentures - Convertible - Subsidiary Companies - for Financing Real Estate Projects - Redeemable [Refer Note 20.5]	**265.18**	265.18
Non Trade		
Equity Shares - Unlisted	**45.00**	-
Debentures and Bonds - Redeemable	**10.00**	20.00
Current portion of Long-Term Investments (at cost)		
Debentures and Bonds - Redeemable - for Financing Real Estate Projects [Refer Note 20.5]	**100.00**	-
Debentures and Bonds - Redeemable - Others	**20.00**	19.99
Pass Through Certificates and Security Receipts - for Financing Real Estate Projects	**13.11**	-
Government Securities	**-**	42.60
Venture Funds & Other Funds	**44.77**	86.07
	606.73	542.51
Less: Provision for Diminution in Value of Investments	**4.09**	0.15
	602.64	542.36

	Book Value ₹ in Crore	Market Value ₹ in Crore
Aggregate of Quoted Investments	**-**	-
Previous Year	*10.00*	*9.85*
Aggregate of Investments listed but not quoted	**110.00**	
Previous Year	*52.60*	
Aggregate of Unquoted Investments (Others)	**492.64**	
Previous Year	*479.76*	
	602.64	
Previous Year	*542.36*	

	Number of Shares	Face Value per Share ₹	As at March 31, 2015 ₹ in Crore	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
Held as Current Investments						
Trade Investments :						
Equity Shares - Subsidiary Companies (fully paid) *						
Grandeur Properties Pvt. Ltd.	10,000	10	**49.80**	10,000	10	49.80
Windermere Properties Pvt. Ltd.	10,000	10	**56.68**	10,000	10	56.68
Winchester Properties Pvt. Ltd.	10,000	10	**2.19**	10,000	10	2.19
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, 2015 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2014 ₹ in Crore
6.40%	Haddock Properties Pvt. Ltd.	6,981	1,00,000	**56.39**	6,981	1,00,000	56.39
9.00%	Pentagram Properties Pvt. Ltd.	5,532	1,00,000	**54.47**	5,532	1,00,000	54.47
6.50%	Winchester Properties Pvt. Ltd.	3,912	1,00,000	**39.12**	3,912	1,00,000	39.12
7.70%	Windermere Properties Pvt. Ltd.	11,520	1,00,000	**115.20**	11,520	1,00,000	115.20
				265.18			265.18

* received in specie distribution

Non-Trade Investments :

	Number of Shares	Face Value per Share ₹	**As at March 31, 2015 ₹ in Crore**	Number of Shares	Face Value per Share ₹	As at March 31, 2014 ₹ in Crore
Equity Shares - Unlisted						
Avantha Power & Infrastructure Ltd.	145,35,188	10	**45.00**	-	-	-
			45.00			

Debentures and Bonds - Redeemable (fully paid)

		Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	**As at March 31, 2015 ₹ in Crore**	Number of Debentures/ Bonds	Face Value per Debenture/ Bond ₹	As at March 31, 2014 ₹ in Crore
- Listed Unquoted							
11.25%	DCB Bank Ltd. (Erstwhile Development Credit Bank Ltd.)	100	10,00,000	**10.00**	100	10,00,000	10.00
- Listed Quoted							
12.15%	Religare Finvest Ltd.	-	-	**-**	1,00,000	1,000	10.00
				10.00			20.00
Currect portion of Long Term Investments							
Debentures and Bonds - Redeemable							
- for financing Real Estate Projects (fully paid)							
- Zero Coupon Bonds							
- Listed Unquoted					-	-	-
Trent Ltd. (yield to maturity - 10%)		1,000	10,00,000	**100.00**			
				100.00			
Debentures and Bonds - Redeemable - Others (fully paid)							
- Unlisted							
5.64%	Mandava Holdings Private Limited (yield to maturity - 14.10%)	-	-	**-**	4	**5,00,00,000**	19.99
3.00%	Feedback Infra Pvt. Ltd. (yield to maturity -13%)	2,00,000	1,000	**20.00**	-	-	-
				20.00			19.99

	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Pass Through Certificates & Security Receipts		
- for financing Real Estate Projects		
Pass Through Certificates	**1.59**	-
Security Receipts	**11.52**	-
	13.11	-
Government Securities		
Government of India Loans	**-**	42.60
Venture Funds and Other Funds		
India Value Fund	**8.99**	41.98
Gaja Capital India Fund	**8.40**	-
Tamil Nadu Urban Development Fund	**-**	16.71
HDFC Property Fund - Scheme HDFC India Real Estate Fund	**27.38**	27.38
	44.77	86.07

Notes forming part of the standalone financial statements (Continued)

18. TRADE RECEIVABLES

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Trade Receivables - Unsecured; Considered good, less than six months	**46.18**	84.52
Total	**46.18**	84.52

18.1 Trade Receivables includes amounts due from the related parties ₹ **45.14 crore** (Previous Year ₹ 71.60 crore) [Refer Note 35].

19. CASH AND BANK BALANCES

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Cash and cash equivalents		
(i) Balances with banks:		
In Current Accounts	**61.50**	2,083.40
In Deposit accounts with original maturity less than 3 months	**2,600.00**	3,525.00
(ii) Cash on hand	**0.31**	0.50
(iii) Cheques on hand	**95.12**	25.82
	2,756.93	5,634.72
(b) Other Bank balances		
(i) Earmarked balances with banks		
- Unclaimed Dividend Account	**20.47**	14.36
- Towards Guarantees Issued by Banks	**0.13**	0.14
- Other - Against Foreign Currency Loans [Refer Note 4.4]	**7.10**	6.40
(ii) Short-term bank deposits	**580.02**	2,059.90
Total	**3,364.65**	7,715.52

20. SHORT-TERM LOANS AND ADVANCES

₹ in Crore

Particulars		As at March 31, 2015	As at March 31, 2014
Loans: [Refer Note 20.1]			
Current maturities of long-term loans and advances	**23,569.97**		18,310.72
Corporate Bodies	**2,449.72**		2,497.59
		26,019.69	20,808.31
Others:			
Current maturities of Staff Loans - others - Secured; Considered good [Refer Note 20.6]	**4.35**		3.75
Corporate Deposits [Refer Notes 20.2, 20.3 & 20.5]	**921.34**		1,403.01
Instalments due from borrowers - Secured; Considered good	**900.88**		763.72
Other Advances - Unsecured; Considered good [Refer Note 20.4]	**33.26**		24.97
Prepaid Expenses - Unsecured; Considered good	**99.22**		96.46
Security Deposits - Unsecured; Considered good	**7.23**		11.45
Sub Total		**1,966.28**	2,303.36
Total		**27,985.97**	23,111.67

Notes forming part of the standalone financial statements (Continued)

20.1 Loans granted by the Corporation, aggregating ₹ **22,922.81 crore** (Previous Year ₹ 19,343.97 crore) are secured and considered good [Refer Note 15.3].

20.2 Out of the Corporate Deposits, amounts aggregating to ₹ **253.40 crore** (Previous Year ₹ 601.65 crore) are secured and considered good [Refer Note 15.3].

20.3 Corporate Deposits includes amounts due from the related parties ₹ **23.58 crore** (Previous Year ₹ 25.00 crore) [Refer Note 35].

20.4 Other Advances includes amounts due from the related parties ₹ **9.48 crore** (Previous Year ₹ 9.51 crore) [Refer Note 35].

20.5 Investments in Debentures and Corporate Deposits amounting to ₹ **604.77 crore** (Previous Year ₹ 547.93 crore) are towards financing Real Estate Projects. The Debentures are reflected in Note 17.

20.6 Current maturities of staff loans includes amounts due from the directors ₹ **0.05 crore** (Previous Year ₹ 0.02 crore) [Refer Note 35].

21. OTHER CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Receivables on Securitised Loans	**53.30**	30.11
Interest accrued but not due on Loans	**343.13**	206.31
Interest accrued and due on Loans	**0.22**	5.65
Income accrued but not due on Investments	**166.81**	105.41
Interest accrued but not due on Corporate Deposits	**11.12**	38.53
Interest accrued and due on Corporate Deposits	**0.72**	10.39
Application money - Investments	**–**	0.90
Total	**575.30**	397.30

22. CONTINGENT LIABILITIES AND COMMITMENTS

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

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

a) Contingent liability in respect of income-tax demands, net of amounts provided for and disputed by the Corporation, amounts to ₹ **1,103.51 crore** (Previous Year ₹ 919.19 crore). The said amount has been paid/ adjusted and will be received as refund if the matters are decided in favour of the Corporation.

b) Contingent liability in respect of disputed dues towards wealth tax, interest on lease tax and payment towards employers' contribution to ESIC not provided for by the Corporation amounts to ₹ **0.15 crore** (Previous Year ₹ 0.15 crore).

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

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

Notes forming part of the standalone financial statements (Continued)

22.2 Contingent liability in respect of guarantees and undertakings comprise of the following;

a) Guarantees ₹ **361.68 crore** (Previous Year ₹ 435.26 crore).

b) Corporate undertakings for securitisation of receivables aggregated to ₹ **1,919.65 crore** (Previous Year ₹ 1,943.05 crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

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

22.3 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **252.82 crore** (Previous Year ₹ 59.30 crore).

23. REVENUE FROM OPERATIONS

₹ in Crore

Particulars	Current Year	Previous Year
Interest Income :		
- Interest on Loans	**24,713.80**	21,870.87
- Other Interest [Refer Note 23.1]	**891.79**	822.30
- Net Gain on foreign currency transactions and translation	**0.18**	1.78
Income from Leases	**10.38**	10.92
Dividends [Refer Note 23.2]	**688.28**	555.59
Surplus from deployment in Cash Management Schemes of Mutual Funds [Refer Note 23.3]	**364.55**	337.38
Fees and Other Charges [Refer Note 23.4]	**290.90**	295.19
Total	**26,959.88**	23,894.03

23.1 a) Other Interest includes interest on investments amounting to ₹ **387.05 crore** (Previous Year ₹ 372.38 crore), including ₹ **43.03 crore** (Previous Year ₹ 8.18 crore) in respect of investments classified as current investments.

b) Other Interest includes interest on income tax refund ₹ **44.31 crore** (Previous Year ₹ 33.78 crore).

23.2 Dividend income includes ₹ **400.02 crore** (Previous Year ₹ 308.86 crore) received from subsidiary companies [Refer Note 35].

23.3 Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ **364.55 crore** (Previous Year ₹ 337.38 crore) is in respect of investments held as current investments.

23.4 Fees and Other Charges is net of the amounts paid to Direct Selling Agents ₹ **354.75 crore** (Previous Year ₹ 307.82 crore).

24. Profit on sale of investments includes profit of ₹ **260.47 crore** (Previous Year ₹ Nil) on account of sale of shares of HDFC Standard Life Insurance Company Ltd. (Subsidiary Company) and is net of loss of ₹ **Nil** (Previous Year ₹ 0.01 crore) on account of sale of IPF Online Ltd. (Associate Company).

25. Other Income includes rent of ₹ **12.56 crore** (Previous Year ₹ 9.19 crore).

25.1 Earnings in foreign currency:

₹ in Crore

Particulars	Current Year	Previous Year
Interest on Bank Deposits	**2.43**	2.87
Consultancy and other fees	**5.32**	9.71

Notes forming part of the standalone financial statements (Continued)

25.2 In accordance with the Accounting Standard on 'Leases' (AS 19), the following disclosures in respect of Operating Leases are made:

Income from Leases includes ₹ **4.01 crore** (Previous Year ₹ 4.71 crore) in respect of properties and certain assets leased out by the Corporation under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payments are as follows:

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	**3.37**	4.11
Later than one year but not later than five years	**2.19**	5.02
Later than five years	**-**	-

25.3 Other Income includes brokerage of ₹ **0.08 crore** (Previous Year ₹ 0.06 crore) received in respect of insurance/ agency business undertaken by the Corporation.

26. FINANCE COST

₹ in Crore

Particulars		Current Year	Previous Year
Interest			
- Loans	**2,332.01**		2,060.83
- Deposits	**6,139.40**		5,274.26
- Bonds and Debentures	**7,646.40**		7,567.45
- Commercial Paper	**1,746.90**		884.84
		17,864.71	15,787.38
Net (Gain)/Loss on foreign currency transactions and translation [Refer Note 26.2]		**(19.77)**	137.39
Other charges [Refer Note 26.1]		**130.15**	104.60
Total		**17,975.09**	16,029.37

26.1 Other Charges is net of exchange loss ₹ **0.32 crore** (Previous Year includes exchange gain of ₹ 0.66 crore).

26.2 A net gain of ₹ **19.95 crore** (Previous Year loss of ₹ 135.61 crore) has been recognised in the Statement of Profit and Loss being net gain on transaction and translation of foreign currency monetary assets and liabilities as shown below:

₹ in Crore

Particulars	Current Year	Previous Year
Exchange (Gain)/Loss on Translation		
- Foreign Currency Denominated Assets and Foreign Currency Borrowings [Refer Note 3.7]	**(34.72)**	(198.80)
- Cross Currency Interest Rate Swaps [Refer Note 4.7]	**107.98**	145.77
Net Exchange (Gain)/Loss on Translation [Refer Note 3.7]	**73.26**	(53.03)
Realised (Gain)/Loss	**(93.03)**	190.42
Net (Gain)/Loss on foreign currency transactions and translation recognised in Finance Cost	**(19.77)**	137.39
- Realised (Gain)/Loss recognised in Revenue from operations [Refer Note 23]	**(0.18)**	(1.78)
- Net (Gain)/Loss recognised in Statement of Profit and Loss	**(19.95)**	135.61

Notes forming part of the standalone financial statements (Continued)

26.3 Expenditure in foreign currency:

₹ in Crore

Particulars	Current Year	Previous Year
Interest and Other Charges on Loans	**41.01**	7.39
Others	**16.17**	22.91

27. STAFF EXPENSES [Refer Note 27.3]

₹ in Crore

Particulars	Current Year	Previous Year
Salaries and Bonus [Refer Notes 27.1 & 27.2]	**263.87**	225.96
Contribution to Provident Fund and Other Funds	**51.34**	40.68
Staff Training and Welfare Expenses	**13.25**	12.54
Total	**328.46**	279.18

27.1 Salaries and Bonus include ₹ **22.02 crore** (Previous Year ₹ 12.49 crore) towards provision made in respect of accumulated leave salary and leave travel assistance which is in the nature of Long Term Employee Benefits and has been actuarially determined as per the Accounting Standard on Employee Benefits (AS 15).

27.2 Expenditure shown in Note 27 is net of recovery from subsidiary companies in respect of Salaries ₹ **3.53 crore** (Previous Year ₹ 2.68 crore).

27.3 **Employee Benefits**

(a) **Defined contribution plans**

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, if any, as an expense in the year it is determined.

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ **245.40 crore** and ₹ **244.59 crore** respectively (Previous Year ₹ 207.38 crore and ₹ 207.04 crore respectively). In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.75%. The actuarial assumptions include discount rate of **7.96%** (Previous Year 9.31%) and an average expected future period of **21.75 years** (Previous Year 22 years).

The Corporation recognised ₹ **12.55 crore** (Previous Year ₹ 11.88 crore) for provident fund contributions and ₹ **10.17 crore** (Previous Year ₹ 8.69 crore) for superannuation contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Corporation are at rates specified in the Rules of the Schemes.

Notes forming part of the standalone financial statements (Continued)

(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	**146.36**	128.13
Current Service Cost	**5.09**	4.94
Interest Cost	**13.63**	10.53
Benefits Paid	**(8.37)**	(7.74)
Actuarial loss	**23.67**	10.50
Liability at the end of the year*	**180.38**	146.36
* The Liability at the end of the year ₹ **180.38 crore** (Previous Year ₹ 146.36 crore) includes ₹ **44.12 crore** (Previous Year ₹ 37.12 crore) in respect of an un-funded plan.		
Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	**108.14**	87.51
Expected Return on Plan Assets	**9.41**	7.53
Contributions	**13.50**	16.11
Actuarial loss on Plan Assets	**(0.58)**	(3.01)
Fair Value of Plan Assets at the end of the year	**130.47**	108.14
Total Actuarial loss to be recognised	**(24.25)**	(13.51)
Actual Return on Plan Assets:		
Expected Return on Plan Assets	**9.41**	7.53
Actuarial loss on Plan Assets	**(0.58)**	(3.01)
Actual Return on Plan Assets	**8.83**	4.52
Reconciliation of the Liability Recognised in the Balance Sheet:		
Opening Net Liability	**38.22**	40.62
Expense recognised	**33.56**	21.45
Contribution by the Corporation	**(13.50)**	(16.11)
Benefits paid by the Corporation / Insurance Companies	**(8.37)**	(7.74)
Amount recognised in the Balance Sheet under "Long term Provision for Employee Benefits" ₹ **49.38 crore** (Previous Year ₹ 37.69 crore) and under "Short term Provision for Employee Benefits" ₹ **0.53 crore** (Previous Year ₹ 0.53 crore).	**49.91**	38.22
Expense Recognised in the Statement of Profit and Loss:		
Current Service Cost	**5.09**	4.94
Interest Cost	**13.63**	10.53
Expected Return on Plan Assets	**(9.41)**	(7.53)
Net Actuarial loss to be recognised	**24.25**	13.51
Expense recognised in the Statement of Profit and Loss under "Staff Expenses"	**33.56**	21.45

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Amount Recognised in the Balance Sheet:					
Liability at the end of the year	**180.38**	146.36	128.13	107.69	94.24
Fair Value of Plan Assets at the end of the year	**130.47**	108.14	87.51	75.56	60.17
Amount recognised in the Balance Sheet under "Long-term Provision for Employee Benefits" and "Short-term Provision for Employee Benefits"	**49.91**	38.22	40.62	32.13	34.07
Experience Adjustment :					
On Plan Liabilities	**23.67**	20.44	17.25	10.58	7.13
On Plan Assets	**(0.58)**	(3.01)	(6.16)	(4.61)	(3.36)
Estimated Contribution for next year	**10.49**	6.19	8.03	6.79	5.79

Investment Pattern:

Particulars	% Invested Current Year	% Invested Previous Year
Central Government securities	**26.91**	17.37
State Government securities / Securities guaranteed by State / Central Government	**17.05**	12.00
Public Sector / Financial Institutional Bonds	**12.10**	23.75
Private Sector Bonds	**19.98**	16.90
Special Deposit Scheme	**1.69**	2.04
Certificate of Deposits	**-**	1.31
Deposits with Banks and Financial Institutions	**1.02**	3.07
Equity Shares	**17.76**	19.37
Others (including bank balances)	**3.49**	4.19
Total	**100.00**	100.00

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at.

Principal Assumptions:

Particulars	Current Year	Previous Year
	%	%
Discount Rate	**7.96**	9.31
Return on Plan Assets	**7.96**	8.70
Salary Escalation	**5.00**	5.00

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

28. ESTABLISHMENT EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Rent [Refer Note 28.1]	**59.68**	60.54
Rates and Taxes	**2.72**	3.54
Repairs and Maintenance - Buildings	**6.26**	5.80
General Office Expenses	**2.36**	2.58
Electricity Charges	**13.95**	13.80
Insurance Charges	**0.79**	0.72
Total	**85.76**	86.98

Notes forming part of the standalone financial statements (Continued)

28.1 In accordance with the Accounting Standard on 'Leases' (AS 19), the following disclosures in respect of Operating Leases are made:

The Corporation has acquired properties under non-cancellable operating leases for periods ranging from 12 months to 60 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, amounts to ₹ **23.50 crore** (Previous Year ₹ 32.72 crore). Out of the above, the Corporation has sub-leased a property, the total sub-lease payments received in respect thereof amounting to ₹ **14.09 crore** (Previous Year ₹ 18.79 crore) have been netted off from rent expenses. The future minimum lease payments in respect of the properties acquired under non-cancellable operating leases are as follows:

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	**0.17**	31.39
Later than one year but not later than five years	**-**	75.26
Later than five years	**-**	-

29. OTHER EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Travelling and Conveyance	**16.73**	17.03
Printing and Stationery	**8.89**	8.06
Postage, Telephone and Fax	**23.67**	21.28
Advertising	**27.42**	35.07
Repairs and Maintenance - Other than Buildings	**7.89**	7.07
Office Maintenance	**22.16**	19.56
Legal Expenses	**12.49**	9.63
Computer Expenses	**14.91**	12.60
Directors' Fees and Commission	**3.90**	3.34
Miscellaneous Expenses [Refer Notes 29.1, 29.2 & 29.3]	**120.61**	93.08
Auditors' Remuneration [Refer Note 29.4]	**3.96**	3.31
Total	**262.63**	230.03

29.1 Miscellaneous Expenses exclude ₹ **10.83 crore** (Previous Year ₹ 13.02 crore) in respect of amounts utilised out of Shelter Assistance Reserve during the year.

29.2 Miscellaneous Expenses include Provision for Wealth Tax amounting to ₹ **2.51 crore** (Previous Year ₹ 0.60 crore) and Securities Transaction Tax amounting to ₹ **0.29 crore** (Previous Year ₹ 0.26 crore).

29.3 Miscellaneous Expenses includes ₹ **18.07 crore** (Previous Year ₹ Nil) towards Corporate Social Responsibility (CSR) under Section 135 of the Companies Act, 2013.

29.4 **Auditors' Remuneration:**

₹ in Crore

Particulars	Current Year	Previous Year
Audit Fees	**1.23**	1.05
Tax Matters	**0.96**	0.79
Other Matters	**1.76**	1.43
Reimbursement of Expenses	**0.01**	0.04
Service Tax	**0.48**	0.42
Less: Service tax input credit availed / to be availed	**(0.24)**	(0.21)
Less: Service tax input credit expensed	**(0.24)**	(0.21)
Total	**3.96**	3.31

Audit Fees include ₹ **0.04 crore** (Previous Year ₹ 0.03 crore) paid to Branch Auditors.

Notes forming part of the standalone financial statements (Continued)

30. PROVISION FOR NON-PERFORMING LOANS

30.1 As per the Housing Finance Companies (NHB) Directions, 2010, non-performing assets are recognised on the basis of ninety days overdue. The total provision carried by the Corporation in terms of paragraph 29 (2) of the Housing Finance Companies (NHB) Directions, 2010, and subsequent NHB Circulars - NHB.HFC.DIR.3/CMD/2011 dated August 5, 2011, NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012 and NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013 in respect of Housing and Non-Housing Loans is as follows [Refer Notes 6.1 & 15]:

₹ in Crore

Particulars	Housing		Non-Housing	
	Current Year	Previous Year	**Current Year**	Previous Year
Standard Assets				
- Principal Outstanding	**1,64,249.91**	1,44,698.29	**65,728.85**	53,232.96
- Provisions	**756.66**	670.84	**414.26**	341.19
Sub-Standard Assets				
- Principal Outstanding	**411.83**	410.56	**335.54**	603.01
- Provisions	**64.50**	61.58	**50.33**	90.45
Doubtful Assets				
- Principal Outstanding	**406.71**	319.25	**439.99**	132.01
- Provisions	**229.27**	195.95	**188.35**	100.24
Total				
- Principal Outstanding	**1,65,068.45**	1,45,428.10	**66,504.38**	53,967.98
- Provisions	**1,050.43**	928.37	**652.94**	531.88

30.2 Provision for Contingencies debited to the Statement of Profit and Loss includes Provision for Diminution in the Value of Investments amounting to ₹ **10.04 crore** (Previous Year ₹ 14.40 crore). The balance of the Provision represents provision made against non-performing assets and other contingencies [Refer Note 6.2].

31. In accordance with the Accounting Standard on 'Earnings Per Share' (AS 20):

(i) In calculating the Basic Earnings Per Share, the Profit After Tax of ₹ **5,990.14 crore** (Previous Year ₹ 5,440.24 crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **10.83 crore** (Previous Year ₹ 13.02 crore).

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax of ₹ **5,979.31 crore** (Previous Year ₹ 5,427.22 crore) and the weighted average number of shares during the year of **156.82 crore** (Previous Year 155.54 crore).

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

Amount in ₹

Particulars	Current Year	Previous Year
Basic Earnings Per Share	**38.13**	34.89
Effect of outstanding Stock Options	**(0.35)**	(0.27)
Diluted Earnings Per Share	**37.78**	34.62

(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

Notes forming part of the standalone financial statements (Continued)

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	**156.82**	155.54
Diluted effect of outstanding Stock Options	**1.45**	1.23
Weighted average number of shares for computation of Diluted Earnings Per Share	**158.27**	156.77

32. SUMMARY OF TOTAL BORROWINGS, LOANS AND INVESTMENTS

Borrowings

₹ in Crore

Term-wise Break-up	Current Year	Previous Year
Long-term borrowings	**97,602.34**	86,881.04
Short-term borrowings	**33,257.71**	25,317.85
Current maturities of long-term borrowings	**77,738.98**	71,774.30
Unclaimed matured deposits	**617.92**	442.56
Total Borrowings	**2,09,216.95**	1,84,415.75
Category-wise Break-up		
Bonds and Debentures	**90,657.55**	85,193.10
Term Loans:		
- Banks	**22,575.87**	29,104.76
- External Commercial Borrowing	**1,884.00**	1,805.10
- Others	**1,734.37**	2,041.90
Commercial Papers	**25,659.20**	9,250.10
Deposits	**66,705.96**	57,020.79
Total Borrowings	**2,09,216.95**	1,84,415.75

Loans

₹ in Crore

Term-wise Break-up	Current Year	Previous Year
Long-term loans	**2,02,161.17**	1,76,292.04
Current maturities of long-term loans	**23,569.97**	18,310.72
Short-term loans	**2,449.72**	2,497.59
	2,28,180.86	1,97,100.35
Less: Provision for Sub-Standard and Doubtful loans	**(480.74)**	(545.96)
Net Loan Book	**2,27,700.12**	1,96,554.39
Category-wise Break-up		
Individual	**1,55,689.71**	1,33,281.08
Corporate Bodies	**69,144.76**	61,624.77
Others	**3,346.39**	2,194.50
	2,28,180.86	1,97,100.35
Less: Provision for Sub-Standard and Doubtful loans	**(480.74)**	(545.96)
Net Loan Book	**2,27,700.12**	1,96,554.39

Notes forming part of the standalone financial statements (Continued)

Investments

₹ in Crore

Particulars	Current Year	Previous Year
Non-Current Investments	**13,691.70**	13,370.29
Current Investments	**602.64**	542.36
Total Investments	**14,294.34**	13,912.65

32.1 Summary of total Provision for Contingencies:

₹ in Crore

Particulars	Current Year	Previous Year
Provision for Contingencies Account [Refer Note 6.2]	**1,501.44**	1,309.04
Provision for Sub-Standard and Doubtful Loans [Refer Note 15.6]	**480.74**	545.96
Provision for Doubtful Corporate Deposit and Other Receivables [Refer Note 15]	**51.71**	51.71
	2,033.89	1,906.71

33. DISCLOSURES REQUIRED BY NATIONAL HOUSING BANK

The following additional disclosures have been given in terms of the circular no. NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010 issued by the National Housing Bank.

(a) Capital to Risk Assets Ratio (CRAR)

Particulars	Current Year	Previous Year
1) CRAR (%)	**16.11**	14.55
2) CRAR – Tier I Capital (%)	**12.47**	12.10
3) CRAR – Tier II Capital (%)	**3.64**	2.45

(b) Exposure to Real Estate Sector

₹ in Crore

	Particulars	Current Year	Previous Year
1.	Direct Exposure		
A	Residential Mortgages: Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Individual Housing Loans upto ₹ 15 Lacs: ₹ **23,132.28 crore** (Previous Year ₹ 22,557.61 crore)	**1,50,587.27**	1,29,128.39
B	Commercial Real Estate: Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, muti-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	**52,038.26**	44,785.78
C	Investments in Mortgage Backed Securities (MBS) and other securitised exposures – (i) Residential (ii) Commercial Real Estate	**18.73** **-**	21.94 -
2.	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**165.88**	151.50

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

Notes forming part of the standalone financial statements (Continued)

(c) Asset Liability Management

Maturity pattern of certain items of assets and liabilities as on March 31, 2015:

Assets and Liabilities are classified in the maturity buckets as per the guidelines issued by the National Housing Bank

Current Year ₹ in Crore

Maturity Buckets	Liabilities		Assets	
	Borrowings from Banks	Market Borrowings	Advances	Investments
1 day to 30-31 days (one month)	1,466.46	1,545.98	3,517.52	137.38
Over one month to 2 months	241.56	1,910.99	3,651.55	200.00
Over 2 to 3 months	942.93	3,635.48	5,271.02	1,196.43
Over 3 to 6 months	956.52	8,105.56	13,746.75	2,297.74
Over 6 months to 1 year	3,745.62	8,900.30	24,593.70	899.90
Over 1 to 3 years	8,870.14	34,029.98	71,215.10	256.21
Over 3 to 5 years	5,891.61	27,788.63	47,830.53	810.60
Over 5 to 7 years	2,345.03	21,895.63	22,699.28	8,444.94
Over 7 to 10 years	-	7,504.20	21,735.59	-
Over 10 years	-	1,000.00	13,439.08	51.14
Total	**24,459.87**	**1,16,316.75**	**2,27,700.12**	**14,294.34**

Maturity pattern of certain items of assets and liabilities as on March 31, 2014:

Assets and Liabilities are classified in the maturity buckets as per the guidelines issued by the National Housing Bank

Previous Year ₹ in Crore

Maturity Buckets	Liabilities		Assets	
	Borrowings from Banks	Market Borrowings	Advances	Investments
1 day to 30-31 days (one month)	906.12	2,443.75	3,143.97	-
Over one month to 2 months	1,353.74	4,155.00	3,450.90	-
Over 2 to 3 months	1,361.51	2,715.00	3,259.93	1,883.84
Over 3 to 6 months	5,091.75	3,866.25	11,439.89	2,009.85
Over 6 months to 1 year	1,865.05	10,999.00	21,914.74	341.06
Over 1 to 3 years	10,287.45	32,048.23	62,540.57	619.63
Over 3 to 5 years	7,177.30	22,799.23	40,335.23	612.75
Over 5 to 7 years	1,866.94	9,734.24	22,266.28	8,423.72
Over 7 to 10 years	1,000.00	5,007.40	17,517.15	21.80
Over 10 years	-	1,000.00	10,685.73	-
Total	**30,909.86**	**94,768.10**	**1,96,554.39**	**13,912.65**

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)

34. DIVIDEND PAYABLE TO NON-RESIDENT SHAREHOLDERS

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

Particulars	Current Year		Previous Year
	Interim	Annual	Annual
Year to which the dividend relates	**2014-15**	**2013-14**	2012-13
Number of non-resident shareholders	**5,110**	**4,495**	4,442
Number of shares held by them of Face Value of ₹ 2 each	**126,10,53,766**	**122,23,33,357**	115,22,95,895
Gross amount of dividend (in ₹)	**252,21,07,532**	**1711,26,66,998**	1440,36,99,371

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.
H T Parekh Foundation (Up to 30th March, 2015)
Windermere Properties Pvt. Ltd.
Winchester Properties Pvt. Ltd.
HDFC Investments Ltd.
HDFC Asset Management Company Ltd.
HDFC Realty Ltd.
HDFC ERGO General Insurance Company Ltd.
HDFC Sales Pvt. Ltd.
HDFC Property Ventures Ltd.
Credila Financial Services Pvt. Ltd.
Griha Pte. Ltd. (Subsidiary of HDFC Investments Ltd.)
HDFC Pension Management Company Ltd.
(subsidiary of HDFC Standard Life Insurance Company Ltd.)
Grandeur Properties Pvt. Ltd.
Pentagram Properties Pvt. Ltd.
Haddock Properties Pvt. Ltd.

B) Associate Companies

HDFC Bank Ltd.
India Value Fund Advisors Pvt. Ltd.
RuralShores Business Services Pvt. Ltd.

C) Entities over which control is exercised

HDFC Investment Trust (HIT)
HDFC Investment Trust - II (HIT- II) (with effect from 24th June, 2014)
HDFC Property Fund - Scheme - HDFC IT Corridor Fund (Up to 28th March, 2014)

D) Key Management Personnel

Mr. Keki M. Mistry
Ms. Renu Sud Karnad
Mr. V. Srinivasa Rangan

E) Relatives of Key Management Personnel

(Where there are transactions)

Ms Arnaaz K. Mistry
Mr Ashok Sud
Mr Ketan Karnad
Ms Abinaya S. Rangan
Mr Rishi R. Sud
Ms Riti Karnad
Ms Swarn Sud
Ms S. Anuradha

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.	**98.13**	75.48	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	**269.35**	216.27	-	-	-	-	-	-
- HDFC Holdings Ltd.	**1.62**	9.00	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**101.06**	72.19	-	-	-	-	-	-	-	-
- HDFC Investments Ltd.	**94.68**	89.35	-	-	-	-	-	-	-	-
- Others	**104.53**	62.84	**0.16**	0.27	**0.05**	0.05	-	-	-	-
Interest Income										
- Credila Financial Services Pvt. Ltd.	**9.92**	10.92	-	-	-	-	-	-	-	-
- Windermere Properties Pvt. Ltd.	**10.98**	0.10	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	**7.51**	8.83	-	-	-	-	-	-
- Pentagram Properties Pvt. Ltd.	**5.54**	0.12	-	-	-	-	-	-	-	-
- HDFC Property Fund - Scheme - HDFC IT Corridor Fund	-	-	-	-	-	76.26	-	-	-	-
- Others	**14.42**	2.48	-	0.08	**5.46**	-	-	-	**0.03**	0.03
Consultancy & Other Fees Income										
- HDFC Asset Management Co. Ltd.	**42.36**	59.01	-	-	-	-	-	-	-	-
- Others	**0.26**	2.17	-	-	-	-	-	-	-	-
Rent Income										
- HDFC Asset Management Co. Ltd.	**10.03**	11.17	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	**6.49**	6.49	-	-	-	-	-	-	-	-
- Others	**4.78**	4.00	**2.01**	1.74	-	-	-	-	-	0.01
Support Cost Recovered										
- HDFC Asset Management Co. Ltd.	**1.86**	1.45	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	**2.04**	1.37	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	**1.19**	0.81	-	-	-	-	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	**0.35**	0.32	-	-	-	-	-	-	-	-
- HDFC Realty Ltd.	**0.84**	0.80	-	-	-	-	-	-	-	-
- Others	**0.78**	0.45	**0.37**	0.25	-	-	-	-	-	-
Other Income										
- HDFC Bank Ltd.	-	-	**116.77**	80.46	-	-	-	-	-	-
- Others	**3.65**	1.20	-	-	-	-	-	-	-	-
Interest Expense										
- HDFC ERGO General Insurance Co. Ltd.	**12.39**	10.58	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**54.28**	44.02	-	-	-	-	-	-	-	-
- Others	**1.76**	2.18	**2.45**	4.57	-	-	**0.48**	0.53	-	0.02
Bank & Other Charges										
- HDFC Bank Ltd.	-	-	**0.53**	0.68	-	-	-	-	-	-
Remuneration										
- Mr. Keki M. Mistry	-	-	-	-	-	-	**8.12**	7.78	-	-
- Ms. Renu S. Karnad	-	-	-	-	-	-	**7.39**	7.16	-	-
- Mr. V. S. Rangan	-	-	-	-	-	-	**4.85**	4.54	-	-
Donations										
- H T Parekh Foundation	**13.87**	-	-	-	-	-	-	-	-	-
Other Expenses										
- HDFC Sales Pvt. Ltd.	**165.89**	150.80		-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	**143.52**	130.07	-	-	-	-	-	-
- Others	**9.23**	8.71	**0.10**	0.15	-	-	-	-	**0.09**	0.09

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										
- HIT- II	-	-	-	-	**51.14**	-	-	-	-	-
- Windermere Properties Pvt. Ltd.	-	171.88	-	-	-	-	-	-	-	-
- Haddock Properties Pvt. Ltd.	-	56.39	-	-	-	-	-	-	-	-
- Pentagram Properties Pvt. Ltd.	-	54.47	-	-	-	-	-	-	-	-
- Credila Financial Services Pvt. Ltd.	**5.00**	51.00	-	-	-	-	-	-	-	-
- Grandeur Properties Pvt. Ltd.	-	49.80	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	**47.01**	0.66	-	-	-	-	-	-	-	-
- Others	**8.00**	46.32	-	-	**4.00**	20.57	-	-	-	-
Investments sold / redeemed										
- HIT	-	-	-	-	**14.45**	-	-	-	-	-
- HDFC Property Fund - Scheme - HDFC IT Corridor Fund	-	-	-	-	-	423.85	-	-	-	-
- Others	-	-	-	6.31	-	-	-	-	-	-
Investments										
- HDFC Bank Ltd.	-	-	**5,549.74**	5,549.74	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**1,508.77**	1,545.64	-	-	-	-	-	-	-	-
- Others	**1,708.97**	1,658.98	**2.53**	2.53	**223.49**	182.80	-	-	-	-
Loans given										
- HDFC Property Ventures Pvt. Ltd.	**113.00**	-								
- HDFC Sales Pvt. Ltd.	**16.85**	-								
- Pentagram Properties Pvt. Ltd.	**3.85**	1.00	-	-	-	-	-	-	-	-
- Grandeur Properties Pvt. Ltd.	**1.19**	8.00	-	-	-	-	-	-	-	-
- Winchester Properties Pvt. Ltd.	**2.73**	3.54	-	-	-	-	-	-	-	-
- Haddock Properties Pvt. Ltd.	**3.46**	1.86	-	-	-	-	-	-	-	-
- Credila Financial Services Pvt. Ltd.	-	392.00								
- Others	**4.00**	1.00	-	-	-	-	-	-	-	-
Loans repaid										
- GRUH Finance Ltd.	**1.02**	0.95	-	-	-	-	-	-	-	-
- Credila Financial Services Pvt. Ltd.	-	392.00	-	-	-	-	-	-	-	-
- Others	-	1.00	-	-	-	-	**0.02**	0.02	**0.01**	0.01
Loans sold										
- HDFC Bank Ltd.	-	-	**8,249.21**	5,556.07	-	-	-	-	-	-
Loans										
- HDFC Property Ventures Pvt. Ltd.	**113.00**	-	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	**16.85**	-	-	-	-	-	-	-	-	-
- GRUH Finance Ltd.	**11.31**	12.32	-	-	-	-	-	-	-	-
- Grandeur Properties Pvt. Ltd.	**9.19**	8.00	-	-	-	-	-	-	-	-
- Winchester Properties Pvt. Ltd.	**6.27**	3.54	-	-	-	-	-	-	-	-
- Haddock Properties Pvt. Ltd.	**5.32**	1.86	-	-	-	-	-	-	-	-
- Pentagram Properties Pvt. Ltd.	**4.85**	1.00	-	-	-	-	-	-	-	-
- Others	**4.00**	-	-	-	-	-	**0.13**	0.15	**0.30**	0.31
Bank Deposits placed										
- HDFC Bank Ltd.	-	-	**1,070.00**	3,234.92	-	-	-	-	-	-
Bank Deposits repaid / matured										
- HDFC Bank Ltd.	-	-	**2,559.90**	1,734.90	-	-	-	-	-	-
Bank balance and Deposits										
- HDFC Bank Ltd.	-	-	**975.25**	4,610.46	-	-	-	-	-	-
Corporate Deposits placed					-					
- Grandeur Properties Pvt. Ltd.	-	95.00	-	-	-	-	-	-	-	-
- HDFC Venture Capital Ltd.	**22.58**	20.50	-	-	-	-	-	-	-	-
- Others	**2.00**	9.50	-	-	-	-	-	-	-	-

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 repaid / matured										
- Grandeur Properties Pvt. Ltd.	-	95.00	-	-	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	-	12.00	-	-	-	-	-	-	-	-
- HDFC Venture Capital Ltd.	**20.50**	-	-	-	-	-	-	-	-	-
- Others	**5.50**	-	-	3.00	-	-	-	-	-	-
Corporate Deposits										
- HDFC Venture Capital Ltd	**22.58**	20.50	-	-	-	-	-	-	-	-
- Others	**1.00**	4.50	-	-	-	-	-	-	-	-
Trade Receivable										
- HDFC Asset Management Co. Ltd.	**39.53**	57.12	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	**5.07**	13.11	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**0.01**	0.01	-	-	-	-	-	-	-	-
- Others	**0.53**	1.36	-	-	-	-	-	-	-	-
Other Advances / Receivables										
- HDFC ERGO General Insurance Co. Ltd.	**1.56**	1.58	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**7.60**	7.60	-	-	-	-	-	-	-	-
- HDFC Bank Ltd.	-	-	**4.26**	3.28	-	-	-	-	-	-
- Others	**0.87**	0.37	-	-	-	-	-	-	**0.06**	0.06
Deposits placed										
- HDFC Holdings Ltd.	**16.84**	23.22	-	-	-	-	-	-	-	-
- HDFC Developers Ltd.	-	5.40	-	-	-	-	-	-	-	-
- HDFC Education and Development Services Pvt. Ltd.	**2.51**	2.82	-	-	-	-	-	-	-	-
- RuralShores Business Services Pvt. Ltd.	-	-	**1.05**	16.10	-	-	-	-	-	-
- Ms. Renu S. Karnad	-	-	-	-	-	-	**2.38**	0.02	-	-
- Others	**0.20**	2.20	-	-	-	-	-	1.75	**0.01**	-
Deposits repaid / matured										
- HDFC Holdings Ltd.	**19.22**	25.03	-	-	-	-	-	-	-	-
- RuralShores Business Services Pvt. Ltd.	-	-	**4.13**	13.02	-	-	-	-	-	-
- Others	**5.21**	8.42	-	-	-	-	**3.75**	2.42	**0.03**	0.29
Deposits										
- HDFC Holdings Ltd.	**16.84**	19.22	-	-	-	-	-	-	-	-
- RuralShores Business Services Pvt. Ltd.	-	-	-	3.08	-	-	-	-	-	-
- Ms. Renu S. Karnad	-	-	-	-	-	-	**2.40**	2.02	-	-
- Mr. Keki M. Mistry	-	-	-	-	-	-	**0.87**	2.61	-	-
- Others	-	2.50	-	-	-	-	-	-	**0.09**	0.12
Non-Convertible Debentures										
- HDFC ERGO General Insurance Co. Ltd.	**125.00**	110.00	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**776.00**	665.00	-	-	-	-	-	-	-	-
Other Liabilities / Payables										
- HDFC Bank Ltd.	-	-	**15.73**	14.44	-	-	-	-	-	-
- HDFC Sales Pvt. Ltd.	**7.49**	6.57	-	-	-	-	-	-	-	-
- HDFC ERGO General Insurance Co. Ltd.	**6.02**	5.87	-	-	-	-	-	-	-	-
- HDFC Standard Life Insurance Co. Ltd.	**30.51**	27.03	-	-	-	-	-	-	-	-
- Others	**1.36**	1.50	-	0.04	-	-	**0.33**	0.48	-	0.01

Notes forming part of the standalone financial statements (Continued)

36. SEGMENT REPORTING

The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes, in India. All other activities of the Corporation revolve around the main business. As such, there are no separate reportable segments, as per the Accounting Standard on 'Segment Reporting' (AS 17).

37. INTEREST IN JOINT VENTURES

In compliance with the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS 27), the Corporation has interests in the following jointly controlled entities, which are incorporated in India.

Names of Companies	HDFC Standard Life Insurance Co. Ltd.		HDFC ERGO General Insurance Co. Ltd.	
	Current Year	Previous Year	**Current Year**	Previous Year
Percentage of Shareholding	**70.65**	72.37	**73.63**	73.82
Amount of Interest based on the last Audited Accounts				₹ in Crore
Assets	**49,017.54**	37,903.85	**3,335.42**	2,940.07
Liabilities	**47,186.48**	36,471.84	**2,581.67**	2,276.35
Income	**19,280.48**	12,593.20	**1,465.80**	1,366.35
Expenditure	**18,712.08**	12,128.20	**1,362.10**	1,200.76
Capital Commitment	**411.97**	365.94	**6.59**	9.59
Contingent Liability	**124.37**	105.36	**0.01**	-

38. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Form AOC - I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A" : Subsidiaries

(As on / for the period / year ended March 31, 2015)

₹ in Crore

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Share 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	-	1,994.88	597.01	69,384.92	66,793.03	67,025.03	27,291.75	804.57	19.07	785.51	-	70.65
2	HDFC Asset Management Co. Ltd.	INR	-	25.24	1,094.65	1,311.75	191.86	650.52	1,064.28	622.60	207.10	415.50	-	59.81
3	HDFC Trustee Co. Ltd.	INR	-	0.10	0.08	6.01	5.83	-	2.00	0.01	-	0.01	-	100
4	HDFC ERGO General Insurance Co. Ltd.	INR	-	538.62	473.20	4,529.72	3,517.90	3,766.69	1,990.66	140.83	36.83	104.00	-	73.63
5	GRUH Finance Ltd.	INR	-	72.68	638.81	9,181.52	8,470.03	79.82	1,060.32	300.84	97.04	203.80	72.68	58.64
6	HDFC Developers Ltd.	INR	-	3.05	(2.53)	3.30	2.78	-	8.17	(4.47)	0.07	(4.55)	-	100
7	HDFC Venture Capital Ltd.	INR	-	0.50	10.45	67.48	56.53	0.02	89.97	84.01	29.25	54.76	-	80.5
8	HDFC Ventures Trustee Co. Ltd.	INR	-	0.05	0.86	0.93	0.03	0.03	0.40	0.32	0.10	0.22	-	100
9	HDFC Property Venture Ltd.	INR	-	1.00	3.69	127.05	122.36	32.61	26.63	9.13	3.10	6.03	-	100
10	HDFC Realty Ltd.	INR	-	7.75	(1.66)	11.61	5.52	-	26.29	(4.04)	0.03	(4.07)	-	100
11	HDFC Investments Ltd.	INR	-	26.67	96.04	122.82	0.11	115.90	109.24	107.74	1.52	106.22	-	100
12	HDFC Holdings Ltd.	INR	-	1.80	163.72	173.00	7.48	120.32	23.14	21.20	4.15	17.05	-	100
13	HDFC Sales Pvt. Ltd.	INR	-	4.01	9.47	53.71	40.23	-	172.26	(8.99)	-	(8.99)	-	100
14	Credila Financial Services Pvt. Ltd.	INR	-	120.74	33.88	1,737.87	1,583.24	-	215.19	40.50	12.70	27.80	-	78.66
15	HDFC Pension Fund Management Co. Ltd.	INR	-	28.00	(0.54)	27.99	0.53	26.50	2.38	0.03	0.01	0.02	-	70.65
16	HDFC Education and Development Services Pvt. Ltd.	INR	-	15.10	(9.96)	5.32	0.18	-	0.07	(2.01)	0.01	(2.02)	-	100
17	Griha Investments	USD	62.59	0.20	101.42	102.01	0.40	-	62.88	45.11	1.28	43.82	-	100
18	Griha Pte. Ltd.	SGD	49.50	5.21	0.54	8.54	2.79	-	7.26	1.60	0.11	1.49	-	100
19	Grandeur Properties Pvt. Ltd.	INR	-	0.01	18.35	27.61	9.25	-	-	(9.81)	0.57	(10.38)	-	100
20	Haddock Properties Pvt. Ltd.	INR	-	0.01	(46.75)	32.67	79.40	-	3.09	(18.08)	0.79	(18.87)	-	100
21	Pentagram Properties Pvt. Ltd.	INR	-	0.01	(40.69)	34.30	74.97	-	6.12	(12.64)	-	(12.64)	-	100
22	Winchester Properties Pvt. Ltd.	INR	-	0.01	(24.17)	22.33	46.49	-	0.96	(12.23)	0.01	(12.25)	-	100
23	Windermere Properties Pvt. Ltd.	INR	-	0.01	(51.13)	75.26	126.37	-	12.67	(23.77)	0.01	(23.78)	-	100

NOTE:

H T Parekh Foundation ceases to be the subsidiary of HDFC Ltd. w.e.f. March 31, 2015.

* Includes Investments of Shareholders', Policyholders' and Assets held to cover Linked Liability.

Includes Net Premium Income, Investment Income and other Income.

ASPIRATIONS alive

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, 2015)

Sr. No.	Name of Associates/Joint Ventures	HDFC Bank Limited	India Value Fund Advisors Pvt. Ltd.	Rural Shore Business Services Pvt. Ltd.	Magnum Foundations Pvt. Ltd.
1	Latest audited Balance Sheet Date	31st March 2015	31st March 2015	31st March 2015	31st March 2014
2	Shares of Associate/Joint Ventures held by Corporation and its subsidiaries of the year end				
	Number	393,211,100	975,002	476,351	500,000
	Amount of investment in Associates/Joint Venture (₹ in crore)	5,623.06	0.03	2.50	23.25
	Extend of Holding %	21.67	21.51	27.47	50.00
3	Description of how there is significant influence	% age holding more than 20% and representation on the board.	% age holding more than 20%	% age holding more than 20%	% age holding more than 20%
4	Reason why Associate/Joint Venture is not consolidated	NA	NA	Share of losses exceeded the carrying amount of investment and the same has been fully provided for in the books of accounts of HDFC Ltd.	Exclusively held with a view to their subsequent disposal in the near future
5	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in crore)	18,011.08	1.54	-	-
6	Consolidated Profit/(Loss) for the year (₹ in crore)	10,259.27	0.22	(12.80)	0.23
i.	Considered in Consolidation (₹ in crore)	2,294.37	0.05	-	-
ii.	Not Considered in Consolidation (₹ in crore)	7,964.90	0.17	(12.80)	0.23

ASPIRATIONS alive

Consolidated Financial Statements

Independent Auditor's Report

Consolidated Balance Sheet

Consolidated Statement of Profit and Loss

Consolidated Cash Flow Statement

Notes to Consolidated Financial Statements

Independent Auditor's Report

TO THE MEMBERS OF

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (hereinafter referred to as the "Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") and its associates, which comprise the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as the "Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group and of its Associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit

opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its Associates as at March 31, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We refer to Note 5.2 to the consolidated financial statements, which describes the accounting treatment used by the Holding Company and one of its Subsidiary Company in creating the Deferred Tax Liability on Special Reserve under section 36(1)(viii) of the Income Tax Act, 1961 as at April 1, 2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated August 22, 2014.

Our opinion is not modified in respect of this matter.

Other Matters

(a) We did not audit the financial statements / financial information of six subsidiaries, whose financial statements / financial information reflect total assets of ₹ 80,203.40 crore as at March 31, 2015, total revenues of ₹ 19,178.93 crore and net cash flows amounting to ₹ 125.03 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

(b) The consolidated financial statements also include the Group's share of net profit of ₹ 0.34 crore for the year ended March 31, 2015, as considered in the consolidated financial statements, in respect of one associate of an associate, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

(c) Claims paid and pertaining to Insurance business have been adjusted for the actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists as at reporting date, in respect of one subsidiary and the estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), in respect of another subsidiary. These liabilities have been duly certified by the subsidiaries' appointed actuaries, and in their respective opinions, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority ("IRDA") and the Institute of Actuaries of India in concurrence with the IRDA. The respective auditors of those subsidiaries have relied on the appointed actuaries' certificates in this regard in forming their conclusion on the financial result of the said subsidiaries.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on:

i. the work done and the reports of the other auditors,

ii. the financial statements / financial information certified by the Management and

iii. the actuarial valuation for the life insurance policies in force and for the policies in respect of which premium has been discontinued but the liability exists as at the reporting date and of IBNR and IBNER.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 (the "Order"), issued by the Central

Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding Company, Subsidiary Companies and Associate Company incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

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

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

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

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates– Refer Note 25.1 to the consolidated financial statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, where necessary, on long-term contracts including derivative contracts – Refer (a) Note 5.10, 5.11 and 33 to the consolidated financial statements in respect of such items as it relates to the Group and (b) the Group's share of net profit in respect of its associates.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its Subsidiary Companies and Associate Company incorporated in India.

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

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

MUMBAI
29th April, 2015

Annexure to the Independent Auditor's Report
ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

Our reporting on the Order does not includes 6 subsidiary companies / controlled entities and 1 associate company to which the Order is not applicable but includes 3 subsidiary companies, incorporated in India, to which the Order is applicable, which have been audited by other auditors and our report in respect of these entities is based solely on the reports of the other auditors, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

i. In respect of the fixed assets of the Holding Company, subsidiary companies and associate company incorporated in India:

a. The respective entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. Some of the fixed assets were physically verified during the year by the Managements of the respective entities and by the appointed firm of chartered accountants in accordance with a programme of verification, which in our opinion and the opinion of the other auditors provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us and the other auditors, no material discrepancies were noticed on such verification.

ii. According to the information and explanations given to us, the nature of business of Holding Company, subsidiary companies and associate company is such that it is not required to hold any inventories except in the case of one subsidiary where the other auditor have reported as follows:

a. The stock of acquired and/ or developed properties of one subsidiary have been physically verified during the year by its management. In the opinion of other auditor, the frequency of verification is reasonable.

b. The procedures of physical verification of stock of acquired and/ or developed properties followed by the management are reasonable and adequate in relation to the size of that subsidiary company and the nature of its business.

c. The subsidiary company is maintaining proper records of acquired and developed properties. No discrepancy was noticed on verification between the physical properties and the book records.

iii. According to the information and explanations given to us, the Holding Company, subsidiary companies and associate company incorporated in India have granted loans, to the extent included in the consolidated financial statements, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 by the respective entities. In respect of such loans:

a. The receipts of principal amounts and interest have been regular/as per stipulations.

b. There is no overdue amount in excess of ₹ 1 lakh remaining outstanding as at the year-end.

iv. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, there is an adequate internal control system in the Holding Company, subsidiary companies and associate companies incorporated in India, commensurate with the size of the respective entities and the nature of their business for acquisition of properties and purchase of fixed assets and for the sale of properties and services and during the course of our and the other auditors audit no major weaknesses in such internal control system has been observed.

v. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the Holding Company and one subsidiary company incorporated in India have complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, the Companies (Acceptance of Deposits) Rules, 2014, as amended and the Housing Finance Companies (NHB) Directions, 2010, with regard to the deposits accepted. Other subsidiary companies and associate company incorporated in India have not accepted any deposit during the year. According to the information and explanations given to us and the other auditors, no order has been passed by the Company Law Board or the National Company Law Tribunal or the National Housing Bank or the Reserve Bank of India or any Court or any other Tribunal in respect of any of the respective entities.

vi. The provisions of clause (3)(vi) of the Order are not applicable to the Holding Company, subsidiary companies and associate company

incorporated in India as the services rendered by them are not covered by the Companies (Cost Records and Audit) Rules, 2014.

vii. According to the information and explanations given to us, in respect of statutory dues of the Holding Company, subsidiary companies and associate company incorporated in India:

a. The respective entities have generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Cess and other material statutory dues applicable to the respective entities with the appropriate authorities.

b. There were no undisputed amounts payable by the respective entities in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

c. Details of dues of Wealth Tax, Interest on Lease Tax, Employees' State Insurance and Income Tax which have not been deposited as on 31st March, 2015 on account of disputes by the aforesaid entities are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved ₹ in crore
Holding Company				
The Wealth Tax Act, 1957	Wealth Tax	Assistant Commissioner of Wealth Tax	Financial Year 1998-1999	0.12
Maharashtra Sales Tax on the Transfer of the Right to use any Goods for any Purpose Act, 1985	Interest on Lease Tax	Commissioner of Sales Tax (Appeals)	Financial Year 1999-2000	0.02
Employees State Insurance Act, 1948	Payment towards Employer's Contribution to ESIC	Assistant / Deputy Director - ESIC	Financial Year 2010-2011	0.01
Subsidiary Companies				
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Financial Year 2007-2008	0.24
Income Tax Act, 1961	Income Tax	High Court of Bombay	Financial Year 2007-2008	0.15
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Financial Year 2008-2009	0.52
Income Tax Act, 1961	Income Tax	Commissioner of Income-Tax (Appeals)	Financial Year 2009-2010	0.19
Income Tax Act, 1961	Income Tax	Commissioner of Income-Tax (Appeals)	Financial Year 2010-2011	1.60
Income Tax Act, 1961	Income Tax	Commissioner of Income-Tax (Appeals)	Financial Year 2011-2012	0.98
Associate				
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Financial Year 2007-08	0.44
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Financial Year 2009-10	0.20
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Financial Year 2010-11	0.15
Income Tax Act, 1961	Income Tax	Assessing Officer	Financial Year 2012-13	0.19

d. The aforesaid entities have been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.

viii. The Group and its associate does not have consolidated accumulated losses at the end of the financial year and the Group and its associate have not incurred cash losses on a consolidated basis during the financial year covered by our audit and in the immediately preceding financial year.

ix. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the Holding Company, subsidiary companies and associate company incorporated in India have not defaulted in the repayment of dues to financial institutions, banks and debenture holders.

x. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, subsidiary companies and associate company incorporated in India have not given guarantees for loans taken by others from banks and financial institutions. The terms and conditions of the guarantees given by the Holding Company for loans taken by others outside of the Group and its associates from banks and financial institutions are not, *prima facie*, prejudicial to the interests of the Group and its associates.

xi. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the term loans have been applied by the Holding Company, subsidiary companies and associate company incorporated in India during the year for the purposes for which they were obtained, other than temporary deployment pending application.

xii. To the best of our knowledge and according to the information and explanations given to us and the other auditors, no fraud by the Holding Company, its subsidiary companies and associate company incorporated in India and no material fraud on the Holding Company, its subsidiary companies and associate company incorporated in India has been noticed or reported during the year. Although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amount whereof are not material in the context of the size of the Group and its associate Company and the nature of its business and which have been provided for.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

MUMBAI
29th April, 2015

Housing Development Finance Corporation Limited

Consolidated Balance Sheet as at March 31, 2015

	Notes	₹ in Crore	₹ in Crore	March 31, 2014 ₹ in Crore
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share Capital	4	314.94		312.10
Reserves and Surplus	5	44,756.69		37,262.51
			45,071.63	37,574.61
MINORITY INTEREST			1,820.08	1,423.88
NON-CURRENT LIABILITIES				
Policy Liabilities (Policyholder's Fund)		54,924.28		45,003.25
Long-term borrowings	7	104,545.72		91,757.78
Deferred tax liabilities (net)	17	231.32		15.82
Other Long-term liabilities	8	2,546.12		2,288.20
Long-term provisions	9	1,998.04		1,682.20
			164,245.48	140,747.25
CURRENT LIABILITIES				
Short-term borrowings	10	34,420.05		26,012.51
Trade Payables	11	2,984.85		2,371.99
Other current liabilities	12			
- Policy Liabilities (Policyholder's Fund)		10,531.68		4,300.42
- Borrowings		78,390.95		72,831.68
- Others		7,864.17		7,559.93
Short-term provisions	13	4,196.29		4,082.38
			138,387.99	117,158.91
			349,525.18	296,904.65
ASSETS				
NON-CURRENT ASSETS				
Fixed assets				
(i) Tangible assets	14	1,203.17		746.16
(ii) Intangible assets	15	79.25		70.49
(iii) Capital work in Progress		5.60		21.01
(iv) Intangible assets under Development		3.38		0.03
GOODWILL ON CONSOLIDATION		187.81		185.59
Non-current investments	16	86,887.59		65,377.26
Deferred tax asset (net)	17	18.55		663.34
Long-term loans and advances	18			
- Loans		211,531.09		183,423.95
- Others		3,150.97		3,084.79
Other non-current assets	19	2,799.52		930.61
			305,866.93	254,503.23
CURRENT ASSETS				
Current investments	20	6,894.83		7,536.95
Trade receivables	21	457.79		376.79
Cash and bank balances	22	4,261.92		8,588.11
Short-term loans and advances	23			
- Loans		26,674.83		21,324.43
- Others		3,679.28		3,259.49
Other current assets	24	1,689.60		1,315.65
			43,658.25	42,401.42
			349,525.18	296,904.65

See accompanying notes forming part of the financial statements

As per our report attached.

Directors

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

Sanjiv V. Pilgaonkar
Partner

MUMBAI, April 29, 2015

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)
V. Srinivasa Rangan
Executive Director
(DIN: 00030248)

R. S. Tarneja (DIN: 00009395)
J. J. Irani (DIN: 00311104)
S. A. Dave (DIN: 00001480)

Ajay Agarwal
Company Secretary
(ACS: 13257)

Housing Development Finance Corporation Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2015

	Notes	₹ in Crore	Previous Year ₹ in Crore
INCOME			
Revenue from Operations	26	**29,075.78**	25,583.15
Profit on sale of Investments	27	**510.87**	294.03
Other Income	26.6	**74.34**	61.39
Premium from Insurance Business		**16,427.35**	13,539.59
Other Operating Income from Insurance Business		**2,301.69**	1,336.40
Total Revenue		**48,390.03**	40,814.56
EXPENSES			
Finance Cost	28	**18,710.29**	16,607.89
Employee Benefits Expenses	29	**699.14**	597.24
Establishment Expenses	30	**136.95**	143.14
Other Expenses	31	**584.13**	465.07
Claims paid pertaining to Insurance Business		**9,551.25**	5,969.83
Commission and operating expenses pertaining to Insurance Business		**2,112.45**	1,924.34
Other expenses pertaining to Insurance Business		**6,244.53**	6,103.93
Depreciation and Amortisation	14 & 15	**46.63**	46.85
Provision for Contingencies		**188.04**	110.42
Total Expenses		**38,273.41**	31,968.71
PROFIT BEFORE TAX		**10,116.62**	8,845.85
Tax Expense			
Current Tax		**2,883.62**	2,317.05
Deferred Tax	17	**282.08**	41.29
PROFIT FOR THE YEAR		**6,950.92**	6,487.51
Share of profit of Minority Interest		**(482.72)**	(454.89)
Net share of Profit from Associates		**2,294.42**	1,915.20
PROFIT AFTER TAX ATTRIBUTABLE TO THE CORPORATION	5.1	**8,762.62**	7,947.82
EARNINGS PER SHARE (Face Value ₹ 2)	36		
Basic (₹)		**55.81**	51.01
Diluted (₹)		**55.30**	50.61

See accompanying notes forming part of the financial statements

As per our report attached.

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

Sanjiv V. Pilgaonkar
Partner

MUMBAI, April 29, 2015

Deepak S. Parekh
Chairman
(DIN: 00009078)

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

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

Nasser Munjee (DIN: 00010180)
B. S. Mehta (DIN: 00035019)
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J. J. Irani (DIN: 00311104)
S. A. Dave (DIN: 00001480)

Ajay Agarwal
Company Secretary
(ACS: 13257)

Housing Development Finance Corporation Limited

Consolidated Cash Flow Statement for the year ended March 31, 2015

		Notes	₹ in Crore	Previous Year ₹ in Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit After tax Attributable to the Group		**8,762.62**	7,947.82
	Add: Provision for Taxation		**3,165.70**	2,358.34
	Profit Before Tax		**11,928.32**	10,306.16
	Adjustments for:			
	Depreciation and Amortisation*	**14 & 15**	**130.73**	108.87
	Provision for Contingencies	**5.3**	**188.04**	110.20
	Interest Expense	**28**	**18,589.83**	16,357.10
	Net (Gain) / Loss on translation of foreign currency monetary assets and liabilities		**(16.28)**	138.76
	Interest Income	**26**	**(26,994.73)**	(23,774.91)
	Premium paid on redemption of Debentures		**(192.80)**	(398.20)
	Shelter Assistance Reserve - utilisation	**5.10**	**(10.83)**	(13.02)
	Corporate Social Responsibility Account - utilisation	**5.10**	**-**	(0.46)
	Reserve for Unexpired Risk		**104.41**	180.83
	Policy Liabilities (net)		**16,152.28**	9,979.18
	Surplus from Deployment in Cash Management Schemes of Mutual Funds	**26**	**(369.48)**	(344.01)
	Profit on Sale of Investments		**(510.87)**	(294.03)
	Dividend Income	**26**	**(41.16)**	(47.64)
	Provision for Diminution in Value of Investments		**5.06**	(0.38)
	Bad debts written off		**4.60**	1.89
	(Profit) / Loss on Sale of Fixed Assets (Net)		**(27.64)**	(22.41)
	Operating Profit before Working Capital changes		**18,939.48**	12,287.93
	Adjustments for:			
	Current and Non Current Assets		**(978.49)**	266.46
	Current and Non Current Liabilities		**759.49**	14.08
	Cash generated from operations		**18,720.48**	12,568.47
	Interest Received		**26,682.39**	23,271.11
	Interest Paid		**(18,519.42)**	(15,418.73)
	Dividend Received		**41.16**	47.64
	Taxes Paid		**(3,227.77)**	(2,910.84)
	Net cash from operation		**23,696.84**	17,557.65
	Loans disbursed (Net)		**(33,281.47)**	(28,586.35)
	Corporate Deposits (Net)		**466.44**	293.80
	Net cash used in operating activities	**[A]**	**(9,118.19)**	(10,734.90)
	* Includes depreciation included under Other expenses pertaining to Insurance Business			
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets		**(616.32)**	(255.13)
	Sale of Fixed Assets		**57.81**	31.21
	Goodwill (net)		**(2.22)**	(0.51)
	Investments (net)		**(17,994.19)**	(12,766.59)
	Net cash used in investing activities	**[B]**	**(18,554.92)**	(12,991.02)
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share Capital - Equity	**4.1**	**2.84**	2.83
	Utilisation of Reserves for Buy back of Equity Shares by one of the Subsidiary Company		**-**	(20.92)
	Securities Premium	**5**	**726.52**	651.41
	Deposits, CPs and other Short Term Borrowings (Net)		**27,136.33**	5,377.93
	Proceeds from long-term borrowings		**64,672.33**	71,905.16
	Repayment of long-term borrowings		**(65,098.31)**	(50,231.75)
	Dividend paid		**(2,505.94)**	(1,939.91)
	Tax paid on Dividend		**(485.43)**	(385.73)
	Bonus and Securities Issue Expenses		**(22.01)**	(0.30)
	Increase in Minority Interest		**394.05**	359.81
	Net cash from financing activities	**[C]**	**24,820.38**	25,718.53
	Net (Decrease) / Increase in cash and cash equivalents	**[A+B+C]**	**(2,852.73)**	1,992.61
	Add: Cash and cash equivalents as at the beginning of the year	**22**	**6,397.65**	4,397.46
	Add: Exchange difference on bank balance		**2.80**	7.58
	Cash and cash equivalents as at the end of the year	**22**	**3,547.72**	6,397.65
	Earmarked balances with banks:			
	- Unclaimed dividend account		**21.52**	15.26
	- Other against Foreign Currency Loans		**7.20**	6.39
	- Guarantees issued by banks		**0.13**	0.24
	- Others		**2.59**	2.59
	Short - term bank deposits		**682.76**	2,165.98
	Cash and Bank balances at the end of the year	**22**	**4,261.92**	8,588.11

See accompanying notes forming part of the financial statements

As per our report attached.

Directors

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

Sanjiv V. Pilgaonkar
Partner

MUMBAI, April 29, 2015

Deepak S. Parekh
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Ajay Agarwal
Company Secretary
(ACS: 13257)

Notes forming part of the consolidated financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

OTHER THAN INSURANCE COMPANIES

These financial statements have been prepared in accordance with historical cost convention, applicable Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Companies Act, 2013 and the guidelines issued by the National Housing Bank and Reserve Bank of India to the extent applicable.

INSURANCE COMPANIES

The financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the accounting principles prescribed by the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, ('the IRDA Financial Statements Regulations'), provisions of the Insurance Regulatory and Development Authority Act, 1999, the Insurance Act, 1938, circulars/notifications issued by the Insurance Regulatory and Development Authority of India ('the IRDAI') from time to time, the Companies Act, 2013 and applicable Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

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

1.2 GAIN OR LOSS ON DILUTION

The gain or loss on account of dilution of stake of HDFC Ltd. in its subsidiaries, associates and entities over which control is exercised is accounted through General Reserve.

1.3 SYSTEM OF ACCOUNTING

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

The Balance Sheet and the Statement of Profit and Loss of the Group are prepared in accordance with the provisions contained in Section 129 of the Companies Act, 2013, read with Schedule III thereto to the extent possible (except the insurance subsidiaries).

1.4 USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with Generally Accepted Accounting Principles in India (Indian GAAP) requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

1.5 INFLATION

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

Notes forming part of the consolidated financial statements (Continued)

1.6 OPERATING CYCLE

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

1.7 CASH FLOW STATEMENT

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

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

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

1.9 LOANS AND RECEIVABLES AND CREDIT LOSS ALLOWANCES

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

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

1.10 INTEREST INCOME ON LOANS

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

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

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

1.11 DIVIDEND

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

1.12 FEES AND OTHER REVENUE

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

Notes forming part of the consolidated financial statements (Continued)

1.13 PREMIUM INCOME FROM INSURANCE BUSINESS

LIFE INSURANCE BUSINESS

Premium Income

Premium income is accounted for when due from the policyholders and reduced for lapsation expected based on the experience of the Company. In case of linked business, premium income is accounted for when the associated units are created. Premium on lapsed policies is accounted for as income when such policies are reinstated. Top up premium is considered as single premium.

Income from Linked Policies

Income from linked policies, which include fund management charges, policy administration charges, mortality charges and other charges, wherever applicable, is recovered from the linked funds in accordance with the terms and conditions of the insurance contracts and is accounted for as income when due.

Reinsurance Premium Ceded

Reinsurance premium ceded is accounted for on due basis, at the time when related premium income is accounted for in accordance with the terms and conditions of the reinsurance treaties. Profit commission on reinsurance ceded is netted off against premium ceded on reinsurance.

GENERAL INSURANCE BUSINESS

Premium Income

Premium including Reinsurance accepted (net of service tax) is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur. Instalment cases are recorded on instalment due dates. Premium received in advance represents premium received prior to commencement of the risk.

Reinsurance Premium Ceded

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Reinsurance premium ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium. Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur.

Premium on excess of loss reinsurance cover is accounted as per the terms of the reinsurance arrangements.

Commission received

Commission on reinsurance ceded is recognised as income on ceding of reinsurance premium.

Profit commission under reinsurance treaties, wherever applicable, is recognised in the year of final determination of the profits and as intimated by the Reinsurer.

1.14 INCOME FROM LEASES

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

1.15 MANAGEMENT AND TRUSTEESHIP FEES

Management and Trusteeship fees are accounted on accrual basis.

Notes forming part of the consolidated financial statements (Continued)

1.16 INCOME FROM INVESTMENTS

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

Interest income on investments is accounted for on accrual basis.

Amortisation of premium or accretion of discount at the time of purchase of debt securities is amortised over the remaining period of maturity/holding on a straight line basis.

1.17 BORROWING AND BORROWING COSTS

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

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

1.18 TRANSLATION OF FOREIGN CURRENCY

Initial recognition

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

Measurement at the Balance Sheet date

Assets and liabilities in foreign currencies are converted at the rates of exchange prevailing at the year-end, where not covered by forward contracts. Wherever the Corporation has entered into a forward contract or an instrument that is, in substance, a forward exchange contract, the difference between the forward rate and the exchange rate on the date of the transaction is recognised as income or expense over the life of the contract. Monetary items represented by currency swap contracts are recorded at the closing rate.

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

1.19 BROKERAGE AND INCENTIVE ON DEPOSITS

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

1.20 BROKERAGE - MUTUAL FUND EXPENSE

Brokerage paid on investment in Equity Linked Saving Schemes and Closed Ended Schemes is amortised over a period of 36 months and over the tenure of the scheme respectively.

Brokerage paid in advance in respect of Portfolio Management Business is amortised over the contractual period.

Recurring expenses of schemes of HDFC Mutual Fund are borne by one of the subsidiary company, including the amounts in excess of the limits prescribed by the Securities and Exchange Board of India, are accounted in the respective heads in the Statement of Profit and Loss.

Notes forming part of the consolidated financial statements (Continued)

1.21 INVESTMENTS

(i) OTHER THAN INSURANCE COMPANIES

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

(ii) INSURANCE COMPANIES

Investments are made in accordance with the provisions of the Insurance Act, 1938, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, the Insurance Regulatory and Development Authority of India (Investment) (Amendment) Regulations, 2001, the Insurance Regulatory and Development Authority of India (Investment) (Fourth Amendment) Regulations, 2008, the Insurance Regulatory and Development Authority of India (Investment) (Fifth Amendment) Regulations, 2013, wherever applicable and various other circulars/notifications/clarifications issued by the IRDA in this context from time to time.

Investments are recognised at cost on the date of purchase, which includes brokerage and taxes if any, and excluding accrued interest (i.e. since the previous coupon date) as on the date of purchase.

In case of one of the subsidiary company (HDFC Standard Life Insurance Co. Ltd.), Investment property represents land or building held for use other than in services or for administrative purposes. The investment in the real estate investment property is valued at historical cost plus revaluation, if any. Revaluation of the investment property is done at least once in three years. The change in the carrying amount of the investment property is taken to Revaluation Reserve in the Balance Sheet. Impairment loss, if any, exceeding the amount in Revaluation Reserve is recognised as an expense in the Revenue Account or the Profit and Loss Account.

1.22 TANGIBLE FIXED ASSETS

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

1.23 INTANGIBLE ASSETS

Intangible Assets comprising of system software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, less accumulated amortisation and Goodwill arising on account of a scheme of amalgamation in a subsidiary company and a scheme of de-merger in a jointly controlled entity. Any expenses on such software for support and maintenance payable annually are charged to the Statement of Profit and Loss.

1.24 CAPITAL WORK IN PROGRESS

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

1.25 IMPAIRMENT OF ASSETS

The carrying values of assets forming part of any cash generating units at Balance Sheet date are reviewed for impairment at each Balance Sheet date. If any indication for such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds

Notes forming part of the consolidated financial statements (Continued)

their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

1.26 DEPRECIATION AND AMORTISATION

Tangible Fixed Assets

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

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

Computers and data processing equipment - 4 years

Vehicles - 5 years

Leasehold land is amortised over the duration of the lease.

Intangible Assets

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

Computers Software - 4 years

Investment in Properties

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

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

1.27 PROVISIONS AND CONTINGENCIES

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

1.28 PROVISION FOR CONTINGENCIES AND NON-PERFORMING ASSETS

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

Notes forming part of the consolidated financial statements (Continued)

1.29 STANDARD ASSET PROVISIONING (COLLECTIVE ALLOWANCES)

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

1.30 EMPLOYEE BENEFITS

Employee Stock Option Scheme ('ESOS')

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

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

Defined contribution plans

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

The Contributions made to the Recognised Provident Funds are charged to the Statement of Profit and Loss.

Defined benefit plans

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

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

Actuarial gain and losses comprises of experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as Income or Expense.

Notes forming part of the consolidated 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.

1.31 **CLAIMS PAID AND OTHER EXPENSES PERTAINING TO INSURANCE BUSINESS**

(i) **LIFE INSURANCE BUSINESS**

Benefits paid

Benefits paid consist of policy benefit amounts and claim settlement costs, where applicable.

Non-linked business

Death and rider claims are accounted for on receipt of intimation. Annuity benefits, money back payment and maturity claims are accounted for when due. Surrenders are accounted for on the receipt of consent from the insured to the quote provided by the Company.

Linked business

Death and rider claims are accounted for on receipt of intimation. Maturity claims are accounted for on due basis when the associated units are de-allocated. Surrenders and withdrawals are accounted for on receipt of intimation when associated units are de-allocated. Amounts payable on lapsed policies are accounted for on expiry of lock-in-period, which is the period after which policies cannot be revived. Surrenders and lapsation are disclosed at net of charges recoverable.

Reinsurance claims receivable are accounted for in the period in which the concerned claims are intimated. Repudiated claims and other claims disputed before judicial authorities are provided for on prudent basis as considered appropriate by management.

Policy acquisition costs

Policy acquisition costs mainly consist of commission to insurance intermediaries, sales staff costs, office rent, medical examination costs, policy printing expenses, stamp duty and other related expenses incurred to source and issue the policy. These costs are expensed in the period in which they are incurred.

(ii) **GENERAL INSURANCE BUSINESS**

Claims incurred

Claims incurred comprises of claims paid (net of salvage and other recoveries), change in the estimate liability for outstanding claims made following a loss occurrence reported, change in estimated liability for claims incurred but not reported (IBNR) & claims incurred but not enough reported (IBMER) and specific settlement costs comprising survey, legal and other directly attributable expenses.

Notes forming part of the consolidated financial statements (Continued)

Provision is made for estimated value of outstanding claims at the Balance Sheet date net of reinsurance, salvage and other recoveries. Such provision is made on the basis of the ultimate amounts that are likely to be paid on each claim, established by the management in the light of past experience and progressively modified for changes as appropriate on availability of further information and include insurance claim settlement costs likely to be incurred to settle outstanding claims.

Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

The estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) has been estimated by the Appointed Actuary in compliance with guidelines issued by IRDA vide circular No. 11/IRDA/ACTL/IBNR/2005-06 dated June 8, 2005 and applicable provisions of the Guidance Note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has used alternative methods for each product category as considered appropriate depending upon the availability of past data as well as appropriateness of the different methods to the different lines of businesses.

Acquisition costs

Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission. These costs are expensed out in the period in which they are incurred.

Premium Deficiency

Premium deficiency is recognised for the Company as a whole on an annual basis. Premium deficiency is recognised if the sum of the expected claim costs, related expenses and maintenance cost (related to claims handling) exceeds related reserve for unexpired risk.

1.32 LEASES

(i) Finance leases

Finance leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the lower of the fair value of the asset and present value of the minimum lease payments at the inception of the lease term and are disclosed as leased assets. Lease payments are apportioned between the finance charges and the corresponding liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit and Loss. Leased assets capitalised under finance lease are depreciated on a straight line basis over the lease term.

(ii) Operating leases

Leases where the lessor effectively retains substantially all the risk and the benefits of ownership over the leased term are classified as operating leases. Leased rental payments under operating leases including committed increase in rentals are accounted for as an expense, on a straight line basis, over the non-cancellable lease period.

1.33 EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of 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.

1.34 TAXES ON INCOME

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

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

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

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

WEALTH TAX

Provision for wealth tax is made at the appropriate rates, as per the applicable provisions of the Wealth Tax Act, 1957.

1.35 SERVICE TAX INPUT CREDIT

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

1.36 SECURITISED LOANS AND SECURITISATION LIABILITIES

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

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

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

1.37 POLICY LIABILITIES

Actuarial liabilities, for all inforce policies and policies where premiums are discontinued, but a liability exists

Notes forming part of the consolidated financial statements (Continued)

as at the valuation date, are calculated in accordance with the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938, regulations notified by the IRDA and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDA.

The specific principles adopted for the valuation of policy liabilities are set out as per the IRDA (Assets, Liabilities and Solvency Margin) Regulations, 2000 and the APS2 & APS7 issued by the Institute of Actuaries of India.

1.38 **RESERVE FOR UNEXPIRED RISK OF GENERAL INSURANCE BUSINESS:**

Reserve for Unexpired Risk represents proportion of net premium written relating to the period of insurance subsequent to the Balance Sheet date, calculated on the basis of 1/365th method, or as required under Section 64V(1)(ii)(b) of the Insurance Act, 1938, i.e., subject to a minimum of 100% in case of marine hull business and 50% in case of other businesses based on net premium written during the year, whichever is higher. As per the Master Circular on preparation of financial statements General Insurance Business the net Premium Written is to be considered only in respect of policies written during the year and unexpired on the Balance sheet date.

2. The consolidated financial statements relate to Housing Development Finance Corporation Limited ("HDFC Ltd." or "the Corporation"), its subsidiaries, jointly controlled entities and Group's share of profit/loss in its associates as on March 31, 2015 and for the year ended on that date. The consolidated financial statements have been prepared on the following basis:

(i) The financial statements of the Corporation and its subsidiaries have been combined on a line-by-line basis by consolidating the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions, resulting in unrealised profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' (AS 21).

(ii) The Corporation's investments in equity shares of associates are accounted for under the equity method and its share of pre-acquisition profits/losses is reflected as goodwill/capital reserve in the carrying value of investments in accordance with the Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' (AS 23).

(iii) The financial statements of the subsidiaries and the associates used in the consolidation are drawn up to the same reporting date as that of the Corporation, i.e. March 31, 2015.

(iv) The excess of cost to the Corporation, of its investment in the subsidiaries over the Corporation's portion of equity is recognised in the financial statements as Goodwill.

(v) The excess of the Corporation's portion of equity of the subsidiaries on the acquisition date over its cost of investment is treated as Capital Reserve.

(vi) Minority Interest in the net assets of consolidated subsidiaries consists of:

a) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and

b) The minorities' share of movements in equity since the date the relationship came into existence.

(vii) Minority interest's share of net profit/loss for the year of the consolidated subsidiaries is identified and adjusted against the profit after tax of the group.

(viii) In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.

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 and Griha Pte. Ltd. which has been incorporated in Singapore.

Name of Subsidiary	Proportion of Ownership Interest (%)	
	Current Year	Previous Year
HDFC Developers Ltd.	**100.00**	100.00
HDFC Investments Ltd.	**100.00**	100.00
HDFC Holdings Ltd.	**100.00**	100.00
HDFC Asset Management Co. Ltd.	**59.81**	59.81
HDFC Trustee Co. Ltd.	**100.00**	100.00
HDFC Realty Ltd.	**100.00**	100.00
GRUH Finance Ltd.	**58.64**	59.15
HDFC Venture Capital Ltd.	**80.50**	80.50
HDFC Ventures Trustee Co. Ltd.	**100.00**	100.00
HDFC Sales Pvt. Ltd.	**100.00**	100.00
HDFC Property Ventures Ltd.	**100.00**	100.00
HDFC Investment Trust	**100.00**	100.00
HDFC Investment Trust - II (w.e.f. June 24, 2014)	**100.00**	-
Griha Investments (Subsidiary of HDFC Holdings Ltd.)	**100.00**	100.00
Griha Pte Ltd. (Subsidiary of HDFC Investments Ltd.)	**100.00**	100.00
Credila Financial Services Pvt. Ltd.	**78.66**	78.66
HDFC Education and Development Services Pvt. Ltd.	**100.00**	100.00

2.2 During the previous year, the Corporation acquired the undermentioned companies, all incorporated in India, as an inspecie distribution from HDFC Property Fund - Scheme HDFC IT Corridor Fund. As per the Accounting Standard on Consolidated Financial Statements, (AS 21), those companies have been excluded from consolidation, since they are held exclusively with a view to their subsequent disposal in the near future.

Name of Subsidiary	Proportion of Ownership Interest (%)	
	Current Year	Previous Year
Grandeur Properties Pvt. Ltd.	**100.00**	100.00
Haddock Properties Pvt. Ltd.	**100.00**	100.00
Pentagram Properties Pvt. Ltd.	**100.00**	100.00
Windermere Properties Pvt. Ltd.	**100.00**	100.00
Winchester Properties Pvt. Ltd.	**100.00**	100.00

2.3 The financial statements of the following subsidiary companies, all incorporated in India, which are in the nature of jointly controlled entities, have been consolidated as per Accounting Standard on Consolidated Financial Statements (AS 21).

Notes forming part of the consolidated financial statements (Continued)

Name of Subsidiary (Jointly Controlled Entity)	Proportion of Ownership Interest (%)	
	Current Year	Previous Year
HDFC Standard Life Insurance Co. Ltd.	**70.65**	72.37
HDFC Pension Management Co. Ltd. (Subsidiary of HDFC Standard Life Insurance Co. Ltd.)	**70.65**	72.37
HDFC ERGO General Insurance Co. Ltd.	**73.63**	73.82

2.4 Consequent to the above changes in the ownership interest, certain previous year balances have been considered on current ownership and accordingly the same is reflected in the Reserves and Surplus as 'Opening Adjustments'.

2.5 H. T. Parekh Foundation, a Section 8 Company under the Companies Act, 2013, wherein the profits were applied for promoting its objects. The Accounts of H. T. Parekh Foundation were not consolidated in financial statements, since the Corporation would not derive any economic benefits from its investments in H. T. Parekh Foundation. During the current year, the Corporation sold its investment in H. T. Parekh Foundation.

3. Investment made by the Corporation and its subsidiaries in the following associates, have been accounted for, under the equity method, in accordance with the Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' (AS 23):

Name of Associate	Nature of Business	Proportion of Ownership Interest (%)	
		Current Year	Previous Year
HDFC Bank Ltd.	Banking Services	**21.67**	22.64
India Value Fund Advisors Pvt. Ltd.	Venture Capital	**21.51**	21.51
RuralShores Business Services Pvt. Ltd.#	BPO	**27.47**	27.47
Magnum Foundations Pvt. Ltd.*	Real Estate	**50.00**	-

As per Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' (AS 23), the investments in RuralShores Business Services Pvt. Ltd. has been excluded from consolidation since the share of losses exceeded the carrying amount of investment and the same has been fully provided for in the books of accounts of HDFC Ltd.

* During the current year, Magnum Foundations Pvt. Ltd. was acquired as an associate by one of the subsidiary company. As per the Accounting Standard on Consolidated Financial Statements (AS 23), the same has been excluded from consolidation, since it is exclusively held with a view to their subsequent disposal in the near future by such subsidiary company.

HDFC Ltd.'s share of profit in HDFC Bank Ltd. has been accounted for based on their consolidated financial statements.

4. SHARE CAPITAL

	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
AUTHORISED		
162,50,00,000 Equity Shares of ₹ 2 each (Previous Year 162,50,00,000 Equity Shares of ₹ 2 each)	**325.00**	325.00
	325.00	325.00
ISSUED, SUBSCRIBED AND PAID-UP		
157,46,97,670 Equity Shares of ₹ 2 each (Previous Year 156,05,32,605 Equity Shares of ₹ 2 each)	**314.94**	312.10
	314.94	312.10

Notes forming part of the consolidated financial statements (Continued)

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	₹ in Crore	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**156,05,32,605**	**312.10**	154,63,47,255	309.27
Shares allotted pursuant to exercise of stock options	**1,41,65,065**	**2.84**	1,41,85,350	2.83
Shares allotted pursuant to exchange of warrants	**-**	**-**	-	-
Equity shares outstanding as at the end of the year	**157,46,97,670**	**314.94**	156,05,32,605	312.10

4.2 The details of each shareholder holding more than 5 percent shares in the Corporation:

Particulars	Outstanding as on March 31, 2015		Outstanding as on March 31, 2014	
	Number	Percentage of shares held to total Shares (%)	Number	Percentage of shares held to total Shares (%)
Aberdeen Asset Management Asia Ltd. (on behalf of funds advised/managed)	**8,00,17,312**	**5.08**	11,10,21,121	7.11

4.3 **5,05,74,170** shares of ₹ 2 each (Previous Year 3,35,28,585 shares of ₹ 2 each) were reserved for issuance towards outstanding Employees Stock Options granted/available for grant, including lapsed options [Refer Note 4.4].

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

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

At the 37th Annual General Meeting (AGM) held on July 21, 2014, the shareholders had approved the issue of 62,42,130 stock options representing 3,12,10,650 equity shares of ₹ 2 each to the eligible employees and Directors of the Corporation. The Nomination and Remuneration Committee of Directors (NRC) at its meeting held on October 8, 2014, approved the grant of 62,73,064 new stock options, representing 3,13,65,320 equity shares of ₹ 2 each under ESOS-2014, to the eligible employees and Directors. The same represents the Options approved for grant by the shareholders at the AGM held on July 21, 2014 plus 41,810 options lapsed under previous schemes (ESOS-05 : 12,285 options, ESOS-07 : 29,267 options, and ESOS-08 : 258 options), net of 10,876 options reserved. The options were granted at an exercise price of ₹ 5,073.25 per option (i.e. ₹ 1,014.65 per equity share of ₹ 2 each) being the latest available closing price of the equity shares of the Corporation on the stock exchange on which the shares are listed and having higher trading volume, prior to the meeting of the NRC at which the options were granted.

In terms of ESOS-14, the options would vest over a period of 1-3 years from the date of grant, but not later than October 7, 2017, depending upon options grantee completing continuous service of three years with the Corporation. Accordingly, no options have vested during the current year. The options can be exercised over a period of five years from the date of respective vesting.

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

Notes forming part of the consolidated financial statements (Continued)

In terms of ESOS - 11, the options would vest over a period of 1-3 years from the date of grant, but not later than May 22, 2015, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, during the year **1,80,438 options** (Previous Year 58,26,953 options) were vested. In the current year **13,263 options** (Previous Year 28,787 options) were lapsed. The options can be exercised over a period of five years from the date of respective vesting.

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

In terms of ESOS - 08, the options would vest over a period of 1-3 years from the date of grant, but not later than November 24, 2011, depending upon option grantee completing continuous service of three years with the Corporation. Accordingly, all the options have been vested in the earlier years. In the current year **97 options** (Previous Year 146 options) were lapsed after vesting. The options can be exercised over a period of five years from the date of respective vesting.

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

In terms of ESOS - 07, the options would vest over a period of 1-3 years from the date of grant, but not later than September 11, 2010, depending upon option grantee completing continuous service of three years with the Corporation. All the options have been vested in the earlier years. In the current year **882 options** (Previous Year 28,742 options) were lapsed after vesting. The options can be exercised over a period of five years from the date of respective vesting.

Method used for accounting for share based payment plan:

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

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

Particulars	ESOS-14	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	-	-
Granted during the year	**62,73,064**	-
Vested during the year	-	-
Exercised during the year	-	-
Lapsed during the year	**49,045**	-
Outstanding at the end of the year	**62,24,019**	-
Unvested at the end of the year	**62,24,019**	-
Exercisable at the end of the year	-	-
Weighted average price per option	**₹ 5,073.25**	

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	**54,06,415**	60,71,275
Granted during the year	**-**	-
Vested during the year	**1,80,438**	58,26,953
Exercised during the year	**16,47,566**	6,36,073
Lapsed during the year	**13,263**	28,787
Outstanding at the end of the year	**37,45,586**	54,06,415
Unvested at the end of the year	**36,043**	2,25,182
Exercisable at the end of the year	**37,09,543**	51,81,233
Weighted average price per option	**₹ 3,177.50**	

Particulars	ESOS – 08	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**11,82,357**	17,56,739
Granted during the year	**-**	-
Vested during the year	**-**	-
Exercised during the year	**11,77,158**	5,74,236
Lapsed during the year	**97**	146
Outstanding at the end of the year	**5,102**	11,82,357
Unvested at the end of the year	**-**	-
Exercisable at the end of the year	**5,102**	11,82,357
Weighted average price per option	**₹ 1,350.60**	

Particulars	ESOS – 07	
	Options Current Year	Options Previous Year
Outstanding at the beginning of the year	**15,148**	16,70,651
Granted during the year	**-**	-
Vested during the year	**-**	-
Exercised during the year	**8,289**	16,26,761
Lapsed during the year	**882**	28,742
Outstanding at the end of the year	**5,977**	15,148
Unvested at the end of the year	**-**	-
Exercisable at the end of the year	**5,977**	15,148
Weighted average price per option	**₹ 2,149.00**	

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

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-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)	**8,762.62**	7,947.82
Less : Stock-based compensation expenses determined under fair value based method, net of tax: [Gross ₹ **300.92 crore** (Previous Year ₹ 52.98 crore)] (pro-forma)	**198.64**	34.97
Net Profit (pro-forma)	**8,563.98**	7,912.85
Less : Amounts utilised out of Shelter Assistance Reserve	**10.83**	13.02
Less : Proportionate share of amounts utilised out of Corporate Social Responsibility Fund of HDFC Asset Management Company Limited.	-	0.46
Net Profit considered for computing EPS (pro-forma)	**8,553.15**	7,899.37

Amount in ₹

Particulars	Current Year	Previous Year
Basic earnings per share (as reported)	**55.81**	51.01
Basic earnings per share (pro-forma)	**54.54**	50.79
Diluted earnings per share (as reported)	**55.30**	50.61
Diluted earnings per share (pro-forma)	**54.04**	50.39

4.4 The Corporation has not allotted any shares pursuant to contracts without payment being received in cash or as bonus shares 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, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Special Reserve No. I [Refer Note 5.2]	**51.23**	51.23
Special Reserve No. II [Refer Note 5.2]	**7,637.70**	6,551.53
Special Reserve Under Section 45-IC(1) of the Reserve Bank of India Act, 1934	**40.86**	33.04
General Reserve	**13,552.92**	10,246.11
Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987) [Refer Note 5.3]	**3,295.69**	3,145.83
Revaluation Reserve [Refer Note 5.4]	**35.36**	36.22
Securities Premium [Refer Note 5.5]	**10,315.44**	10,047.34
Capital Redemption Reserve [Refer Note 5.6]	**27.11**	27.11
Shelter Assistance Reserve [Refer Note 5.9]	**89.79**	100.61
Corporate Social Responsibility Account [Refer Note 5.9]	**1.55**	1.55
Foreign Currency Translation Reserve	**7.46**	3.47
Foreign Currency Monetory Item Translation Difference Account (Debit Balance) [Refer Notes 5.10 and 5.11]	**(33.75)**	(142.34)
Capital Reserve	**0.04**	0.04
Capital Reserve on Consolidation	**48.30**	48.30
Surplus in the Statement of Profit and Loss (of subsidiaries and associates) [Refer Note 5.1]	**9,686.99**	7,112.48
	44,756.69	37,262.51

5.1 SURPLUS IN THE STATEMENT OF PROFIT AND LOSS

	As at March 31, 2015 ₹ in Crore	As at March 31, 2014 ₹ in Crore
Opening Balance	**7,112.48**	4,729.09
Add: Opening Adjustment [Refer Note 2.4]	**1.41**	37.90
	7,113.89	4,766.99
Add: Profit after Tax for the year attributable to the Corporation	**8,762.62**	7,947.82
	15,876.51	12,714.81
APPROPRIATIONS:		
Special Reserve No. II [Refer Note 5.2]	**1,087.35**	916.62
Special Reserve (under Section 45-IC(1) of the Reserve Bank of India Act, 1934)	**7.81**	6.01
General Reserve	**2,051.64**	1,083.55
Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987) [Refer Note 5.3]	**150.00**	908.87
Shelter Assistance Reserve	**-**	60.00
Capital Redemption Reserve [Refer Note 5.6]	**-**	0.08
Proposed Dividend [Dividend @ ₹ **13** per equity share of ₹ **2** each (Previous Year @ ₹ 14 per equity share of ₹ 2 each)]	**2,047.11**	2,184.75
Additional Tax on Dividend	**538.75**	446.07
Additional Tax on Dividend FY 2012-13 [Refer Note 5.7]	**(18.59)**	(15.18)
Interim Dividend Paid [Refer Note 5.12]	**314.93**	-
Dividend [including tax of ₹ **1.53 crore** (Previous Year ₹ 1.70 crore)] pertaining to previous year paid during the year [Refer Note 5.8]	**10.52**	11.56
	9,686.99	7,112.48

Notes forming part of the consolidated financial statements (Continued)

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

Vide circular NHB(ND)/DRS/Pol. 62/2014 dated May 27, 2014, the National Housing Bank (NHB) had directed Housing Finance Companies (HFCs) to provide for deferred tax liability in respect of the balance in the "Special Reserve" created under section 36(1)(viii) of the Income Tax Act, 1961. Vide circular NHB(ND)/DRS/Pol. 65/2014 dated August 22, 2014, NHB has permitted HFCs to create the Deferred Tax Liability over a period of 3 years, in a phased manner in the ratio of 25:25:50. Accordingly, the Corporation and one of its subsidiary company has created 25 percent of deferred tax liability of ₹ **578.74 crore** (Previous Year ₹ Nil) on opening balance of accumulated Special Reserve.

5.3 During the year, in addition to the charge of ₹ **188.04 crore** (Previous Year ₹ 110.42 crore) to the Statement of Profit and Loss, an amount of ₹ **Nil** (net of deferred tax of ₹ **Nil**) [(Previous Year ₹ 56.77 crore) (net of Deferred Tax of ₹ 29.23 crore)], has been transferred from Statutory Reserve as per Section 29C of the National Housing Bank Act, 1987 by HDFC Ltd. and by one of the subsidiary company pursuant to circular NHB(ND)/DRS/Pol-No.03/2004-05 dated August 26, 2004 as under:

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
To Provision for Contingencies Account (Net) [Refer Note 9.2]	**216.56**	75.17
To Provision for Non-Performing Loans [Refer Note 18.3]	**(36.54)**	117.97
To Provision for Diminution in value of Investments	**4.14**	-
To Provision for Doubtful Receivables [Refer Note 21]	**3.88**	0.22
To Minority Interest	**-**	3.06
	188.04	196.42

5.4 During the previous year, one of the subsidiary company (HDFC Standard Life Insurance Co. Ltd.) had decided to use the investment property for use in service and administrative purpose. Consequently value of the property so used for own business ₹ **Nil** (Previous Year ₹ 41.37 crore) has been reclassified from investment property to fixed assets. Thus, the Revaluation Reserve has been adjusted for ₹ **Nil** (Previous Year ₹ 3.06 crore), being depreciation on revalued amount from date of its classification as investment in properties till its reclassification to fixed assets.

5.5 During the year, ₹ **437.07 crore** (Previous Year ₹ 374.85 crore) has been utilised out of the Securities Premium in accordance with Section 78 of the Companies Act, 1956. Out of the above, ₹ **22.01 crore** (Previous Year ₹ 0.28 crore) has been utilised by one of the subsidiary companies towards issue of Bonus equity shares, expenses thereon and debenture issue expenses, ₹ **Nil** (Previous Year ₹ 17.40 crore) has been utilised by one of the subsidiary companies towards buy-back of equity shares and ₹ **415.06 crore** (net of tax ₹ 213.72 crore) [(Previous Year ₹ 357.17 crore) (net of tax ₹ 183.91 crore)] has been utilised by HDFC Ltd. towards the proportionate premium payable on the redemption of Zero Coupon Secured Redeemable Non Convertible Debentures.

5.6 HDFC Asset Management Company Limited (HDFC AMC), pursuant to the approval of its shareholders at the Extra General Meeting and in accordance with the provisions of the Companies Act, 1956 (Act) and Private Company and Unlisted Public Limited Company (Buy-back of Securities) Rules, 1999, has bought back Nil equity shares during the year (Previous Year 1,41,500) at an aggregate value of ₹ **Nil** (Previous Year ₹ 35.13 crore). HDFC AMC has utilised the Securities Premium and General Reserves for this purpose. A sum of ₹ **Nil** (Previous Year ₹ 0.08 crore) has been transferred to Capital Redemption Reserve in terms of Section 77AA of the Act.

Notes forming part of the consolidated financial statements (Continued)

5.7 Additional Tax on dividend Financial Year (FY) 2013-14 credit taken, ₹ **18.59 crore** (Previous Year ₹ 15.18 crore for FY 2012-13), pertains to the dividend tax paid by the subsidiary companies of the Corporation on the dividend paid to the Corporation as per Section 115(O)(1A) of the Income Tax Act, 1961.

5.8 In respect of equity shares issued pursuant to Employee Stock Option Schemes, HDFC Ltd. paid dividend of ₹ **8.98 crore** for the FY 2013-14 (₹ 9.73 crore for the FY 2012-13) and tax on dividend of ₹ **1.53 crore** (Previous Year ₹ 1.66 crore) as approved by the shareholders at the Annual General Meeting held on July 21, 2014 and GRUH Finance Ltd. paid dividend of ₹ **Nil** for the FY 2013-14 (₹ 0.13 crore for the FY 2012-13) and tax on dividend of ₹ **Nil** (Previous Year ₹ 0.04 crore) as approved by the shareholders at the Annual General Meeting held on May 28, 2014.

5.9 Miscellaneous Expenses under Note 31 exclude ₹ **10.83 crore** (Previous Year ₹ 13.02 crore) in respect of amounts utilised out of Shelter Assistance Reserve and ₹ **Nil** (Previous Year ₹ 0.46 crore) in respect of amounts utilised out of Corporate Social Responsibility Account during the year.

5.10 Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending the Accounting Standard 11, the Corporation has exercised the option as per Para 46A inserted in the Standard for all long term monetary assets and liabilities. Consequently, an amount of ₹ **33.75 crore** (without considering future tax benefit of ₹ **11.47 crore**) [(Previous Year ₹ 142.34 crore) (without considering future tax benefits of ₹ 48.38 crore)] is carried forward in the Foreign Currency Monetary Items Translation Difference Account as on March 31, 2015. This amount is to be amortised over the period of the monetary assets/liabilities ranging upto 4 years.

5.11 During the year, there was a net reduction of ₹ **108.59 crore** (Previous Year ₹ 27.45 crore) in the Foreign Currency Monetary Items Translation Difference Account as under:

₹ in Crore

Particulars	Current Year	Previous Year
Net Revaluation of monetary assets & liabilities	**128.54**	(117.20)
Net (Debit) Credit to the Statement of Profit & Loss on account of repayments during the year	**(93.21)**	197.68
Net amortisation credit (debit) during the year	**73.26**	(53.03)
Net reduction during the year	**108.59**	27.45

5.12 The Board of Directors of the Company at its meeting held on March 19, 2015, *inter alia*, has approved the payment of an interim dividend of ₹ 2 per equity share of face value of ₹ 2 each of the Corporation, for the financial year 2014-15.

6. The Funds for Future Appropriations (FFA), in the participating segment, represents the surplus, which is not allocated to policyholders or shareholders as at the Balance Sheet date. Transfers to and from the fund reflect the excess/deficit of income over expenses/expenses over income respectively and appropriations in each accounting period arising in the Company's policyholders' fund. Any allocation to the par policyholders would also give rise to a transfer to Shareholders' Profit and Loss Account in the required proportion.

The FFA in the linked segment represents surplus on the lapsed policies unlikely to be revived. This surplus is required to be held within the policyholders' fund till the time policyholders are eligible for revival of their policies.

Notes forming part of the consolidated financial statements (Continued)

7. LONG-TERM BORROWINGS

₹ in Crore

Particulars		As at March 31, 2015	As at March 31, 2014
Bonds and Debentures [Refer Note 7.8]	**60,149.20**		57,480.85
Term Loans : [Refer Notes 7.5, 7.6 and 7.8]			
- Banks	**9,960.44**		7,900.92
- External Commercial Borrowing - Low Cost Affordable Housing	**1,884.00**		1,805.10
- Others	**3,678.77**	**75,672.41**	4,039.77
Deposits		**28,873.31**	20,531.13
Others (Finance Lease)		**-**	0.01
		104,545.72	91,757.78

7.1 Long-Term Borrowings are further sub classified as follows:

₹ in Crore

Sr.No.	Particulars		As at March 31, 2015	As at March 31, 2014
	Secured : [Refer Note 7.2]			
a)	**Bonds and Debentures**			
	- Bonds	**46.50**		52.25
	- Non Convertible Debentures	**54,004.70**		53,930.60
b)	**Term Loans from Banks**			
	- Scheduled Banks	**8,482.24**		7,118.71
c)	**Term Loans from other parties**			
	- Asian Development Bank [Refer Note 7.3]	**232.09**		257.52
	- National Housing Bank	**3,443.68**	**66,209.21**	3,764.81
d)	**Others (Finance Lease)**		**-**	0.01
	Total Secured		**66,209.21**	65,123.90
	Unsecured:			
a)	**Bonds and Debentures**			
	- Non Convertible Subordinated Debentures	**5,998.00**		3,498.00
	- Perpetual Debt Instrument	**100.00**		
b)	**Term Loans from Banks**			
	- Scheduled Banks	**1,478.20**		782.21
c)	**External Commercial Borrowing - Low Cost Affordable Housing**	**1,884.00**		1,805.10
d)	**Term Loans from other parties**			
	- Under a line from Kreditanstalt für Wiederaufbau	**3.00**		17.44
e)	**Deposits** [Refer Note 7.7]	**28,873.31**		20,531.13
	Total Unsecured		**38,336.51**	26,633.88
			104,545.72	91,757.78

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.

Notes forming part of the consolidated financial statements (Continued)

(iii) Encumbrance on leased vehicles of one of the subsidiary company, in respect of its finance lease arrangement.

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

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

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

7.5 As on March 31, 2015, the Corporation has foreign currency borrowings of **USD 1,013.01 million equivalent** (Previous Year USD 740.63 million equivalent). The Corporation has undertaken currency swaps, options and forward contracts on a notional amount of **USD 495.81 million equivalent** (Previous Year USD 513 million equivalent) to hedge the foreign currency risk. As on March 31, 2015, the Corporation's net foreign currency exposure on borrowings net of risk management arrangements is **USD Nil** (Previous Year USD Nil).

Further, interest rate swaps on a notional amount of **USD 330 million equivalent** (Previous Year USD 83 million equivalent) are outstanding, which have been undertaken to hedge the interest rate risk on the foreign currency borrowings.

As a part of asset liability management on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities of a notional amount of **₹ 15,240 crore** (Previous Year ₹ 19,040 crore) as on March 31, 2015 for varying maturities into floating rate liabilities linked to various benchmarks. In addition, the Corporation has entered into currency swaps of a notional amount of **USD 408.69 million equivalent** (Previous Year USD 409.49 million equivalent) through which it has converted its rupee liabilities into foreign currency liabilities and the interest rate is linked to the benchmarks of respective currencies.

7.6 Monetary assets and liabilities (including those in respect of currency swap contracts) denominated in foreign currencies are revalued at the rate of exchange prevailing at the year end. Monetary items represented by currency swap contracts are restated at closing rate.

For forward contracts or instruments that are in substance, forward exchange contracts, the premiums on such contracts are being amortised over the life of contracts. The amount of exchange difference in respect of such contracts to be recognised as expense in the Statement of Profit and Loss over subsequent accounting periods is **₹ Nil** (Previous Year ₹ 6.77 crore).

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

Notes forming part of the consolidated financial statements (Continued)

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

A) BONDS & DEBENTURES

Previous Year figures are in (brackets)
₹ in Crore

Bonds & Debentures - Secured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
6.03% - 8%		**800.00** *(1,380.60)*	**-** *(500.00)*	**-** -	**800.00** *(1,880.60)*
8.01% - 10%		**24,366.00** *(24,349.00)*	**8,353.70** *(10,511.00)*	**10,495.00** *(7,910.00)*	**43,214.70** *(42,770.00)*
10.01% - 11.95%		**2,195.00** *(1,085.00)*	**4,185.00** *(5,295.00)*	**-** -	**6,380.00** *(6,380.00)*
Zero Coupon		**2,810.00** *(2,435.00)*	**800.00** *(360.00)*	**-** -	**3,610.00** *(2,795.00)*
Variable Rate - Linked to G Sec		**12.30** *(116.75)*	**14.10** *(13.15)*	**20.10** *(27.35)*	**46.50** *(157.25)*
TOTAL-SECURED	**A** *A*	**30,183.30** *(29,366.35)*	**13,352.80** *(16,679.15)*	**10,515.10** *(7,937.35)*	**54,051.20** *(53,982.85)*
Bonds & Debentures - Unsecured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
7.62% - 10%		**475.00** *(975.00)*	**500.00** -	**5,023.00** *(2,523.00)*	**5,998.00** *(3,498.00)*
10.01% - 11.95%		**-** -	**-** -	**100.00** -	**100.00** -
TOTAL - UNSECURED	**B** *B*	**475.00** *(975.00)*	**500.00** -	**5,123.00** *(2,523.00)*	**6,098.00** *(3,498.00)*
TOTAL - (SECURED & UNSECURED)	**A+B** *A+B*	**30,658.30** *(30,341.35)*	**13,852.80** *(16,679.15)*	**15,638.10** *(10,460.35)*	**60,149.20** *(57,480.85)*

B) TERM LOANS FROM BANKS

Previous Year figures are in (brackets)
₹ in Crore

Term Loans from Banks - Secured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
Term Loans from Scheduled Banks - Rupee					
7.01% - 9%		**-** *(323.00)*	**-** -	**-** -	**-** *(323.00)*
9.01% - 12.00%		**4,354.85** *(1,620.24)*	**963.70** *(2,952.38)*	**2,763.88** *(2,223.09)*	**8,082.43** *(6,795.71)*
Term Loans from Scheduled Banks - Rupee					
Term Loans from Scheduled Banks - Foreign Currency USD LIBOR +150-200 bps		**399.81** -	**-** -	**-** -	**399.81** -

Notes forming part of the consolidated financial statements (Continued)

TOTAL SECURED	**A**	**4,754.66**	**963.70**	**2,763.88**	**8,482.24**
	A	*(1,943.24)*	*(2,952.38)*	*(2,223.09)*	*(7,118.71)*
Term Loans from Banks - Unsecured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
Term Loans from Scheduled Banks - Rupee					
9.01% - 10.25%		**285.00**	**-**	**-**	**285.00**
		-	-	-	-
Term Loans from Scheduled Banks - Foreign Currency					
USD LIBOR + 325 bps		**1,193.20**	**-**	**-**	**1,193.20**
		(782.21)	-	-	*(782.21)*
TOTAL UNSECURED	**B**	**1,478.20**	**-**	**-**	**1,478.20**
	B	*(782.21)*	-	-	*(782.21)*
TOTAL (SECURED & UNSECURED)	**A+B**	**6,232.86**	**963.70**	**2,763.88**	**9,960.44**
	A+B	*(2,725.45)*	*(2,952.38)*	*(2,223.09)*	*(7,900.92)*

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

Previous Year figures are in (brackets)
₹ in Crore

External Commercial Borrowing - Low Cost Affordable Housing - Unsecured				
Maturities -	**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest				
USD LIBOR + 175 bps	**-**	**1,884.00**	**-**	**1,884.00**
	-	*(1,805.10)*	-	*(1,805.10)*
TOTAL UNSECURED	**-**	**1,884.00**	**-**	**1,884.00**
	-	*(1,805.10)*	-	*(1,805.10)*

D) TERM LOANS FROM OTHER PARTIES

Previous Year figures are in (brackets)
₹ in Crore

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	**15.57**	**17.61**	**25.28**	**58.46**
	(14.03)	*(15.87)*	*(32.92)*	*(62.82)*
Variable linked to Bank PLR	**24.80**	**28.04**	**40.26**	**93.10**
	(23.32)	*(26.37)*	*(54.71)*	*(104.40)*
Variable linked to G Sec	**21.45**	**24.25**	**34.82**	**80.52**
	(20.17)	*(22.81)*	*(47.32)*	*(90.30)*
Kreditanstalt für Wiederaufbau 1.70%	**-**	**-**	**-**	**-**
	-	-	-	-

Notes forming part of the consolidated financial statements (Continued)

National Housing Bank					
5.50% - 8%		**399.01**	**189.51**	**183.47**	**771.99**
		(389.43)	*(216.49)*	*(31.38)*	*(637.30)*
8.01% - 10%		**931.11**	**585.33**	**1,155.26**	**2,671.70**
		(927.81)	*(535.27)*	*(879.34)*	*(2,342.42)*
10.01% -12%		-	-	-	-
		(217.62)	*(107.44)*	*(460.03)*	*(785.09)*
TOTAL SECURED	**A**	**1,391.94**	**844.74**	**1,439.09**	**3,675.77**
	A	*(1,592.38)*	*(924.25)*	*(1,505.70)*	*(4,022.33)*
Term Loans from Other parties - Unsecured					
Maturities -		**1-3 years**	**3-5 years**	**> 5 years**	**TOTAL**
Rates of Interest					
Kreditanstalt für Wiederaufbau - 6%		**3.00**	**-**	**-**	**3.00**
		(17.44)	-	-	*(17.44)*
TOTAL - UNSECURED	**B**	**3.00**	**-**	**-**	**3.00**
	B	*(17.44)*	-	-	*(17.44)*
TOTAL - (SECURED & UNSECURED)	**A+B**	**1,394.94**	**844.74**	**1,439.09**	**3,678.77**
	A+B	*(1,609.82)*	*(924.25)*	*(1,505.70)*	*(4,039.77)*

8. OTHER LONG-TERM LIABILITIES

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Amounts payable on swaps [Refer Notes 7.5 and 7.6]	**397.08**	718.60
Interest Accrued but not due on Borrowings	**807.62**	755.83
Premium payable on redemption of Debentures	**1,160.26**	693.65
Security and Other Deposits Received	**9.97**	14.05
Income Received in Advance	**82.24**	45.99
Trade Payables	**72.97**	41.19
Accrued Redemption Loss on Investments	**15.98**	18.89
	2,546.12	2,288.20

9. LONG-TERM PROVISIONS

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for Employee Benefits [Refer Note 29.2]	**73.20**	43.64
Provision for Contingencies [Refer Notes 9.1 and 9.2]	**1,576.47**	1,370.14
Reserve for Unexpired Risk (Includes Insurance Reserve)	**348.37**	268.42
	1,998.04	1,682.20

9.1 Provision for Contingencies includes provisions for standard assets and all other contingencies. In accordance with the prudential norms of National Housing Bank and Reserve Bank of India, the minimum provision required to be carried forward is ₹ **1,210.03 crore** (Previous Year ₹ 1,042.85 crore) and ₹ **4.33 crore** (Previous Year ₹ 3.04 crore) respectively.

Notes forming part of the consolidated financial statements (Continued)

9.2 Movement in Provision for Contingencies Account during the year is as under:

₹ in Crore

Paticulars	Current Year	Previous Year
Opening Balance	**1,370.14**	1,315.40
Additions during the year (Net) [Refer Note 5.3]	**216.56**	75.17
Utilised during the year towards Diminution in Value of Investments, etc.	**(10.23)**	(20.43)
Closing Balance	**1,576.47**	1,370.14

10. SHORT-TERM BORROWINGS

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Loans repayable on demand:		
- from Banks - Unsecured	**291.46**	9.64
Deposits - Unsecured [Refer Note 7.7]	**2,853.39**	5,757.90
Other loans and advances		
- Scheduled Banks - Secured [Refer Note 10.1]	**4,668.26**	9,845.00
- Scheduled Banks - Unsecured	**-**	500.00
- Commercial Papers - Unsecured	**26,606.94**	9,899.97
	34,420.05	26,012.51

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 ₹ **27,615.00 crore** (Previous Year ₹ 10,230.00 crore).

11. TRADE PAYABLES

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Trade payables	**2,984.85**	2,371.99
	2,984.85	2,371.99

12. OTHER CURRENT LIABILITIES

₹ in Crore

Particulars		As at March 31, 2015	As at March 31, 2014
Policy Liabilities (Policyholder's Fund)		**10,531.68**	4,300.42
Current maturities of long-term borrowings		**78,390.95**	72,831.68
Interest accrued but not due on borrowings	**5,393.38**		5,393.57
Interest accrued and due on borrowings	**2.67**		7.37
Premium payable on redemption of debentures	**136.54**		167.17
Interest accrued and due on matured deposits	**78.70**		55.19

Notes forming part of the consolidated financial statements (Continued)

Particulars		As at March 31, 2015	As at March 31, 2014
Income and other amounts received in advance	**295.30**		218.06
Interim Dividend Payable	**3.53**		-
Unclaimed dividend	**17.99**		15.26
Unclaimed matured deposits	**626.32**		446.13
Current Maturities of Finance Lease Obligations [Refer Note 12.3]	**0.01**		0.05
Other payables			
- Statutory Remittances	**220.94**		186.23
- Financial Assistance from Kreditanstalt für Wiederaufbau	**7.78**		20.93
- Amounts payable - Securitised Loans	**567.73**		514.84
- Amounts payable on swaps [Refer Notes 7.5 and 7.6]	**172.57**		167.24
- Accrued Redemption Loss on Investments	**-**		2.32
- Others	**340.71**		365.57
		7,864.17	7,559.93
		96,786.80	84,692.03

12.1 Current maturities of Long-Term Borrowings are further sub classified as follows:

₹ in Crore

S. No.	Particulars	As at March 31, 2015	As at March 31, 2014
	Secured [Refer Note 12.2]		
a)	**Bonds and Debentures**		
	- Bonds	**5.75**	5.25
	- Non-Convertible Debentures	**29,874.60**	26,955.00
b)	**Term Loans from Banks**		
	- Scheduled Banks	**9,358.62**	12,119.30
c)	**Term Loans from other parties**		
	- Asian Development Bank	**28.17**	26.22
	- Kreditanstalt für Wiederaufbau	**-**	12.74
	- National Housing Bank	**790.16**	893.06
	Unsecured		
a)	**Bonds and Debentures**		
	- Non-Convertible Subordinated Debentures	**500.00**	80.70
b)	**Term Loans from Banks**		
	- Scheduled Banks	**2,191.00**	1,455.92
c)	**Term Loans from other parties**		
	- Under a line from Kreditanstalt für Wiederaufbau	**14.44**	16.70
d)	**Deposits** [Refer Note 7.7]	**35,628.21**	31,266.79
		78,390.95	72,831.68

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.

Notes forming part of the consolidated financial statements (Continued)

12.3 Current maturities of Finance lease obligation are secured by encumbrance on leased vehicles of one of the subsidiary company, in respect of its finance lease arrangement.

13. SHORT-TERM PROVISIONS

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for Employee benefits [Refer Note 29.2]	**188.28**	163.66
Provision for Tax (net of Advance Tax)	**87.73**	75.00
Proposed Dividend	**2,047.12**	2,184.75
Additional Tax on Proposed Dividend	**431.54**	380.48
Claims Incurred but not reported (IBNR) and Incurred but not enough reported (IBNER)	**569.94**	431.28
Reserve for Unexpired Risk (Includes Insurance Reserve)	**871.68**	847.21
	4,196.29	4,082.38

14. TANGIBLE ASSETS

Previous Year figures are in (brackets)
₹ in Crore

	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at March 31, 2014	Additions	Deductions	As at March 31, 2015	As at March 31, 2014	For the Year	Deductions	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Land :										
Freehold	16.67	-	-	**16.67**	-	-	-	-	**16.67**	16.67
	(16.67)	-	-	*(16.67)*	-	-	-	-	*(16.67)*	*(16.67)*
Leasehold	3.44	**366.80**	-	**370.24**	0.66	**2.29**	-	**2.95**	**367.29**	2.78
	(3.44)	-	-	*(3.44)*	*(0.62)*	*(0.04)*	-	*(0.66)*	*(2.78)*	*(2.82)*
Buildings :										
Own Use	573.64	**119.90**	**37.03**	**656.51**	71.06	**3.25**	-	**74.31**	**582.20**	502.58
Under Operating Lease	-	-	-	-	-	-	-	-	-	-
	(519.37)	*(61.90)*	*(7.63)*	*(573.64)*	*(58.40)*	*(3.54)*	*9.12*	*(71.06)*	*(502.58)*	*(460.97)*
Leasehold Improvements	110.72	**11.81**	**2.93**	**119.60**	48.43	**18.81**	**(1.41)**	**68.65**	**50.95**	62.29
	(60.19)	*(57.32)*	*(6.79)*	*(110.72)*	*(42.95)*	*(10.57)*	*(5.09)*	*(48.43)*	*(62.29)*	*(17.24)*
Computer Hardware	215.61	**43.41**	**11.98**	**247.04**	151.25	**9.05**	**(14.43)**	**174.73**	**72.31**	64.36
	(210.69)	*(39.96)*	*(38.24)*	*(212.41)*	*(160.91)*	*(10.48)*	*(22.84)*	*(148.55)*	*(63.86)*	*(49.78)*
Furniture & Fittings:										
Own Use	155.00	**10.00**	**8.15**	**156.85**	117.61	**(1.00)**	**4.31**	**112.30**	**44.55**	37.39
	(138.89)	*(27.46)*	*(11.35)*	*(155.00)*	*(118.75)*	*(5.72)*	*(6.86)*	*(117.61)*	*(37.39)*	*(20.14)*
Under Operating Lease	0.71	-	**0.71**	-	0.63	**0.07**	**0.70**	-	-	0.08
	(0.71)	-	-	*(0.71)*	*(0.62)*	*(0.01)*	-	*(0.63)*	*(0.08)*	*(0.09)*
Office Equipment etc.:										
Own Use	155.04	**15.52**	**9.11**	**161.45**	107.03	**4.94**	**1.11**	**110.86**	**50.59**	48.01
	(138.80)	*(27.58)*	*(11.34)*	*(155.04)*	*(106.40)*	*(6.84)*	*(6.21)*	*(107.03)*	*(48.01)*	*(32.40)*
Under Operating Lease	0.80	-	**0.80**	-	0.67	**0.12**	**0.79**	-	-	0.13
	(0.80)	-	-	*(0.80)*	*(0.65)*	*(0.02)*	-	*(0.67)*	*(0.13)*	*(0.15)*
Vehicles :										
Owned	24.85	**10.54**	**2.32**	**33.07**	12.53	**1.35**	**(0.60)**	**14.48**	**18.59**	12.32
	(20.76)	*(5.82)*	*(1.73)*	*(24.85)*	*(10.04)*	*(2.21)*	*0.28*	*(12.53)*	*(12.32)*	*(10.72)*
Under Finance Lease	0.29	-	**0.17**	**0.12**	0.24	-	**0.14**	**0.10**	**0.02**	0.05
	(0.66)	-	*(0.37)*	*(0.29)*	*(0.53)*	-	*(0.29)*	*(0.24)*	*(0.05)*	*(0.13)*

Notes forming part of the consolidated financial statements (Continued)

	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at March 31, 2014	Additions	Deductions	As at March 31, 2015	As at March 31, 2014	For the Year	Deductions	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Leased Assets :										
Plant & Machinery*	129.18	-	-	**129.18**	129.18	-	-	**129.18**	-	-
	(130.65)	-	*(1.47)*	*(129.18)*	*(130.65)*	-	*(1.47)*	*(129.18)*	-	-
Vehicles*	16.37	-	-	**16.37**	16.37	-	-	**16.37**	-	-
	(16.37)	-	-	*(16.37)*	*(16.37)*	-	-	*(16.37)*	-	-
Computers*	-	-	-	-	-	-	-	-	-	-
	(0.20)	-	*(0.20)*	-	*(0.20)*	-	*(0.20)*	-	-	-
Total	1,402.32	**577.98**	**73.20**	**1,907.10**	655.66	[2]**38.88**	[1](**9.39**)	**703.93**	**1,203.17**	746.66
Previous Year	*(1,258.20)*	*(220.04)*	*(79.12)*	*(1,399.12)*	*(647.09)*	*(39.43)*	*(33.56)*	*(652.96)*	*(746.16)*	*(611.11)*

(*) Assets held for disposal

14.1 The Corporation has reviewed its policy of providing for depreciation on its tangible fixed assets and has also reassessed their useful lives. On and from April 1, 2014, the straight line method is being used to depreciate all classes of tangible fixed assets. Previously, the straight line method was used for depreciating Buildings, Computers, Leased Assets and Leasehold Improvements while other tangible fixed assets were being depreciated using the reducing balance method. The revised useful lives, as assessed by Management, match those specified in Part C of Schedule II to the Companies Act, 2013, for all classes of assets other than Computer Hardware and Vehicles. Management believes that the revised useful lives of the assets reflect the periods over which these assets are expected to be used.

As a result of the change, the charge on account of Depreciation for year, is lower by ₹ **18.78 crore** compared to the method used and useful lives estimated in earlier periods.

Notes

(1) Net of depreciation for the year amounting to ₹ **52.49 crore** (Previous Year ₹ 36.76 crore) included in Other expenses pertaining to Insurance Business.

(2) Depreciation for the financial year excludes ₹ **3.98 crore** (Previous Year ₹ 2.27 crore) being depreciation charge on Investment in Properties.

15. INTANGIBLE ASSETS

Previous Year figures are in (brackets)
₹ in Crore

	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at March 31, 2014	Additions	Deductions	As at March 31, 2015	As at March 31, 2014	For the Year	Deductions	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Computer Software										
Owned	185.05	**36.14**	-	**221.19**	115.13	**3.09**	**(31.68)**	**149.90**	**71.29**	69.92
	(141.79)	*(46.46)*	-	*(188.25)*	*(87.57)*	*(4.98)*	*25.28*	*(117.83)*	*(70.42)*	*(54.22)*
Goodwill	149.41	**8.33**	-	**157.74**	149.36	**0.63**	-	**149.99**	**7.75**	0.05
	(149.41)	-	-	*(149.41)*	*(149.36)*	-	-	*(149.36)*	*(0.05)*	*(0.05)*
Website Development	2.52	**0.22**	-	**2.74**	2.50	**0.03**	-	**2.53**	**0.21**	0.02
	(2.45)	*(0.07)*	-	*(2.52)*	*(2.33)*	*(0.17)*	-	*(2.50)*	*(0.02)*	*(0.12)*
Total	336.98	**44.69**	-	**381.67**	266.99	[1]**3.75**	**(31.68)**	**302.42**	**79.25**	69.99
Previous Year	*(293.65)*	*(46.53)*	-	*(340.18)*	*(239.26)*	*(5.15)*	*25.28*	*(269.69)*	*(70.49)*	*(54.39)*

Notes

(1) Net of depreciation for the year amounting to ₹ **31.61 crore** (Previous Year ₹ 25.26 crore) included in Other expenses pertaining to Insurance Business.

Notes forming part of the consolidated financial statements (Continued)

16. NON-CURRENT INVESTMENTS

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
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 losses)	**3,891.12**	3,891.12
	5,433.41	5,433.41
Add: Adjustment of post-acquisition share of profit of Associates (Equity Method)	**12,581.71**	8,833.19
	18,015.12	14,266.60
Less: Provision for Diminution in Value of Investments	**(2.50)**	(2.50)
(A)	**18,012.62**	14,264.10
Other Investments		
Insurance Companies		
Equity Shares - Other Companies	**32,201.78**	23,124.73
Preference Shares	**69.36**	55.19
Non-Convertible Debentures and Bonds	**12,275.45**	10,523.37
Pass Through Certificates & Security Receipts	**3.70**	37.37
Government Securities	**18,548.00**	11,929.09
Mutual Funds and Other Funds	**3.18**	14.04
Fixed Deposits	**227.15**	199.25
	63,328.62	45,883.04
Add: Fair Value Adjustment	**(23.71)**	(7.93)
(B)	**63,304.91**	45,875.11
Investments related to Policy Holders	**18,290.85**	12,561.57
Investments to cover linked liabilities	**4,869.85**	30,020.18
Investments related to Shareholders	**40,144.21**	3,293.36
	63,304.91	45,875.11

16.1 Encumbrances

The assets of the subsidiary company (HDFC Standard Life Insurance Company Limited) are free from any encumbrances at March 31, 2015, except for Fixed Deposits and Government Securities, mentioned below, kept as margin against bank guarantees/margin with exchange and collateral securities issued.

Particulars	As at March 31, 2015	As at March 31, 2014
(i) issued in India	**88.50**	88.01
(ii) issued outside India	**0.09**	0.08
Total	**88.59**	88.09

Particulars	As at March 31, 2015	As at March 31, 2014
Other Investments		
Other Than Insurance Companies		
Equity Shares - Subsidiary and Associate	**-**	10.01
Equity Shares - Other Companies	**613.69**	810.66
Preference Shares	**97.98**	97.75
Debentures and Bonds	**313.94**	394.41
Pass Through Securities & Security Receipts	**45.22**	63.88

Notes forming part of the consolidated financial statements (Continued)

Particulars	As at March 31, 2015	As at March 31, 2014
Government Securities	**4,140.95**	3,765.29
Mutual Funds and Other Funds	**166.70**	77.09
Properties (Net of Depreciation)	**270.93**	102.88
	5,649.41	5,321.97
Less: Provision for Diminution in Value of Investments	**(79.35)**	(83.92)
(C)	**5,570.06**	5,238.05
Total **(A) + (B) + (C)**	**86,887.59**	65,377.26

₹ in Crore

Particulars	Book Value	Market Value
Aggregate book value of Quoted Investments	**286.10**	**443.65**
Previous Year	*443.09*	*572.79*
Aggregate book value of Investments listed but not quoted	**4,248.97**	
Previous Year	*3,926.38*	
Aggregate book value of Investments in Unquoted Mutual Funds	**34.54**	***32.50**
Previous Year	*10.00*	*10.06*
Aggregate book value of Unquoted Investments (Others)	**729.52**	
Previous Year	*755.70*	
Properties	**270.93**	
Previous Year	*102.88*	
	5,570.06	
	5,238.05	

* Market value of investments in Unquoted Mutual Funds represents repurchase price of units issued by Mutual Funds.

Note:

Unquoted investments include ₹ **Nil** (Previous Year ₹ 6.08 crore) in respect of equity shares, which are subject to a lock-in period and include ₹ **40.17 crore** (Previous Year ₹ 35.96 crore) in respect of equity shares, which are subject to restrictive covenant.

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 ₹ **282.08 crore** (Previous Year debit had been taken ₹ 41.29 crore) in the Statement of Profit and Loss for the year ended March 31, 2015 towards deferred tax asset (net) for the year, arising on account of timing differences, ₹ **578.74 crore** (Previous Year ₹ Nil) has been adjusted against utilisation from the General Reserve (as per Note 5.2) and ₹ **Nil** (Previous Year ₹ 29.23) has been adjusted against the utilisation from Statutory Reserve u/s 29C of National Housing Bank Act, 1987 as per Note 5.3.

Major components of deferred tax assets and liabilities arising on account of timing differences are:

₹ in Crore

Particulars	Deferred Tax Liability Assets/(Liabilities)		Deferred Tax Assets Assets/(Liabilities)	
	Current Year	Previous Year	Current Year	Previous Year
(a) Depreciation	**(76.25)**	(17.15)	**8.65**	(42.86)
(b) Preliminary Expenses	**-**	-	**0.01**	0.02
(c) Special Reserve II	**(924.31)**	-	**-**	-
(d) Provision for Contingencies	**748.63**	-	**6.77**	691.88
(e) Provision for Employee Benefits	**46.04**	1.03	**3.19**	34.82
(f) Accrued Redemption Loss (net)	**5.93**	-	**-**	8.11
(g) Others (net)	**(31.36)**	0.30	**(0.07)**	(28.63)
Total	**(231.32)**	(15.82)	**18.55**	663.34

Notes forming part of the consolidated financial statements (Continued)

17.1 In the previous year, in respect of HDFC ERGO General Insurance Company Limited, in view of the existence of unabsorbed depreciation and carried forward business loss, the recognition of deferred tax assets is restricted to the extent of deferred tax liability arising from timing differences on account of depreciation, reversal of which is virtually certain.

17.2 In respect of Credila Financial Services Pvt. Ltd., the deferred tax assets are recognised only to the extent that there are timing differences and there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

17.3 In respect of HDFC Standard Life Insurance Company Ltd., during the year provision for tax (net) amounting to ₹ **138.40 crore** (Previous Year ₹ 68.83 crore), ₹ **119.34 crore** charged to the Revenue Account (Previous Year ₹ 151.60 crore) and ₹ **19.07 crore** charged/(credited) in the Profit and Loss Account (Previous Year (₹ 82.77) crore), in accordance with the Income tax Act, 1961 and Rules and Regulations thereunder as applicable to the Company.

18. LONG-TERM LOANS AND ADVANCES

₹ in Crore

Particulars		As at March 31, 2015	As at March 31, 2014
Loans: [Refer Notes 18.1, 18.2 & 18.4]			
- Individuals		**156,462.80**	133,374.31
- Corporate Bodies		**52,653.39**	48,786.76
- Others		**2,904.35**	1,816.65
		212,020.54	183,977.72
Less: Provision for Sub-Standard and Doubtful Loans [Refer Note 18.3]		**489.45**	553.77
(Including additional provision made by HDFC Ltd. and GRUH Finance Ltd.)			
		211,531.09	183,423.95
Others:			
Corporate Deposits - Unsecured; Considered doubtful	**2.00**		2.00
Capital Advances - Unsecured; Considered good	**17.64**		6.75
Advance against Investment in Properties	**0.59**		184.82
Security Deposits - Unsecured; Considered good	**66.18**		366.56
Instalment due from Borrowers - Secured; Considered doubtful	**99.39**		83.92
Other Long-Term Loans and Advances			
- Staff Loan others - Secured, Considered good	**17.53**		15.04
- Prepaid Expenses - Unsecured, Considered good	**241.11**		158.78
- Advance Tax (Net of Provision)	**2,587.88**		2,231.01
- Others - Unsecured, Considered good	**120.65**		37.91
- Others - Unsecured, Considered doubfful	**49.71**		49.71
	3,202.68		3,136.50
Less : Provision for Doubtful Receivables	**51.71**		51.71
		3,150.97	3,084.79
		214,682.06	186,508.74

Notes forming part of the consolidated financial statements (Continued)

18.1 Out of Loans, amounts aggregating to ₹ **2,09,268.48 crore** (Previous Year ₹ 1,81,512.35 crore) are secured or partly secured by:

(a) Equitable mortgage of property and/or

(b) Pledge of shares, units, other securities, fixed deposits, assignment of life insurance policies and/or

(c) Hypothecation of assets and/or

(d) Bank guarantees, company guarantees or personal guarantees and/or

(e) Negative lien and/or

(f) Assignment of hire purchase receivables and/or

(g) Undertaking to create a security.

18.2 Long-Term Loans and Advances include Sub-Standard and Doubtful loans of ₹ **1,568.33 crore** (Previous Year ₹ 1,433.06 crore).

18.3 Movement in Provision for Sub-Standard and Doubtful Loans is as under:

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Opening Balance	**553.77**	481.98
Additions during the year [Refer Note 5.3]	**(36.54)**	117.97
Utilised during the year – towards Loans written off	**(27.78)**	(46.18)
Closing Balance	**489.45**	553.77

18.4 Loans include ₹ **198.33 crore** (Previous Year ₹ 35.31 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

19. OTHER NON-CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Unamortised discount on Non Convertible Debentures	**-**	2.24
Receivable on Securitised Loans	**353.18**	331.57
Forward Receivable	**104.00**	104.00
Interest Accrued but not due on Loans	**373.24**	356.99
Interest accrued but not due on Bank Deposits	**31.08**	5.74
Income accrued but not due on Investments	**51.62**	61.84
Bank deposit with maturities beyond twelve months from the Balance Sheet date [Refer Note 19.1]	**1,886.40**	68.23
	2,799.52	930.61

19.1 Bank deposits with maturities beyond twelve months includes earmarked balances ₹ **58.46 crore** (Previous Year ₹ 62.82 crore) against foreign currency loans, ₹ **0.13 crore** (Previous Year ₹ 0.13 crore) towards letter of credit issued by bank and ₹ **0.21 crore** (Previous Year ₹ 0.20 crore) against letter of guarantee issued by the bank to one of the subsidiary company.

Notes forming part of the consolidated financial statements (Continued)

20. CURRENT INVESTMENTS

Insurance Companies [Refer Note 16.1]

Particulars	As at March 31, 2015	As at March 31, 2014
Non Convertible Debentures and Bonds	**821.13**	905.88
Investment: Insurance Co - Preference Shares	**19.67**	-
Pass Through Certificates & Security Receipts	**31.21**	76.28
Government Securities	**943.04**	204.40
Investment: Insurance Co - Securities Receipts	**4.23**	-
Mutual Funds and Other Funds	**63.10**	3.32
Fixed Deposits	**328.00**	720.69
Commercial Papers	**83.34**	95.73
Certificate of Deposits	**844.30**	954.29
Treasury Bills	**762.52**	2,235.43
Repo Investments	**1,777.36**	1,128.02
Investment: Insurance Co - Less: Fair Value Change	**(2.09)**	-
	5,675.81	6,324.04
Add/(Less): Fair Value Adjustment		
Less: Provision for Diminution in Value of Investments	**-**	-
(A)	**5,675.81**	6,324.04

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Investments related to Policy Holders	**1,266.10**	1,937.82
Investments to cover linked liabilities	**936.37**	3,058.72
Investments related to Shareholders	**3,473.34**	1,327.50
	5,675.81	6,324.04

Other Than Insurance Companies ₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Held as Current Investments (At cost or market value whichever is lower unless stated otherwise)		
Equity Shares - Subsidiary Companies	**131.92**	108.67
Equity Shares - Unlisted Company	**45.00**	-
Debentures - Convertible - Subsidiary Companies	**265.18**	265.18
Non Convertible Debentures and Bonds	**9.25**	20.00
Mutual Funds	**554.58**	660.87
Current Maturities of Long-Term Investments (At cost)		
Security Receipts	**13.11**	-
Government Securities	**30.60**	52.70
Venture Funds and Other Funds	**44.77**	86.07
Non Convertible Debentures and Bonds	**130.00**	19.99
	1,224.41	1,213.48
Less: Provision for Diminution in Value of Investments	**(5.39)**	(0.57)
(B)	**1,219.02**	1,212.91
Total (A) + (B)	**6,894.83**	7,536.95

Notes forming part of the consolidated financial statements (Continued)

₹ in Crore

Particulars	Book Value	Market Value
Aggregate book value of Quoted Investments	**137.86**	**137.86**
Previous Year	*200.00*	*199.85*
Aggregate book value of Investments listed but not quoted	**139.32**	
Previous Year	*62.28*	
Aggregate book value of Investments in Unquoted Mutual Funds	**416.70**	***533.58**
Previous Year	*470.87*	*496.50*
Aggregate book value of Unquoted Investments (Others)	**525.14**	
Previous Year	*479.76*	
	1,219.02	
Previous Year	*1,212.91*	

*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, 2015	As at March 31, 2014
Trade Receivables – Unsecured; Considered good, less than six months	**456.42**	369.99
Trade Receivables – Unsecured; Considered good, more than six months	**5.47**	7.02
	461.89	377.01
Less : Provision for Doubtful Receivables [Refer Note 5.3]	**4.10**	0.22
	457.79	376.79

22. CASH AND BANK BALANCES

₹ in Crore

Particulars			As at March 31, 2015	As at March 31, 2014
(a)	Cash and cash equivalents			
	(i)	Balances with banks:		
		- In Current Accounts	**527.83**	2,506.77
		- In Deposit Accounts with original maturity less than 3 months	**2,621.92**	3,532.61
	(ii)	Cash on Hand	**0.39**	0.57
	(iii)	Cheques on Hand	**397.58**	357.70
	Sub total		**3,547.72**	6,397.65
(b)	Other Bank balances:			
	(i)	Earmarked balances with banks		
		- Unclaimed Dividend Account	**21.52**	15.26
		- Against Foreign Currency Loans [Refer Note 7.3]	**7.20**	6.39
		- Towards Guarantees Issued by Banks	**0.13**	0.24
		- Others [Refer Note 22.1]	**2.59**	2.59
	(ii)	Short-term bank deposits [Refer Note 22.2]	**682.76**	2,165.98
			4,261.92	8,588.11

Notes forming part of the consolidated financial statements (Continued)

22.1 Earmarked balances with banks - Others include an amount of ₹ **2.59 crore** (Previous Year ₹ 2.59 crore) given by HDFC Asset Management Company Limited (HDFC AMC) to HDFC Trustee Company Limited and held in a designated account maintained by the latter. This is in terms of an interim order dated June 17, 2010 and letter dated July 5, 2011 received from Securities and Exchange Board of India, representing the estimated losses incurred by the schemes of HDFC Mutual Fund/clients of HDFC AMC on suspected "front running" of the orders of HDFC Mutual Fund by a dealer of HDFC AMC. The exact liability, if any, in this matter cannot be determined at this stage.

22.2 Bank Deposits of the subsidiary companies of ₹ **1.25 crore** (Previous Year ₹ 1.25 crore) are marked as lien for overdraft facility.

23. SHORT-TERM LOANS AND ADVANCES

₹ in Crore

Particulars		As at March 31, 2015	As at March 31, 2014
Loans: [Refer Note 23.1]			
Current maturities of long-term loans and advances	**25,173.71**		18,826.84
Corporate Bodies	**1,501.12**		2,497.59
		26,674.83	21,324.43
Others:			
Current maturities of Staff Loans - Others - Secured; Considered good	**4.43**		3.75
Corporate Deposits [Refer Note 23.2]	**947.39**		1,403.01
Instalments due from borrowers - Secured, Considered good	**1,295.76**		1,184.38
Prepaid Expenses - Unsecured; Considered good	**99.35**		209.66
Sundry Deposits - Unsecured, Considered good	**16.70**		17.11
Other Advances - Unsecured, Considered good	**1,284.15**		441.58
Loans and Advances to Related parties	**31.50**		-
		3,679.28	3,259.49
		30,354.11	24,583.92

23.1 Out of Loans, amounts aggregating to ₹ **22,844.03 crore** (Previous Year ₹ 19,812.80 crore) are secured and considered good [Refer Note 18.1].

23.2 Out of Corporate deposits, amounts aggregating to ₹ **299.30 crore** (Previous Year ₹ 601.65 crore) are secured and considered good [Refer Note 18.1].

24. OTHER CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Receivables on Securitised Loans	**53.30**	30.11
Interest Accrued but not due on Loans	**350.83**	211.64
Interest Accrued and due on Loans	**0.22**	5.65
Income Accrued but not due on Investments	**1,208.37**	953.96
Income Accrued and due on Investments	**48.93**	39.22
Interest Accrued but not due on Corporate Deposits	**25.23**	63.78
Interest Accrued and due on Corporate Deposits	**0.72**	10.39
Application Money - Investments	**2.00**	0.90
	1,689.60	1,315.65

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 ₹ **1,129.72 crore** (Previous Year ₹ 944.28 crore). The matters in dispute are under appeal. Out of the above an amount of ₹ **1,119.09 crore** (Previous Year ₹ 933.67 crore) has been paid/adjusted against refund and the same will be received as refund if the matters are decided in the favour of HDFC Ltd. and the respective subsidiary companies.

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. and one of the subsidiary company amounts to ₹ **0.15 crore** (Previous Year ₹ 5.05 crore).

c) Contingent liability in respect of Interest tax demands, net of amount provided for and disputed in respect of one subsidiary company amounts to ₹ **0.07 crore** (Previous Year ₹ 0.07 crore). The matter in dispute is under appeal. The subsidiary expects to succeed in the proceedings and hence no additional provision is considered necessary.

d) The subsidiary companies have received show cause cum demand notices, amounting to ₹ **189.75 crore** (Previous Year ₹ 133.21 crore), from the Office of the Commissioner, Service Tax, Mumbai on various grounds. One of the subsidiary has filed appeals to the appellate authorities on the said show cause notices. The subsidiary has been advised by an expert that their grounds of appeal are well supported in law. As a result, the subsidiary is confident to defend the appeal against the demand and does not expect the demand to crystalise into a liability.

e) During the current year, one of the subsidiary company has received show cause notice in respect of a Service tax matter amounting to ₹ **21.69 crore** (Previous Year ₹ Nil)]. Based on expert advice in respect of these matters, the Management does not expect any outflow of economic benefits and assessed the likelihood of outflow of resources as remote.

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

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

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

a) Guarantees ₹ **361.89 crore** (Previous Year ₹ 435.35 crore).

b) Corporate undertakings provided by HDFC Ltd. for securitisation of receivables aggregated to ₹ **1,919.65 crore** (Previous Year ₹ 1,943.05 crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

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

Notes forming part of the consolidated financial statements (Continued)

25.3 Proportionate share of claims not acknowledged as debt and other contingent liabilities in respect of associate companies amounts to ₹ **556.82 crore** (Previous Year ₹ 673.34 crore).

Claims not acknowledged as debt and other contingent liabilities in respect of a subsidiary company amounts to ₹ **0.86 crore** (Previous Year ₹ 0.39 crore).

25.4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **426.84 crore** (Previous Year ₹ 160.61 crore).

26. REVENUE FROM OPERATIONS

₹ in Crore

Particulars	Current Year	Previous Year
Interest Income :		
- Interest on Loans	**25,919.84**	22,797.42
- Other Interest [Refer Note 26.1]	**1,074.89**	977.49
Net Gain on foreign currency transactions and translation	**0.18**	1.78
Dividends [Refer Note 26.2]	**41.16**	47.64
Management & Trusteeship Fees	**1,181.96**	961.34
Income from Leases [Refer Note 26.4]	**10.38**	15.03
Surplus from deployment in Cash Management Schemes of Mutual Funds [Refer Note 26.3]	**369.48**	344.01
Fees and Other Charges [Refer Note 26.5]	**477.89**	438.44
	29,075.78	25,583.15

26.1 a) Other Interest includes interest on investments amounting to ₹ **420.04 crore** (Previous Year ₹ 400.94 crore).

b) Other Interest includes interest on investments amounting to ₹ **43.03 crore** (Previous Year ₹ 9.21 crore) in respect of current investments.

c) Other Interest includes Interest on Income Tax Refund ₹ **44.31 crore** (Previous Year ₹ 34.65 crore).

26.2 Dividend income includes ₹ **11.17 crore** (Previous Year ₹ 14.16 crore) in respect of current investments.

26.3 Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ **369.48 crore** (Previous Year ₹ 344.01 crore) is in respect of investments held as current investments.

26.4 In accordance with the Accounting Standard on 'Leases' (AS 19), the following disclosures are made in respect of Operating Leases:

Income from Leases includes ₹ **4.01 crore** (Previous Year ₹ 4.71 crore) in respect of properties and certain assets leased out under Operating Leases. Out of the above, in respect of the non-cancellable leases, the future minimum lease payments are as follows:

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	**3.37**	4.11
Later than one year but not later than five years	**2.19**	5.02

26.5 Fees and other charges is net off the amounts paid to Direct Selling Agent ₹ **362.85 crore** (Previous Year ₹ 315.85 crore).

27. Profit on sale of investments includes ₹ **19.35 crore** (Previous Year ₹ 18.10 crore) in respect of current investments.

Notes forming part of the consolidated financial statements (Continued)

28. FINANCE COST

₹ in Crore

Particulars	Current Year	Previous Year
INTEREST		
- Loans	**2,768.54**	2,434.95
- Deposits	**6,255.58**	5,353.34
- Bonds and Debentures	**7,597.80**	7,541.42
- Commercial Paper	**1,967.91**	1,027.39
	18,589.83	16,357.10
Net Loss on foreign currency transactions and translation [Refer Note 28.1]	**(20.09)**	137.02
OTHER CHARGES [Refer Note 28.2]	**140.55**	113.77
	18,710.29	16,607.89

28.1 ₹ **20.27 crore** (Previous Year loss ₹ 135.24 crore) has been recognised in the Statement of Profit and Loss being net gain on transaction and translation of foreign currency monetary assets and liabilities as shown below:

₹ in Crore

Particulars	Current Year	Previous Year
Exchange (Gain)/Loss on Translation		
- Foreign Currency Denominated Assets and Foreign Currency Borrowings	**(34.72)**	(198.80)
- Cross Currency Interest Rate Swaps [Refer Note 7.6]	**107.98**	145.77
Net Exchange (Gain)/Loss on Translation [Refer Note 5.11]	**73.26**	(53.03)
Realised (Gain)/Loss	**(93.35)**	190.05
Net (Gain)/Loss on translation and transactions recognised in Finance cost	**(20.09)**	137.02
Realised (Gain)/Loss recognised in Revenue from Operations [Refer Note 26]	**(0.18)**	(1.78)
Net (Gain)/Loss recognised in Statement of Profit and Loss	**(20.27)**	135.24

28.2 Other Charges is net of Exchange gain ₹ **0.32 crore** (Previous Year includes exchange loss of ₹ 0.66 crore).

29. EMPLOYEE BENEFITS EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Salaries and Bonus [Refer Notes 29.1 & 29.2]	**612.43**	529.49
Contribution to Provident Fund and Other Funds [Refer Note 29.3]	**68.02**	52.27
Gratuity Expenses	**2.55**	0.42
Staff Training and Welfare Expenses	**16.13**	15.06
	699.14	597.24

29.1 Salaries and Bonus include ₹ **25.90 crore** (Previous Year ₹ 15.77 crore) and other expenses pertaining to Insurance Business include ₹ **15.80 crore** (Previous Year ₹ 12.96 crore) towards provision made in respect of accumulated leave salary and leave travel assistance and has been actuarially determined as per the Accounting Standard 15 on Employee Benefits (AS 15).

29.2 **Employee Benefits**

In accordance with the Accounting Standard 15 on Employee Benefits (AS 15), the following disclosures have been made:

Notes forming part of the consolidated financial statements (Continued)

The following amounts are recognised in the Statement of Profit and Loss which are included as under:

₹ in Crore

Particulars	Contributions to Provident Fund and Other Funds under Staff Expenses		Other expenses pertaining to Insurance Business	
	Current Year	Previous Year	Current Year	Previous Year
Provident Fund [Refer Note 29.3]	**22.57**	20.96	**26.25**	24.97
Superannuation Fund [Refer Note 29.3]	**10.85**	9.30	**0.42**	0.34
Employees' Pension Scheme-1995	**2.75**	1.60	**-**	-
Employees' State Insurance Corporation	**2.04**	1.84	**(2.62)**	17.66
Labour Welfare Fund	**0.01**	0.01	**0.05**	0.07

29.3 The Corporation makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a trust by the Company. The Company is liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employees' Provident Fund Scheme, 1952 and recognises, if any, as an expense in the year it is determined.

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ **245.40 crore** and ₹ **244.59 crore** respectively (Previous Year ₹ 207.38 crore and ₹ 207.04 crore respectively). In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.75%. The actuarial assumptions include discount rate of **7.96%** (Previous Year 9.31%) and an average expected future period of **21.75 years** (Previous Year 22 years).

The Corporation recognised ₹ **12.55 crore** (Previous Year ₹ 11.88 crore) for provident fund contributions and ₹ **10.17 crore** (Previous Year ₹ 8.69 crore) for superannuation contributions in the statement of profit and loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

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

₹ in Crore

Particulars	Current Year	Previous Year
Change in the Benefit Obligations:		
Liability at the beginning of the year	**190.67**	165.02
Current Service Cost	**13.39**	12.44
Interest Cost	**17.74**	13.44
Benefits Paid	**(13.18)**	(11.25)
Actuarial loss	**35.80**	11.02
Liability at the end of the year*	**244.42**	190.67
* The Liability at the end of the year ₹ **244.42 crore** (Previous Year ₹ 190.67 crore) includes ₹ **50.20 crore** (Previous Year ₹ 41.43 crore) in respect of un-funded plans.		
Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	**141.56**	110.02
Expected Return on Plan Assets	**12.43**	9.36

Notes forming part of the consolidated financial statements (Continued)

₹ in Crore

Particulars	Current Year	Previous Year
Contributions	**24.55**	28.41
Benefits Paid	**(4.43)**	(3.14)
Actuarial loss on Plan Assets	**1.59**	(3.09)
Fair Value of Plan Assets at the end of the year	**175.70**	141.56
Total Actuarial loss to be recognised	**(34.21)**	(14.11)
Actual Return on Plan Assets:		
Expected Return on Plan Assets	**12.43**	9.36
Actuarial loss on Plan Assets	**1.59**	(3.09)
Actual Return on Plan Assets	**14.02**	6.27
Expense Recognised in the Statement of Profit and Loss:		
Current Service Cost	**13.39**	12.44
Interest Cost	**17.74**	13.44
Expected Return on Plan Assets	**(12.43)**	(9.36)
Net Actuarial loss to be recognised	**34.21**	14.11
Expense recognised in the Statement of Profit and Loss		
included under Contribution to Provident Fund and Other Funds	**41.75**	23.43
included under Other expenses pertaining to Insurance Business	**11.16**	7.20
	52.91	30.63
Reconciliation of the Liability Recognised in the Balance Sheet:		
Opening Net Liability	**49.11**	55.00
Expense recognised	**52.91**	30.63
Contribution by the Corporation	**(24.55)**	(28.41)
Benefits paid in respect of unfunded plans	**(8.75)**	(8.11)
Amount recognised in the Balance Sheet under "Provision for Retirement Benefits" and "Other Current Liabilities"	**68.72**	49.11

₹ in Crore

Amount Recognised in the Balance Sheet:	2014-15	2013-14	2012-13	2011-12	2010-11
Liability at the end of the year	**244.42**	190.67	165.02	133.13	114.30
Fair Value of Plan Assets at the end of the year	**175.70**	141.56	110.02	94.08	74.13
Amount recognised in the Balance Sheet under "Provision for Retirement Benefits" and "Other Current Liabilities"	**68.72**	49.11	55.00	39.05	40.17
Experience Adjustment:					
On Plan Liabilities	**26.81**	22.14	21.16	10.09	7.39
On Plan Assets	**1.59**	(3.09)	(5.74)	(4.44)	(3.76)
Estimated Contribution for next year	**28.18**	19.54	22.55	13.09	9.37

Notes forming part of the consolidated financial statements (Continued)

Investment Pattern:

Particulars	% Invested Current Year	% Invested Previous Year
Central Government securities	**24.45**	17.81
State Government securities/securities guaranteed by State/Central Government	**1.80**	9.44
Public Sector/Financial Institutional Bonds	**16.23**	24.23
Private Sector Bonds	**0.61**	12.92
Special Deposit Scheme	**0.02**	1.54
Certificate of Deposits	**-**	0.98
Deposits with Banks and Financial Institutions	**2.64**	2.31
Investment in Insurance Companies	***31.31**	10.72
Investment in Equity Shares	**5.69**	16.15
Others (including bank balances)	**17.25**	3.90
Total	**100.00**	100.00

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at.

* As the gratuity fund is managed by a life insurance company, details of investment are not available with the Company.

Principal Assumptions:

Particulars	Current Year %	Previous Year %
Discount Rate	**7.50 to 9.31**	9.00 to 9.36
Return on Plan Assets	**7.9 to 8**	7 to 9.36
Salary Escalation	**5 to 10**	5 to 10

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

30. ESTABLISHMENT EXPENSES

₹ in Crore

Particulars	Current Year	Previous Year
Rent [Refer Note 30.1]	**101.11**	107.21
Rates and Taxes	**3.93**	4.65
Repairs and Maintenance - Buildings	**6.67**	6.52
General Office Expenses	**2.64**	2.84
Electricity Charges	**21.18**	20.55
Insurance Charges	**1.42**	1.37
	136.95	143.14

30.1 In accordance with the Accounting Standard 19 on 'Leases' (AS 19), the following disclosures are made in respect of Operating and Finance Leases:

(a) Properties under non-cancellable operating leases have been acquired, both for commercial and residential purposes for periods ranging from 12 months to 60 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, amount to ₹ **176.76 crore** (Previous Year ₹ 141.48 crore). Out of the above, the Corporation has sub-leased a property, the total

Notes forming part of the consolidated financial statements (Continued)

sub-lease payments received in respect thereof amounting to ₹ **14.09 crore** (Previous Year ₹ 18.79 crore) have been netted off from rent expense.

The future lease payments in respect of the above are as follows:

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	**36.92**	74.89
Later than one year but not later than five years	**36.24**	123.10

(b) Certain motor cars have been acquired under Operating Lease by subsidiary companies. In respect of these operating leases, the lease rentals charged to the Statement of Profit and Loss are ₹ **1.08 crore** (Previous Year ₹ 0.86 crore) included under Other expenses pertaining to Insurance business. The minimum future lease rentals payable for specified duration in respect of such leases amount to the following:

₹ in Crore

Period	Current Year	Previous Year
Not later than one year	**0.72**	1.16
Later than one year but not later than five years	**0.65**	1.78

(c) Certain motor cars have been acquired under Finance Lease by a subsidiary for an aggregate fair value of ₹ **0.01 crore** (Previous Year ₹ 0.06 crore). The total minimum lease payments (MLP) in respect thereof and the present value of the future lease payments, discounted at the interest rate implicit in the lease are:

Current Year
₹ in Crore

Period	Total MLP	Interest	Principal
Not later than one year	**0.01**	**-**	**0.01**
Later than one year but not later than five years	**-**	**-**	**-**

Previous Year
₹ in Crore

Period	Total MLP	Interest	Principal
Not later than one year	0.05	-	0.05
Later than one year but not later than five years	0.01	-	0.01

31. OTHER EXPENSES

₹ in Crore

	Current Year	Previous Year
Travelling and Conveyance	**28.54**	27.80
Printing and Stationery	**22.42**	18.05
Postage, Telephone and Fax	**32.45**	29.07
Advertising	**104.15**	83.16
Repairs and Maintenance - Other than Buildings	**17.94**	17.40
Office Maintenance	**29.03**	25.40
Legal Expenses	**19.14**	14.01
Computer Expenses	**16.52**	13.38
Directors' Fees and Commission	**7.25**	5.27
Miscellaneous Expenses [Refer Notes 5.9 and 31.1]	**300.25**	226.25
Auditors' Remuneration [Refer Note 32]	**6.44**	5.29
	584.13	465.07

Notes forming part of the consolidated financial statements (Continued)

31.1 i) Miscellaneous Expenses includes ₹ **35.23 crore** (Previous Year ₹ Nil) towards Corporate Social Responsibility (CSR) under Section 135 of the Companies Act, 2013.

ii) Miscellaneous Expenses exclude ₹ **10.83 crore** (Previous Year ₹ 13.02 crore) in respect of amounts utilised out of Shelter Assistance Reserve and ₹ **Nil** (Previous Year ₹ 0.46 crore) in respect of amounts utilised out of Corporate Social Responsibility Account during the year.

32. AUDITOR'S REMUNERATION:

₹ in Crore

Particulars	Current Year	Previous Year
Audit Fees	**3.90**	3.22
Tax Matters	**1.48**	1.19
Other Matters	**2.75**	2.24
Reimbursement of Expenses	**0.10**	0.08
Service Tax	**0.63**	0.56
Less: Service tax input credit availed	**(0.33)**	(0.30)
Less: Service tax input credit expensed	**(0.30)**	(0.26)
	8.23	6.73
Less: Included under commission and operating expenses pertaining to Insurance Business	**1.79**	1.44
	6.44	5.29

33 PROVISION FOR NON PERFORMING LOANS

33.1 As per the Housing Finance Companies (NHB) Directions, 2010, non-performing assets are recognised on the basis of ninety days overdue. The total provision carried by the Corporation in terms of paragraph 29 (2) of the Housing Finance Companies (NHB) Directions, 2010, and subsequent NHB Circulars - NHB.HFC.DIR.3/CMD/2011 dated August 5, 2011, NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012 and NHB.HFC.DIR.9/CMD/2013 dated September 6, 2013 in respect of Housing and Non-Housing Loans is as follows [Refer Note 18]:

₹ in Crore

Particulars	Housing		Non-Housing	
	Current Year	Previous Year	Current Year	Previous Year
Standard Assets				
- Principal Outstanding	**172,732.67**	151,311.99	**66,136.39**	53,609.43
- Provisions	**791.69**	697.90	**418.34**	344.95
Sub-Standard Assets				
- Principal Outstanding	**423.40**	417.67	**336.37**	603.32
- Provisions	**66.24**	62.65	**50.45**	90.50
Doubtful Assets				
- Principal Outstanding	**418.00**	329.95	**441.35**	132.76
- Provisions	**235.11**	202.12	**189.12**	100.55
Total				
- Principal Outstanding	**173,574.07**	152,059.61	**66,914.11**	54,345.51
- Provisions	**1,093.01**	962.67	**657.91**	536.00

Provision for Contingencies debited to the Statement of Profit and Loss includes Provision for Diminution in Value of Investments amounting to ₹ **12.19 crore** (Previous Year ₹ 21.51 crore).

Notes forming part of the consolidated financial statements (Continued)

34. As per the Accounting Standard 17 on 'Segment Reporting' (AS 17), the main segments and the relevant disclosures relating thereto are as follows:

₹ in Crore

Particulars	Loans		Life Insurance		General Insurance		Asset Management		Others		Inter-segment adjustments		Unassociated		Total	
	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY
Segment Revenue	**28,476.86**	24,973.38	**17,037.52**	13,231.44	**1,990.66**	1,850.86	**1,254.57**	1,007.21	**236.41**	232.13	**(639.95)**	(520.90)	**33.96**	40.44	**48,390.03**	40,814.56
Segment Result	**8,694.04**	7,491.19	**923.91**	794.11	**140.84**	224.31	**754.77**	572.71	**6.37**	43.50	**(437.07)**	(320.33)	**33.76**	40.36	**10,116.62**	8,845.85
Income-tax (Current)													**2,883.62**	2,317.05	**2,883.62**	2,317.05
Deferred tax													**282.08**	41.29	**282.08**	41.29
Total Result	**8,694.04**	7,491.19	**923.91**	794.11	**140.84**	224.31	**754.77**	572.71	**6.37**	43.50	**(437.07)**	(320.33)	**(3,131.94)**	(2,317.98)	**6,950.92**	6,487.51
Capital Employed																
Segment Assets																
Assets	**254,021.78**	223,111.15	**69,387.43**	52,179.33	**4,521.80**	3,967.68	**1,223.93**	854.97	**261.79**	247.06	**(1,276.11)**	(1,026.27)	**21,384.54**	17,900.76	**3,49,525.16**	297,234.68
Liabilities	**232,742.52**	205,473.47	**66,997.34**	50,391.52	**3,505.58**	3,083.03	**368.55**	254.30	**49.22**	23.36	**(1,348.81)**	(1,080.31)	**319.05**	90.82	**3,02,633.45**	258,236.19
Net Assets	**21,279.26**	17,637.68	**2,390.09**	1,787.81	**1,016.22**	884.65	**855.38**	600.68	**212.57**	223.70	**72.70**	54.04	**21,065.49**	17,809.93	**46,891.71**	38,998.49
Other Information																
Capital Expenditure	**456.31**	82.08	**106.09**	81.89	**30.05**	67.44	**16.29**	18.84	**7.58**	4.88	-	-	-	-	**616.32**	255.13
Depreciation	**31.85**	34.76	***42.71**	*44.93	***41.39**	*17.09	**10.55**	8.80	**4.23**	3.29	-	-	-	-	**130.73**	108.87
Non-cash expenses other than Depreciation	**322.74**	115.76	**30.22**	29.90	**6.23**	5.01	**0.99**	0.07	**8.41**	2.50	-	-	-	-	**368.59**	153.24

a) Asset Management segment includes portfolio management, mutual fund and property investment management.

b) Others includes project management, investment consultancy and property related services.

c) The group does not have any material operations outside India and hence disclosure of geographic segments is not given.

* Included in Other expenses relating to Insurance Business

Notes forming part of the consolidated financial statements (Continued)

35. RELATED PARTY TRANSACTIONS

As per the Accounting Standard 18 on 'Related Party Disclosures' (AS 18), the related parties of the Corporation are as follows:

A) Associate Companies

HDFC Bank Ltd.
India Value Fund Advisors Pvt. Ltd.
RuralShores Business Services Pvt. Ltd.
Magnum Foundations Pvt. Ltd.

B) Investing Party and its Group Companies

Standard Life Investments Ltd.
Standard Life (Mauritius Holdings) 2006 Ltd.
ERGO International AG
Munich Re

C) Key Management Personnel

Mr. Keki M. Mistry
Ms. Renu Sud Karnad
Mr. V. Srinivasa Rangan

D) Relatives of Key Management Personnel - *(Where there are transactions)*

Ms. Arnaaz K. Mistry, Mr. Rishi R. Sud, Mr. Ketan Karnad
Mr. Ashok Sud, Ms. Swarn Sud, Mr. Bharat Karnad
Ms. Tinaz Mistry, Ms. S. Anuradha, Ms. Abinaya S. Rangan

I) 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.	**372.10**	298.77	-	-	-	-	-	-
- Others	**0.16**	0.27	-	-	-	-	-	-
Interest Income								
- HDFC Bank Ltd.	**37.26**	33.81	-	-	-	-	-	-
- Others	-	0.08	-	-	-	-	**0.03**	0.03
Consultancy and Other Fees Income								
- Standard Life Investments Ltd.	-	-	**0.51**	0.32	-	-	-	-
- HDFC Bank Ltd.	**0.23**	0.04	-	-	-	-	-	-
Rent Income								
- HDFC Bank Ltd.	**2.01**	1.74	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	0.01
Reinsurance Income								
- Munich Re	-	-	**1.50**	0.14	-	-	-	-
Support Cost Recovered								
- HDFC Bank Ltd.	**0.37**	0.25	-	-	-	-	-	-
Miscellaneous Services rendered								
- HDFC Bank Ltd.	**152.95**	241.34	-	-	-	-	-	-
- Others	**0.10**	0.08	-	-	**0.01**	0.01	-	-
Interest Expense								
- HDFC Bank Ltd.	**2.40**	4.23	-	-	-	-	-	-
- Others	**0.05**	0.34	-	-	**0.48**	0.53	-	0.02
Bank and Other Charges								
- HDFC Bank Ltd.	**28.21**	24.65	-	-	-	-	-	-
Reinsurance Expense								
- Munich Re	-	-	**12.09**	3.51	-	-	-	-
Remuneration								
- Mr. Keki M. Mistry	-	-	-	-	**8.43**	7.87	-	-
- Ms. Renu Sud Karnad	-	-	-	-	**7.62**	7.23	-	-
- Mr. V. Srinivasa Rangan	-	-	-	-	**5.03**	4.57	-	-

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
Dividend Payments								
- Standard Life (Mauritius Holdings) 2006 Ltd.	-	-	**36.31**	25.93	-	-	-	-
- Standard Life Investments Ltd.	-	-	**65.42**	50.32	-	-	-	-
- ERGO International AG	-	-	**10.44**	6.86	-	-	-	-
Other Expenses								
- HDFC Bank Ltd.	**756.30**	601.78	-	-	-	-	-	-
- Others	**0.36**	0.42	-	-	-	-	**0.09**	0.09
Investments made								
- HDFC Bank Ltd.	**827.03**	327.51	-	-	-	-	-	-
Investments sold								
- HDFC Bank Ltd.	-	-	-	-	-	-	-	-
- IPF Online Ltd.	-	6.31	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	-
Securities purchased								
- HDFC Bank Ltd.	**337.67**	374.16	-	-	-	-	-	-
Investments								
- HDFC Bank Ltd.	**7,545.35**	6,714.35	-	-	-	-	-	-
- Others	**35.03**	2.53	-	-	-	-	-	-
Bank Deposits placed								
- HDFC Bank Ltd.	**1,492.69**	4,088.82	-	-	-	-	-	-
Bank Deposits repaid/withdrawn								
- HDFC Bank Ltd.	**2,969.81**	2,605.26	-	-	-	-	-	-
Bank Balance and Deposits								
- HDFC Bank Ltd.	**1,628.31**	5,200.79	-	-	-	-	-	-
Corporate Deposits repaid/matured								
- RuralShores Business Services Pvt. Ltd.	-	3.00	-	-	-	-	-	-
Loans given								
- Magnum Foundations Pvt. Ltd.	**31.50**	-	-	-	-	-	-	-
Loans repaid								
- Ms. Renu Sud Karnad	-	-	-	-	**0.01**	0.01	-	-
- Mr. V. Srinivasa Rangan	-	-	-	-	**0.01**	0.01	-	-
- Ms. S. Anuradha	-	-	-	-	-	-	**0.01**	0.01
Loans sold								
- HDFC Bank Ltd.	**8,249.21**	5,556.07	-	-	-	-	-	-
Loans								
- Magnum Foundations Pvt. Ltd.	**31.50**	-	-	-	-	-	-	-
- Ms. Renu Sud Karnad	-	-	-	-	**0.08**	0.10	-	-
- Mr. V. Srinivasa Rangan	-	-	-	-	**0.04**	0.05	-	-
- Others	-	-	-	-	-	-	**0.30**	0.31
Trade Receivable								
- HDFC Bank Ltd.	**5.07**	13.11	-	-	-	-	-	-
Other Advances/Receivables								
- HDFC Bank Ltd.	**10.74**	5.88	-	-	-	-	-	-
- Others	-	-	**0.17**	0.05	**0.02**	-	**0.06**	0.06
Deposits placed								
- RuralShores Business Services Pvt. Ltd.	**1.05**	16.10	-	-	-	-	-	-
- Mr. Keki M. Mistry	-	-	-	-	-	1.75	-	-
- Ms. Renu Sud Karnad	-	-	-	-	**2.38**	0.02	-	-
- Others	-	-	-	-	-	-	**0.01**	-

Notes forming part of the consolidated financial statements (Continued)

₹ in Crore

Particulars	Associates		Investing Party and its Group Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Deposits repaid/matured								
- RuralShores Business Services Pvt. Ltd.	**4.13**	13.02	**-**	-		-	**-**	-
- Mr. Keki M. Mistry	**-**	-	**-**	-	**1.75**	2.41	**-**	-
- Ms. Renu Sud Karnad	**-**	-	**-**	-	**2.00**	0.01	**-**	-
- Others	**-**	-	**-**	-	**-**	-	**0.03**	0.29
Deposits								
- Mr. Keki M. Mistry	**-**	-	**-**	-	**0.87**	2.61	**-**	-
- Ms. Renu Sud Karnad	**-**	-	**-**	-	**2.40**	2.02	**-**	-
- RuralShores Business Services Pvt. Ltd.	**-**	3.08	**-**	-	**-**	-	**-**	-
- Others	**-**	-	**-**	-	**-**	-	**0.09**	0.12
Other Liabilities/Payables								
- HDFC Bank Ltd.	**50.50**	64.40	**-**	-	**-**	-	**-**	-
- Munich Re	**-**	-	**6.21**	0.16	**-**	-	**-**	-
- Others	**0.01**	0.04	**-**	-	**0.33**	0.48	**-**	0.01

36. In accordance with the Accounting Standard 20 on "Earning per Share" (AS 20), the following disclosures have been made:

(i) In calculating the Basic Earnings Per Share, the Profit After Tax attributable to the Group of ₹ **8,762.62 crore** (Previous Year ₹ 7,947.82 crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **10.83 crore** (Previous Year ₹ 13.02 crore) and for proportionate share of utilisation out of Corporate Social Responsibility Account of ₹ **Nil** (Previous Year ₹ 0.46 crore) of one of the subsidiary company.

Accordingly the Basic Earnings Per Share has been calculated based on the adjusted Profit After Tax attributable to Group of ₹ **8,751.79 crore** (Previous Year ₹ 7,934.34 crore) and the weighted average number of shares during the year of **156.82 crore** (Previous Year 155.54 crore).

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

Amount in ₹

Particulars	Current Year	Previous Year
Basic Earnings Per Share	**55.81**	51.01
Effect of outstanding Stock Options	**(0.51)**	(0.40)
Diluted Earnings Per Share	**55.30**	50.61

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

Number in Crore

Particulars	Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share	**156.82**	155.54
Diluted effect of outstanding Stock Options	**1.45**	1.23
Weighted average number of shares for computation of Diluted Earnings Per Share	**158.27**	156.77

Notes forming part of the consolidated financial statements (Continued)

37. Additional Information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

(As on/for the year ended March 31, 2015)

Sr. No.	Name of the Entity	Net assets i.e. Total Assets minus Total Liabilities		Share of Profit / (Loss)	
		As % of consolidated net assets	Amount (In crore)	As % of consolidated Profit or loss	Amount (In crore)
Parent					
1	Housing Development Finance Corporation Limited		30,969.97		5,990.14
	Less: Inter Company eliminations		(7,663.39)		(537.64)
	Net of eliminations	**49.70%**	**23,306.58**	**62.22%**	**5,452.50**
Subsidiaries					
Indian					
1	GRUH Finance Ltd.	1.00%	471.10	2.33%	204.24
2	HDFC Standard Life Insurance Co. Ltd.	2.14%	999.10	8.41%	737.23
3	HDFC ERGO General Insurance Co. Ltd.	1.27%	597.60	1.19%	104.00
4	HDFC Asset Management Co. Ltd.	1.50%	703.08	5.28%	462.63
5	HDFC Trustee Co. Ltd.	0.01%	5.91	0.00%	0.01
6	HDFC Investment Trust	0.42%	198.81	0.34%	29.79
7	HDFC Investment Trust - II	0.11%	50.46	0.03%	2.33
8	HDFC Venture Capital Ltd.	0.07%	34.26	0.68%	60.34
9	HDFC Ventures Trustee Co. Ltd.	0.00%	0.91	0.00%	0.13
10	HDFC Property Ventures Ltd.	0.25%	115.50	-0.20%	(17.96)
11	HDFC Pension Management Co. Ltd.	0.06%	27.62	0.00%	0.02
12	HDFC Investments Ltd.	0.09%	44.21	0.04%	3.47
13	HDFC Holdings Ltd.	0.32%	147.42	0.02%	1.67
14	HDFC Developers Ltd.	0.00%	0.21	-0.08%	(6.82)
15	HDFC Sales Pvt. Ltd.	0.04%	19.00	-2.02%	(177.29)
16	HDFC Realty Ltd.	0.02%	9.68	-0.03%	(2.96)
17	Credila Financial Services Pvt. Ltd.	0.47%	214.92	0.43%	37.72
18	HDFC Education and Development Services Pvt. Ltd.	0.01%	5.13	-0.02%	(1.88)
Foreign					
1	Griha Investments	0.22%	101.62	0.68%	59.15
2	Griha Pte. Ltd.	0.01%	5.89	0.03%	2.60
	Share of Minorities	3.88%	1,820.08	-5.51%	(482.72)
Associates (Investment as per the equity method)					
Indian					
1	HDFC Bank Limited	38.41%	18,011.08	26.18%	2,294.37
2	India Value Fund Advisors Pvt Ltd.	0.00%	1.54	0.00%	0.05
Total		**100.00%**	**46,891.71**	**100.00%**	**8,762.62**

38. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Shareholders' Information

This section *inter alia* provides information pertaining to the Corporation, its shareholding pattern, means of dissemination of information, service standards, share price movements and such other information, in terms of point No. 8 of Annexure XII to Clause 49 of the listing agreements.

Registered Office	**Corporate Office**	**Investor Services Department (ISD)**
Ramon House,	HDFC House,	5th Floor, Ramon House,
H. T. Parekh Marg,	H. T. Parekh Marg,	H. T. Parekh Marg,
169, Backbay Reclamation,	165-166, Backbay Reclamation,	169, Backbay Reclamation,
Churchgate, Mumbai 400 020.	Churchgate, Mumbai 400 020.	Churchgate, Mumbai 400 020.
Tel. No. : +91 22-6176 6000	Tel. No. : +91 22-6631 6000	Tel. No. : +91 22-6141 3900
Fax No. : +91 22-2281 1205	Fax Nos.: +91 22-2204 6758,	Fax No. : +91 22-2414 7301
Website : *www.hdfc.com*	2281 1203	E-mail : *investorcare@hdfc.com*

38th Annual General Meeting (AGM)

Day/Date : Tuesday, July 28, 2015

Time : 3.00 p.m.

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

Financial Year

The Corporation follows the financial year starting from April 1 to March 31 each year.

Payment of Dividend

The Board of Directors of the Corporation, in addition to an interim dividend of ₹ 2 per equity share approved by it at its meeting held on March 19, 2015, has recommended payment of a final dividend of ₹ 13 per equity share of ₹ 2 each, for the financial year ended March 31, 2015, for the approval of the members at the AGM.

The total dividend for the year is ₹ 15 per equity share of ₹ 2 each against ₹ 14 per equity share of ₹ 2 each for the previous year.

Book Closure

Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Rule 10 of the Companies (Management and Administration) Rules, 2014, the Register of Members and the Share Transfer Books of the Corporation will remain closed from Friday, July 17, 2015 to Tuesday, July 28, 2015 (both days inclusive) for the purpose of payment of final dividend for the financial year 2014-15.

The final dividend of ₹ 13 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 Thursday, July 16, 2015.

Listing on Stock Exchanges

Equity Shares

The equity shares of the Corporation are listed on the following stock exchanges and are tradable on all other recognized stock exchanges in India. The International Security Identification Number (ISIN) in respect of the said equity shares is INE001A01036.

BSE Limited (BSE)	National Stock Exchange of India Limited (NSE)
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. Tel. Nos.: +91 22-2272 1233/34 Fax Nos.: +91 22-2272 1919 E-mail : is@bseindia.com Website : www.bseindia.com	Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051. Tel. Nos.: +91 22-2659 8100-114 Fax Nos.: +91 22-2659 8120 E-mail : nseiscmum@nse.co.in Website : www.nseindia.com

Stock Exchange Codes:	Reuters Codes:	Bloomberg Codes:
BSE - 500010	BSE - HDFC.BO	BSE - HDFC
NSE - HDFC EQ	NSE - HDFC.NS	NSE - NHDFC

Debt Securities

The Non-Convertible Debentures (NCD) issued by the Corporation are listed for trading on the wholesale debt market segments of the BSE and NSE.

Listing Fees

The listing fees have been paid to BSE and NSE for the financial year 2015-16.

Investor Services Department (ISD)

The Corporation has been granted permanent registration by the Securities and Exchange Board of India (SEBI) to act as an in-house Share Transfer Agent – Category II. The Corporation has connectivity with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISD has a dedicated and well trained staff to cater to the needs of the shareholders of the Corporation.

The ISD offers services pertaining to transfer, transmission, transposition, dematerialization, re-materialization of shares, issue of duplicate dividend warrants, issue of duplicate, replaced, consolidated and split share certificates, change of name, address and bank account details, nomination facility and other related services like remittance of dividend through various electronic modes, issuing reminders to members to claim their dividend which is due for transfer to the Investor Education and Protection Fund (IEPF) and processes applications received in respect of unclaimed shares.

Shareholders holding shares in physical form are requested to contact the ISD for any of the aforesaid services. However, those holding shares in electronic form are required to directly contact their Depository Participant(s) (DP) for any of the aforesaid services, excluding services relating to unclaimed dividend and unclaimed shares.

Share Transfer System

In terms of Clause 49 VIII E (5) of the listing agreements, the Board of Directors of the Corporation has constituted a Share Transfer Committee (STC), which comprises the Chairman and the whole-time directors of the Corporation. The board has also constituted an Investor Services Committee (ISC) comprising the company secretary and senior officers of the Secretarial Department.

The ISC is authorized to approve transfer, transmission, transposition, dematerialization and re-materialization of shares and places the same before the STC for its ratification.

A statement of transactions ratified/approved by the STC is tabled at the subsequent meetings of the Stakeholders Relationship Committee of Directors/board, for its noting/ratification/approval, as the case may be.

Service Standards

The Corporation is committed to providing effective and prompt service to its investors. The ISD has been entrusted with the responsibility of ensuring that the investors of the Corporation are serviced within the adopted service standards. Listed below are the service standards adopted by the Corporation in respect of various services being rendered by the ISD.

Nature of Service*	Mode of receipt of request	
	Through post	Over the counter
Transfer of shares	3 working days	20 minutes
Transposition of names	3 working days	20 minutes
Change of address/bank details	3 working days	20 minutes
Registration of Nomination	3 working days	20 minutes
Issue of duplicate dividend warrant(s)	4 working days	20 minutes
Transmission of shares/Deletion of name	7 working days	-
Split/ Replacement/Consolidation of share certificate(s)	7 working days	-
Dematerialization of shares	8 working days	-
Re-materialization of shares	8 working days	-
Release of unclaimed shares	10 working days	-
Issue of duplicate share certificate(s)	15 working days	-

** Subject to receipt and verification of valid documents and requisite approvals.*

The investors are requested to contact the ISD for availing any of the said services. In terms of Clause 47(f) of the listing agreements, the designated e-mail address for investor complaints is *investorcare@hdfc.com.* Personnel of the ISD have been entrusted with the task of accounting and reviewing all correspondence/complaints received by the Corporation and ensuring its redressal in accordance with the relevant Standard Operating Procedures and within the said service standards.

A status report on adherence to the said service standards is reviewed by the company secretary on a monthly basis and a detailed report is tabled at the meetings of the Stakeholders Relationship Committee, on a quarterly basis, for its review and noting.

Investors' Grievances

During the year under review, the Corporation received 4,084 correspondence and 921 e-mails (addressed to *investorcare@hdfc.com*) from its investors (shareholders and debenture holders), capital market intermediaries and statutory/regulatory authorities, *inter alia* requesting for dematerialization of shares, transfer/ transmission of shares, non-receipt of dividend warrants/sub-divided share certificates, annual report, effecting changes to the address and/ or bank account particulars of the shareholders etc. and other services relating to the securities of the Corporation.

During the year under review, the Corporation received 3 complaints through SEBI Complaints Redress System (SCORES), all of which were resolved.

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			No. of complaints unresolved as on March 31, 2015
	2012-13	2013-14	2014-15	
Stock Exchanges and SEBI including SCORES	18	9	3	–
NHB, MCA and others	2	2	1	–
Directly received from investors	–	–	–	–
Total No. of complaints received	20	11	4	–
Total No. of complaints redressed	20	11	4	–

There was no investor complaint that was unresolved as on April 1, 2014. All the complaints received during the year were resolved and as such there was no unresolved investor complaint as on March 31, 2015.

The status of correspondence/complaints received and redressed by the Corporation is tabled at the meetings of the Stakeholders Relationship Committee/board, on a quarterly basis, for their review and noting.

Unclaimed Shares

Clause 5A of the listing agreements *inter alia* requires every listed company to comply with certain procedures in respect of shares issued by it in physical form pursuant to a public issue or any other issue and which remained unclaimed for any reason whatsoever.

Summary of the claims received/processed by the Corporation in respect of unclaimed shares during the financial year 2014-15 and its status as on March 31, 2015, 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, 2014.	483	6,60,675
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, 2015.	28	38,600
III	Number of shareholders (out of the said 28 shareholders) to whom equity shares were transferred from the Unclaimed Suspense Account during the year ended March 31, 2015.	20	24,200
IV	Aggregate number of shareholders and the outstanding equity shares lying in the Unclaimed Suspense Account as on March 31, 2015. (I-III)	463	6,36,475

In terms of the said Clause, voting rights on the equity shares lying in the said Unclaimed Suspense Account shall remain frozen till the rightful owner claims such shares. Further, all corporate benefits in terms of securities accruing on the said unclaimed shares viz. bonus shares, split, etc., if any, shall also be credited to the said Unclaimed Suspense Account.

The concerned shareholder(s) are requested to write to the ISD to claim the said equity shares. On receipt of such claim, the Corporation may call for additional documents. Subject to its receipt and verification, the Corporation may either transfer the said shares lying in the said Unclaimed Suspense Account to the depository account provided by the concerned shareholder(s) or deliver the physical share certificate after rematerializing the same as directed by the shareholder(s), to his address registered with the Corporation.

Dematerialization of Shares and Liquidity

As on March 31, 2015, 99.02% of the total issued and paid-up equity share capital of the Corporation was held by shareholders in electronic form and the balance is held by shareholders in physical form.

Distribution of Shareholding as on March 31, 2015

No. of shares held	Physical Form		Electronic Form		Total		
	No. of shareholders	No. of shares	No. of shareholders	No. of shares	No. of shareholders	No. of shares	% to capital
1	0	0	4,001	4,001	4,001	4,001	0.00
2 - 10	18	135	36,258	2,57,219	36,276	2,57,354	0.02
11 - 100	463	42,030	69,643	31,73,373	70,106	32,15,403	0.20
101 - 200	650	1,28,565	13,395	20,88,082	14,045	22,16,647	0.14
201 - 500	2,009	9,11,116	17,772	65,72,947	19,781	74,84,063	0.47
501 - 1,000	3,467	33,38,133	13,911	1,19,01,275	17,378	1,52,39,408	0.97
1,001 – 5,000	4,126	90,70,165	20,809	4,61,30,654	24,935	5,52,00,819	3.50
5,001 – 10,000	125	8,72,775	1,873	1,32,52,768	1,998	1,41,25,543	0.90
10,001 – 50,000	39	6,97,875	1,504	3,27,86,245	1,543	3,34,84,120	2.13
50,001 – 1,00,000	3	2,05,150	338	2,41,66,658	341	2,43,71,808	1.55
1,00,001 and above	2	2,13,400	1,006	141,88,85,104	1,008	141,90,98,504	90.12
Total	**10,902**	**1,54,79,344**	**1,80,510**	**155,92,18,326**	**1,91,412**	**157,46,97,670**	**100.00**

Major Shareholders

Details of shareholders holding 1% or more of the total issued and paid-up share capital of the Corporation as on March 31, 2015, are given below:

Sr. No.	Name of the shareholder	No. of shares	% to capital
1	Oppenheimer Developing Markets Fund	6,60,55,431	4.19
2	Europacific Growth Fund	6,22,75,570	3.95
3	Life Insurance Corporation of India	3,26,69,982	2.07
4	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Inde X Fund	2,83,66,541	1.80
5	Copthall Mauritius Investment Limited	2,73,46,035	1.74
6	Government of Singapore	2,57,94,327	1.64
7	Virtus Emerging Markets Opportunities Fund	2,32,49,077	1.48
8	Abu Dhabi Investment Authority - Gulab	2,31,45,834	1.47
9	Aberdeen Global Indian Equity (Mauritius) Limited	2,27,50,000	1.44
10	National Westminster Bank PLC As Depositary of First State Asia Pacific Leaders Fund A Sub Fund of First State Investments ICVC	2,18,68,414	1.39
11	Vontobel India Fund	2,03,83,181	1.29
12	Ishares India Index Mauritius Company	1,69,61,700	1.08
13	Morgan Stanley Asia (Singapore) PTE	1,60,19,498	1.02
14	Aberdeen Emerging Markets Fund	1,60,00,000	1.02
	Total	**40,28,85,590**	**25.58**

Details of shareholding based on category of investors is provided in Form MGT – 9 (Extract of Annual Return), which is provided elsewhere in the annual report.

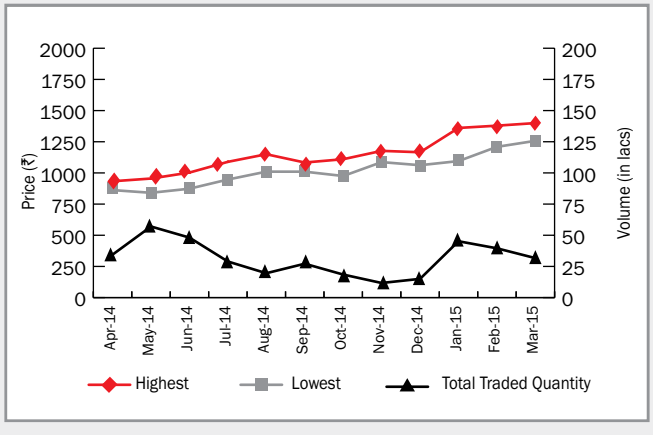
Stock Market Price Data

The monthly high and low price and the volume of shares traded on BSE and NSE during the financial year 2014-15, are as under:

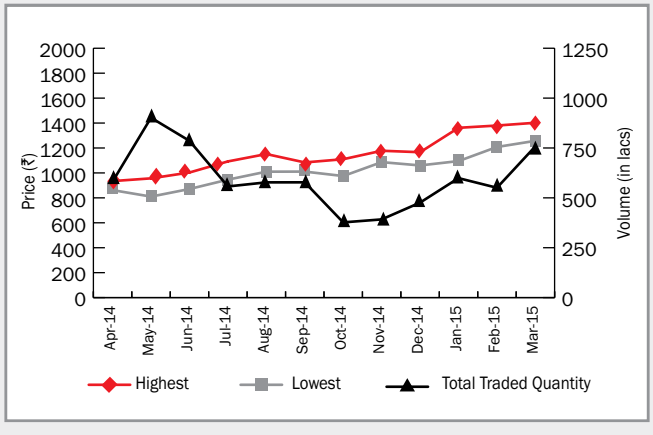
Month	BSE			NSE		
	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded
April-14	933.00	862.25	34,46,396	934.40	862.10	5,81,67,187
May-14	955.00	840.60	57,01,479	956.45	810.00	9,01,64,138
June-14	1,002.90	873.45	48,11,623	1,003.40	871.00	7,85,87,376
July-14	1,089.00	947.00	28,94,103	1,092.30	946.05	5,57,15,149
August-14	1,149.90	1,010.25	19,53,761	1,151.40	1,010.00	5,77,65,110
September-14	1,083.45	1,010.00	27,15,665	1,084.10	1,010.65	5,77,80,284
October-14	1,110.00	975.25	18,46,528	1,110.00	975.00	3,77,02,131
November-14	1,177.00	1,086.70	11,70,956	1,177.80	1,086.60	3,91,92,475
December-14	1,165.75	1,061.85	15,02,478	1,166.10	1,060.10	4,76,10,528
January-15	1,360.70	1,095.00	45,18,849	1,361.85	1,095.00	5,98,81,902
February-15	1,379.00	1,209.30	39,52,061	1,380.00	1,208.15	5,50,54,565
March-15	1,399.80	1,257.35	31,65,993	1,402.30	1,257.45	7,58,23,891

Source: www.bseindia.com and www.nseindia.com

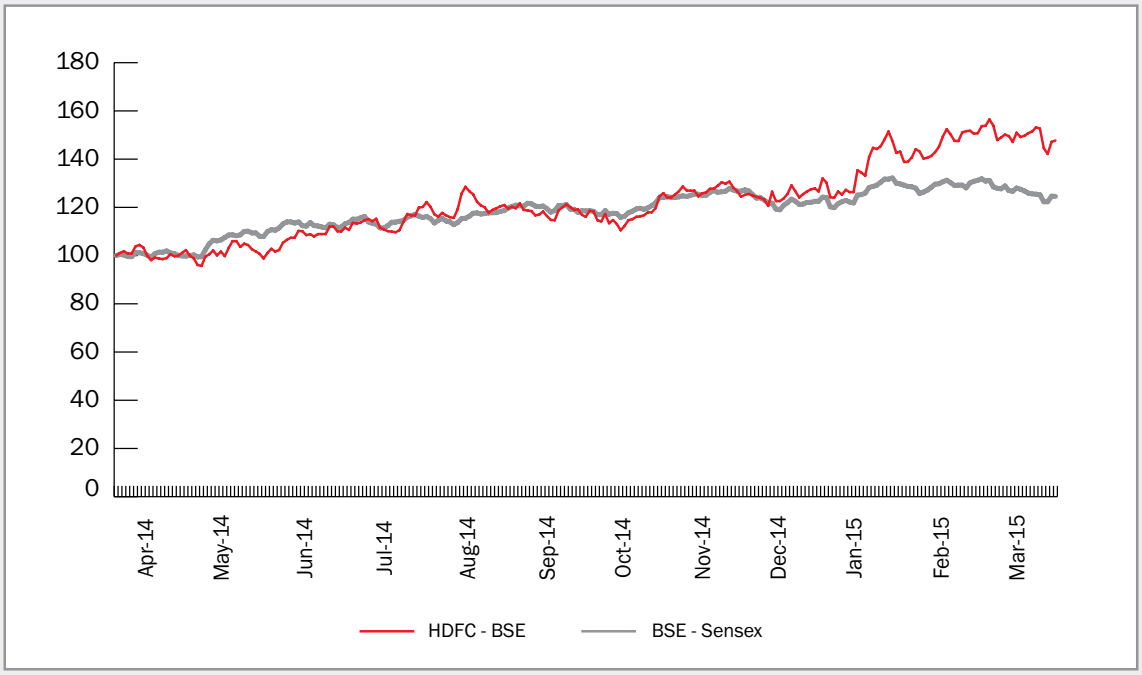
Share Price Movement on the BSE during 2014-15



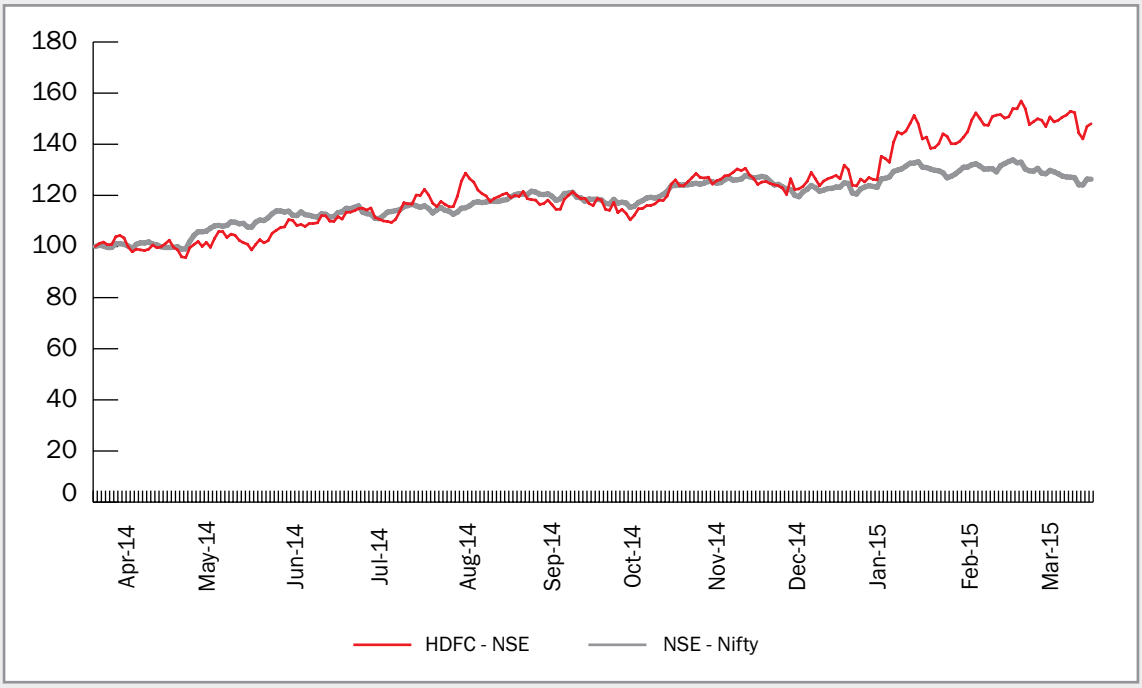
Share Price Movement on the NSE during 2014-15

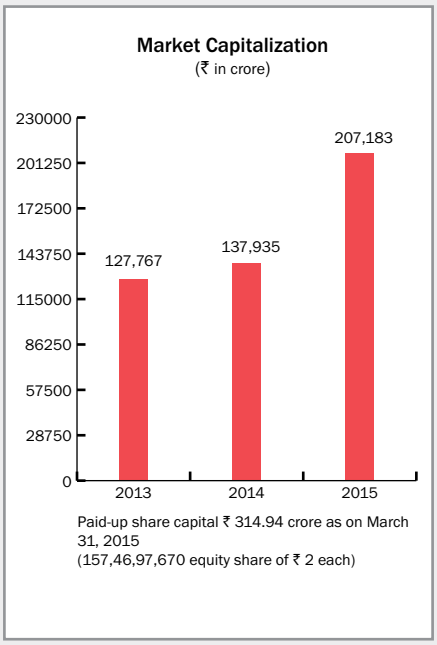


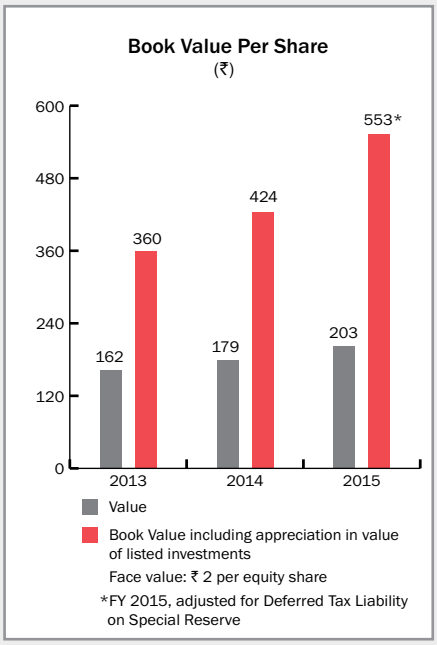
HDFC Share Price versus the BSE - Sensex
(Both rebased to 100)

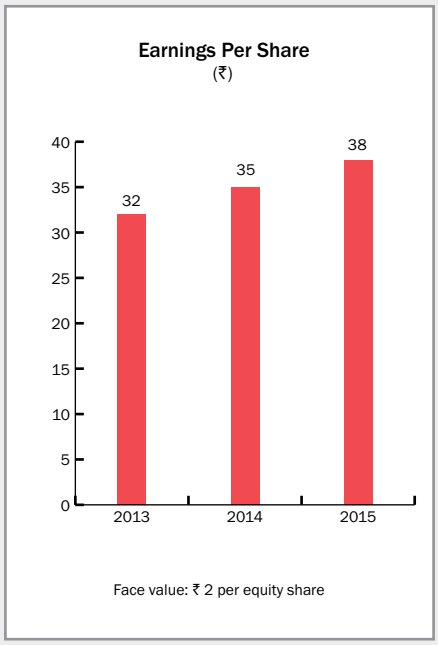


HDFC Share price versus the NSE – Nifty
(Both rebased to 100)









OTHER IMPORTANT INFORMATION

Equity History

Particulars	No. of shares issued (of ₹ 2 each)	Year/date
Initial Issue	5,00,00,000	1978
Public cum Rights Issue	5,00,00,000	1987
Public cum Rights Issue	12,50,00,000	1990
Rights Issue of Fully Convertible Debenture	23,62,50,000	1992
Private Placement to Financial Institutions	4,50,00,000	1993
Private Placement to Foreign Investors	8,93,20,000	1995
Allotment under ESOS	1,42,33,565	Between March 2001 and November 2002
Bonus Issue (1:1)	60,98,03,565	December 30, 2002
Allotment under ESOS	1,34,78,475	Between January 2003 and March 2004
Allotment under ESOS	1,25,18,055	During Financial Year 2004-05
Allotment under ESOS	22,16,005	During Financial Year 2005-06
Allotment under ESOS	1,72,13,370	During Financial Year 2006-07
Allotment on a preferential basis	7,62,50,000	July 11, 2007 - CMP Asia Limited
Allotment on a preferential basis	1,37,50,000	July 24, 2007 - Citigroup Strategic Holdings Mauritius Limited
Allotment under ESOS	54,89,840	During Financial Year 2007-08
Allotment pursuant to conversion of FCCB	5,96,67,050	During Financial Year 2007-08

Particulars	No. of shares issued (of ₹ 2 each)	Year/date
Allotment under ESOS	9,07,850	During Financial Year 2008-09
Allotment pursuant to conversion of FCCB	11,71,775	During Financial Year 2008-09
Allotment under ESOS	1,01,56,830	During Financial Year 2009-10
Allotment pursuant to conversion of FCCB	31,24,730	During Financial Year 2009-10
Allotment pursuant to conversion of FCCB	1,41,55,105	During Financial Year 2010-11 (up to July 29, 2010)
Allotment under ESOS	1,71,80,475	During Financial Year 2010-11
Allotment under ESOS	1,00,23,420	During Financial Year 2011-12
Allotment pursuant to exchange of Warrants	59,900	During Financial Year 2011-12
Allotment pursuant to exchange of Warrants	5,46,83,250	During Financial Year 2012-13 (up to September 6, 2012)
Allotment under ESOS	1,46,93,995	During Financial Year 2012-13
Allotment under ESOS	1,41,85,350	During Financial Year 2013-14
Allotment under ESOS	1,41,65,065	During Financial Year 2014-15
Total: (as on March 31, 2015)	**157,46,97,670**	

Note: The nominal face value of the equity shares of the Corporation was sub-divided from ₹ 100 per equity share to ₹ 10 per equity share, with effect from August 25, 1999 and thereafter from ₹ 10 per equity share to ₹ 2 per equity share, with effect from August 21, 2010. Accordingly, for ease of comparison, all issues have been represented by equity shares of ₹ 2 each.

Secretarial Compliance

The Corporation has complied with the applicable provisions of the Companies Act, 2013, the rules framed there under, the SEBI Act, 1992, rules, regulations and guidelines issued there under and the listing agreements. In this connection, Messrs N. L. Bhatia & Associates, practising company secretaries has conducted a secretarial audit for the financial year ended March 31, 2015 and their report is provided elsewhere in the annual report.

Control of the Corporation

The Corporation is neither owned nor controlled, directly or indirectly, by any person, entity or government and does not owe allegiance to any promoter or promoter group. To the best of its knowledge and belief, the Corporation does not have any arrangement, the operation or consequence of which might directly or indirectly result in a change in its ownership, control or management.

Further, during the year under review, the Corporation has not received any disclosure under Regulation 30 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

Unclaimed Dividend

Dividends not encashed or claimed, within seven years from the date of its transfer to the unpaid dividend account, will, in terms of the provisions of Section 205A of the Companies Act, 1956, be transferred to the IEPF established by the Central Government. In terms of the provisions of Section 205C of the Companies Act, 1956, no claim shall lie against the Corporation or the IEPF after the said transfer.

The details of the unclaimed dividends as on March 31, 2015 and the last date for claiming the same, prior to its transfer to the IEPF, are as under:

Financial Year	No. of Members who have not claimed their dividend	Unclaimed dividend as on March 31, 2015 (₹)	Unclaimed dividend as % to total dividend	Date of declaration	Last date for claiming the dividend prior to its transfer to IEPF
2007-08	2,310	99,77,375	0.14	July 16, 2008	August 22, 2015
2008-09	2,499	1,29,84,390	0.15	July 22, 2009	August 28, 2016
2009-10	2,819	1,68,18,012	0.16	July 14, 2010	August 20, 2017
2010-11	3,999	2,18,72,331	0.17	July 8, 2011	August 8, 2018
2011-12	3,676	2,91,74,035	0.18	July 11, 2012	August 10, 2019
2012-13	3,410	3,49,54,300	0.18	July 19, 2013	August 19, 2020
2013-14	3,458	4,35,97,526	0.20	July 21, 2014	August 20, 2021

Accordingly, the concerned persons are requested to verify the details of their unclaimed dividends and lodge their claim with the Corporation, before the same is due for transfer to the IEPF.

In order to reduce the quantum of unclaimed dividends, the Corporation in addition to periodic communication with the concerned shareholders, directly credited the unclaimed dividend to the shareholders' accounts, who had updated their bank details with the Corporation/depositories, either through direct credit or NEFT. The Corporation also issued duplicate dividend drafts i.e., at-par cheques towards the unclaimed dividend for the financial year 2007-08 and dispatched the same to the concerned shareholders.

As per the provisions of Section 205C of the Companies Act, 1956, unclaimed dividend amounting to ₹ 75,22,856 in respect of the financial year 2006-07 was transferred to the IEPF on August 22, 2014.

Further, the unclaimed dividend in respect of the financial year 2007-08 must be claimed by the concerned shareholder on or before August 22, 2015, as it is liable to be transferred to the IEPF within a period of 30 days from the said date. In terms of the said section, no claim would lie against the Corporation or the IEPF after the said transfer.

Nomination Facility

Section 72 of the Companies Act, 2013, provides that every holder of securities of a company may, at any time, nominate, in the prescribed manner, any person to whom his securities shall vest in the event of his death. Where the securities of a company are held by more than one person jointly, the joint holders may together nominate any person to whom all the rights in the securities shall vest in the event of death of all the joint holders.

In view of the aforesaid, shareholders especially those holding shares in single name are advised to nominate any person by submitting the prescribed nomination form to the ISD. Shareholders can download the prescribed nomination form from the 'Investors' section on the website of the Corporation. Shareholders holding shares in demat form are requested to contact their DP.

Nomination stands automatically rescinded on transfer/dematerialization of the shares.

Share Transfer Form

Section 56 of the Companies Act, 2013, provides that the transfer form shall be delivered to the Company within a period of 60 days from the date of its execution, along with the share certificate or if no such certificate is in existence, along with the letter of allotment of securities. The format of the share transfer form has changed from Form 7B to Form SH-4.

In view of the aforesaid change, persons who may have acquired the equity shares of the Corporation in physical form and holding the transfer deed in Form 7B are requested to lodge their request for share transfer in the prescribed Form SH-4, duly signed by the transferor(s) and the transferee(s) and filled in all respects, along with the share

certificate(s) and self-attested copies of PAN card of the transferee(s). Shareholders can download the prescribed transfer form from the 'Investors' section on the website of the Corporation.

Dispatch of documents in electronic form

In terms of Rule 18 of the Companies (Management and Administration) Rules, 2014, a company may give notice through electronic mode including e-mail to those members who have provided their e-mail address(es) either to their DP or to the company.

Accordingly, the annual report for the financial year 2014-15, the notice convening the 38th AGM and other annexures will be sent by e-mail to those members who have registered their e-mail address(es) with their DP/ the Corporation.

In case of any change in the e-mail address, the shareholders are requested to update the same. In case a shareholder fails to update the relevant e-mail address, the annual report and notice convening the 38th AGM will be sent to the old e-mail address and the same will be deemed to have been delivered, in terms of the relevant provisions of the Companies Act, 2013 and the said rules.

Members who have not yet registered their e-mail address are requested to register the same with their DP, in case shares are held in electronic form or with the Corporation in case shares are held in physical form.

However, in case any member who has registered his e-mail address with the Corporation/his DP, but wishes to receive a physical copy of the said documents, is requested to write to *investorcare@hdfc.com*, duly quoting his DP ID and Client ID or his Folio number, as the case may be, to enable the Corporation to record his decision and provide physical copy of the said documents.

Please note that the said documents will also be uploaded on the website of the Corporation and copies thereof will be made available for inspection at the registered office of the Corporation during business hours.

Web links

As required under the various provisions of the Companies Act, 2013 and Clause 49 and 55 of the listing agreements, 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	http://hdfc.com/policies/Code-of-Conduct-for-NED.pdf
2	Code of Conduct for executive directors and senior management	http://hdfc.com/policies/Code-of-Conduct-for-ED-and-SM.pdf
3	Corporate Social Responsibility Policy	http://hdfc.com/policies/CSRPolicy.pdf
4	Whistle Blower Policy	http://hdfc.com/policies/whistle-blower-policy.pdf
5	Policy on Material Subsidiaries	http://hdfc.com/policies/Policy-Material-Subsidiaries.pdf
6	Policy on Related Party Transactions	http://hdfc.com/policies/RPT-Policy.pdf
7	Business Responsibility Report	http://hdfc.com/sites/all/themes/hdfc/images/pdfs/Business-Responsibility-Report-2014-15.pdf
8	Board Familiarisation Programme	http://hdfc.com/policies/Board-Familiarisation-Programme.pdf
9	Policy on Remuneration of directors, senior management, KMPs and other employees	http://hdfc.com/policies/Remuneration-Policy.pdf

If you need any assistance, please walk in or call any of our offices to experience the warmth, courtesy and professionalism of HDFC.

REGISTERED OFFICE: Ramon House, Mumbai 400 020. Tel: 61766000.

CORPORATE OFFICE: HDFC House, Mumbai - 400 020. Tel. 66316000, 22820282

BRANCH OFFICES:

AGRA Tel: 2526769 / 70. (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 1 pm). **AHMEDABAD (Navrangpura)** Tel: 66307000. **AHMEDABAD (Maninagar)** Tel: 64501855. (Working Days & Hours: Mon to Fri; 10.30 am to 5.30 pm & Sat; 10.30 am to 2 pm). **AHMEDABAD (Satellite)** Tel: 64501861 / 2 / 3 / 4. (Working Days & Hours: Mon to Fri; 10.30 am to 5.30 pm & Sat; 10.30 am to 2 pm). **AHMEDNAGAR** Tel: 6605222. (Working Days & Hours: Mon to Fri; 9.30 am to 4 pm). **AJMER** Tel: 5120888, 2641164. **AKOLA** Tel: 2442454, 2430244. **ALIGARH** Tel: 2408541 / 2. **ALLAHABAD** Tel: 2260325, 3297506. **ALWAR** Tel: 2702739. **AMALNER** Tel: 222237. **AMBALA** Tel: 0171 - 2630880 / 711. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **AMRAVATI** Tel: 2666009 / 987. **AMRITSAR** Tel: 5010512, 2500851. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **ANAND** Tel: 255514 / 7. **ANGUL** Tel: 06764 - 201555, 605070 / 80. **ANKLESHWAR** Tel: 227771 / 2. (Working Days & Hours: Mon to Fri; 11 am to 7 pm). **AURANGABAD** Tel: 6616500, 2358500. **BAREILLY** Tel: 2477496. **BEAWAR** Tel: 513888, 513788. **BELGAUM** Tel: 2427091, 2427093. (Working Days & Hours: Mon to Fri; 10.30 am to 6.30 pm & Sat; 10.30 am to 2.45 pm). **BENGALURU (Kasturba Road)** Tel: 41183000 / 232. **BENGALURU (Rajaji Nagar)** Tel: 23506446. **BENGALURU (Electronic City)** Tel: 28523953. **BENGALURU (Jayanagar)** Tel: 080 - 26592839, 26892838. **BENGALURU (Koramangala)** Tel: 25501089. **BENGALURU (Marathahalli)** Tel: 41183000 / 25400232. **BENGALURU (Sahakaranagar)** Tel: 23626361 / 62. **BHARUCH** Tel: 238444, 238555. **BHATINDA** Tel: 0164 - 5012218 / 19. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **BHILAI** Tel: 4040840 / 1. (Working Days & Hours: Mon, Tue & Fri; 9.30 am to 5.15 pm). **BHILWARA** Tel: 232902. **BHIWADI** Tel: 512739, 512849. **BHOPAL (MP Nagar)** Tel: 0731 - 4433333. **BHOPAL (Kamla Bhawan)** Tel: 0731 - 4433333. **BHOPAL (Chunnabhatti)** Tel: 0755 - 2422001, 2422006. **BHUBANESWAR** Tel: 2395060, 2534555. **BHUBANESWAR (Patia)** Tel: 0674 - 2726724 / 8 / 9. **BIKANER** Tel: 0151 - 5130716 / 15, 2206677. **BILASPUR** Tel: 07752 - 432302. **BULDHANA** Tel: 246301 / 2. **CALICUT** Tel: 2367656 / 7. **CHANDIGARH** Tel: 3989123, 3011300. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **CHANDRAPUR** Tel: 271563-5. **CHENNAI (Anna Salai)** Tel: 28599300. **CHENNAI (Adyar)** Tel: 23452001 / 2 / 3. (Working Days Hours: Mon To Fri; 10 am To 6 pm & Sat; 10 am to 1 pm). **CHENNAI (Anna Nagar)** Tel: 23451998 / 9. (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 1 pm). **CHENNAI (Kodambakkam)** Tel: 24815656 / 005. (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 1 pm). **CHENNAI (OMR)** Tel: 23454004 / 4003. (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 1 pm). **CHENNAI (Porur)** Tel: 24764071 / 81. (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 1 pm). **CHENNAI (Tambaram)** Tel: 23454001 / 2. (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 1 pm). **CHENNAI (Velacherry)** Tel. 2246 3711 / 2. (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 1 pm). **CHENNAI (DLF IT Park)** Tel: 044 - 22520635 / 735. (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 1 pm). **CHENNAI (Egmore)** Tel: 044 - 2345 2070 / 1. (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 1 pm). **CHENNAI (Ambattur)** Tel: 2345 2077 / 8 / 9. (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 1 pm). **CHENNAI (Taramani)** Tel: 9840144899, 9840628884. (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 1 pm). **CHENNAI (Maraimalai Nagar)** Tel: 27456430. (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 1 pm). **COIMBATORE (Kamaraj Road)** Tel: 4301100. **COIMBATORE (NSR Road)** Tel: 4399881 / 2. (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 1.30 pm). **COIMBATORE (Ganapathy Sathy)** Tel.: 0422 - 4200211 / 311. (Working days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 1.30 pm). **CUTTACK** Tel: 2332109 / 093. **DEHRADUN (Rajpur Road)** Tel: 6672222, 18604204222. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10.00 am to 2 pm). **DEHRADUN (Vasant Vihar)** Tel: 2769869, 6554222. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 2 pm). **DEWAS** Tel: 0731 - 4433333. **DHULE** Tel: 273500 / 273600. **DURGAPUR** Tel: 2549778. **ERODE** Tel: 2240928 / 29. **FARIDABAD** Tel: 4315120 / 5. (Working Days & Hours: Tue to Sat; 11 am

to 7 pm & Mon; 11 am to 2 pm). **GANDHIDHAM** Tel: 647274 / 5. (Working Days & Hours: Mon to Fri; 10.30 am to 6.15 pm & Sat; 11 am to 1.15 pm). **GANDHINAGAR** Tel: 079 - 65727262 / 3. (Working Days & Hours: Mon to Fri; 10.30 am to 5.30 pm & Sat; 10.30 am to 2 pm). **GHAZIABAD (Lohia Nagar)** Tel: 2721446, 2723116. (Working Days & Hours: Tue to Sat; 11 am to 7 pm & Mon; 11 am to 2 pm). **GHAZIABAD (Vaishali)** Tel: 4233253 / 54. (Working Days & Hours: Tue to Sat; 11 am to 7 pm & Mon; 11 am to 2 pm). **GOA (Panaji)** Tel: 2234172. (Working Days & Hours: Mon to Fri; 10.30 am to 6 pm & Sat; 10.30 am to 2 pm). **GOA (Margao)** Tel: 2700472 / 3 / 5. (Working Days & Hours: Mon to Fri; 10.30 am to 6 pm & Sat; 10.30 am to 2 pm). **GORAKHPUR** Tel: 3248100. **GULBARGA** Tel: 241966. (Working Days & Hours: Mon to Fri; 10.45 am to 6 pm & Sat; 10.45 am to 2 pm). **GUNTUR** Tel: 0863 - 6459890. (Working Days & Hours: Tue to Sat; 10 am to 6 pm). **GURGAON (Mehrauli - Gurgaon Road)** Tel: 4061772 / 3. (Working Days & Hours: Mon to Fri; 11 am to 7 pm & Sat; 11 am to 2 pm). **GURGAON (Sector 14)** Tel: 4367801 / 2. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **GUWAHATI (Six Mile)** Tel: 0361 - 7101800. **GUWAHATI (Chenikuthi)** Tel: 2666915. **GWALIOR** Tel: 4011970 / 1. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **HALDWANI** Tel: 311000, 284956, 18604204222. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 2 pm). **HARIDWAR** Tel: 324100, 265325, 18604204222. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat: 10 am to 2 pm). **HISAR** Tel: 01662 - 313106, 233383. (Working Days & Hours: Mon to Fri; 10 am to 5.30 pm & Sat; 10 am to 2 pm). **HOSUR** Tel: 244888 / 247444. (Working Days & Hours: Mon to Fri; 10 am to 5.15 pm & Sat; 10 am to 1 pm). **HUBLI** Tel: 0836 - 2356345, 2352138. (Working Days & Hours: Mon to Fri; 10.30 am to 6 pm & Sat; 10.30 am to 2 pm). **HYDERABAD (Basheer Bagh)** Tel: 040 - 67699000. **HYDERABAD (Dilsukhnagar)** Tel: 040 - 67699400. (Working Days & Hours: Tue to Sat; 10 am to 6 pm). **HYDERABAD (Gachibowli)** Tel: 040 - 64637300. (Working Days & Hours: Tue to Sat; 10 am to 6 pm). **HYDERABAD (Kukatpally)** Tel: 040 - 64632500. (Working Days & Hours: Tue to Sat; 10 am to 6 pm). **HYDERABAD (Panjagutta)** Tel: 040 - 67699100. (Working Days & Hours: Tue to Sat; 10 am to 6 pm). **HYDERABAD (R C Puram)** Tel: 040 - 32592801. (Working Days & Hours: Tue to Sat; 10 am to 6 pm). **SECUNDARABAD (Tarnaka)** Tel: 040 - 66387200. (Working Days & Hours: Tue to Sat; 10 am to 6 pm). **INDORE (M G Road)** Tel: 4433333. **INDORE (Vijay Nagar)** Tel: 0731 - 4433333, 4756401. **INDORE (Prabhu Nagar)** Tel: 0731 - 4264303. (Working Days & Hours: Mon to Fri; 11 am to 7 pm). **IRINJALAKUDA** Tel: 2821589. **JABALPUR** Tel: 0731 - 4433333. **JAIPUR (Bhagwan Das Road)** Tel: 5150888. (Working Days & Hours: Mon to Fri; 9.30 am to 5.30 pm & Sat; 10.00 to 1.30 pm). **JAIPUR (Jagatpura)** Tel: 5141888 / 017. (Working Days & Hours: Mon to Fri; 9.30 am to 6 pm). **JAIPUR (Mansarovar)** Tel: 2781981, 2780989. (Working Days & Hours: Mon to Fri; 9.30 am to 5.30 pm). **JAIPUR (Vaishali Nagar)** Tel: 5110410 / 11. (Working Days & Hours: Mon to Fri; 9.30 am to 5.30 pm). **JALANDHAR** Tel: 0181 - 2277444 / 45. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **JALGAON** Tel: 2220762, 2232015. **JAMMU** Tel: 2477707 / 8. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **JAMNAGAR** Tel: 6450156 / 58. (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 1 pm). **JAMSHEDPUR** Tel: 2321387, 6458733. **JHANSI** Tel: 0517 - 2333844. **JODHPUR** Tel: 5134888, 2644448 / 9. **JORHAT** Tel: 7578001700. **KAKINADA** Tel: 0884 - 6568001. (Working Days & Hours: Tue to Sat; 10 am to 6 pm). **KANCHIPURAM** Tel: 044 - 27267201 - 03. (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 1 pm). **KANHANGAD** Tel: 2200 599 / 699. **KANNUR** Tel: 2765850. **KANPUR** Tel: 2306760, 2306744. **KARNAL** Tel: 0184 - 6451231 / 32, 2266431. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **KOCHI (Ravipuram)** Tel: 3011200. **KOCHI (Aluva)** Tel: 2609555, 2609666. **KOCHI (Kakkanad)** Tel: 6493030. **KOCHI (Palarivattom)** Tel: 2803043 / 83. **KOCHI (Tripunithura)** Tel: 0484 - 2785492, 2785493. **KOLHAPUR** Tel: 2664034 / 35. **KOLKATA (Jeevandeep)** Tel: 22885700. **KOLKATA (Shakespeare Sarani)** Tel: 23018300, 22801980, 22815491-94. **KOLKATA (Behala)** Tel: 24468392. (Working Days & Hours: Tue to Sat; 11 am to 7 pm). **KOLKATA (Chandannagore)** Tel: 26830059. **KOLKATA (Old Court House Street)** Tel: 22481308, 66086200. **KOLKATA (Garia)** Tel: 24351082 / 7011. (Working Days & Hours: Tue to Sat; 11 am to 7 pm). **KOLKATA (Salt Lake City)** Tel: 23215949 / 7009. (Working Days & Hours: Tue to Sat; 11 am to 7 pm). **KOLLAM** Tel: 3255000, 2762551 / 2. **KOTA** Tel: 5130888, 2436981 / 2. **KOTTAYAM** Tel: 2304985, 2566136. **KOTTAYAM (Pala)** Tel: 2304985 / 2566136. **KUNNAMKULAM** Tel: 04885 - 227980 / 82. **KURUKSHETRA** Tel: 4650360. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **LONAVALA (CHF-Training Centre)** Tel: 273812 / 20. **LUCKNOW (Ashok Marg)** Tel: 3989123. **LUCKNOW (Aliganj)** Tel: 0522 - 3263952, 2745249. **LUCKNOW (Gomti Nagar)** Tel: 2303770. **LUDHIANA (Pakhowal Road)** Tel: 2429856, 5025184. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **LUDHIANA (Chandigarh Road)** Tel: 0161 - 2680043 / 45 / 42. (Working Days &

Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **MADURAI** Tel: 2350715. (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 2 pm). **MALAPPURAM** Tel: 2738873 / 4. **MANGALORE** Tel: 2445220, 2425948. (Working Days & Hours: Mon to Fri; 10.45 am to 6 pm & Sat; 10.45 am to 2.45 pm). **MARTHANDAM** Tel: 271744, 272744. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat: 10 am to 2 pm). **MATHURA** Tel: 2420116 / 7. (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 1 pm). **MAVELIKKARA** Tel: 0479 - 9746613284, 2344411 / 2. **MEERUT** Tel: 4058793 / 4. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **MEHSANA** Tel: 0276 - 654001 / 2. (Working Days & Hours: Mon to Fri; 10.30 am to 5.30 pm & Sat; 10.30 am to 2 pm). **MOGA** Tel: 01636 - 509020 / 21. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 2 pm). **MOHALI** Tel: 0172 - 2220116, 2225774. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **MORADABAD** Tel: 2485100 / 23. **MUMBAI (Churchgate)** Tel: 61766000 / 100. **MUMBAI (Andheri East)*** Tel: 66636000. **MUMBAI (Andheri West)*** Tel: 66636000. **MUMBAI (Andheri-Kurla Road)*** Tel: 66636000. **MUMBAI (Bandra – Kurla Complex)*** Tel: 66636000. **MUMBAI (Borivali - Ramdas Sutrale Marg)*** Tel: 28907153, 28937152 / 55. **Mumbai [Borivali - L T Road (Deposits)]** Tel: 28937000 / 1. **MUMBAI (Chembur)*** Tel: 25291188 / 8838. **MUMBAI [Ghatkopar (Deposits)]** Tel: 022 - 25011284. **Mumbai (Goregaon)** Tel: 022 - 67546111. **Mumbai (Goregaon – East)*** Tel: 28497102 / 3 / 4 / 5. **MUMBAI [Parel (Deposits)]** Tel.: 022-67546060. **MUMBAI (Lower Parel)** Tel: 66200000. (Working Days & Hours: Mon to Fri; 11 am to 7 pm). **MUMBAI (Lower Parel – Credit Risk Management)** Tel: 66113020. **MUMBAI (Malad)*** Tel: 66636000. **MUMBAI (Malad - Deposits)** Tel: 022 - 28813676. **MUMBAI (Mira Road)*** Tel: 65990265 / 6 / 7. **MUMBAI (Mulund)*** Tel: 66636000. **MUMBAI (Vikhroli)*** Tel: 25186624 / 5 / 6. **MUMBAI (Virar)*** Tel: 0250 - 2500162 / 215. **AMBERNATH*** Tel: 2603168 / 9. **BOISAR** Tel : 02525 - 645435 / 3. (Working Days & Hours: Tue to Sat; 10 am to 6 pm). **DOMBIVALI*** Tel: 2861473 / 4. **KALYAN*** Tel: 0251 - 2201574. **THANE (Gokhale Road)*** Tel: 66636000. (For Deposits: 65288415). **THANE (Vikas Complex)*** Tel: 25471568 / 70. **THANE (Ghodbunder Road)*** Tel: 022 - 61033300. **VASHI (Navi Mumbai)** Tel: 66636000. **KHARGHAR (Navi Mumbai)*** Tel: 022 - 27746813 / 4 / 5 / 6 / 7. **KOPARKHAIRANE (Navi Mumbai)*** Tel: 27550615 / 18. **SEAWOODS (Navi Mumbai)*** Tel: 27718787 / 9. **NEW PANVEL*** Tel: 65166242 / 3 / 4. **MUVATTUPUZHA** Tel: 2833533. **MUZAFFARPUR** Tel: 0121-2248032, 2248033. **MYSORE** Tel: 2545614 / 5. (Working Days & Hours: Mon To Fri; 10.45 am to 6 pm & Sat; 10.45 am to 2.45 pm). **NAGERCOIL** Tel: 325500, 237192 / 93. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 2 pm). **NAGPUR (Civil Line)** Tel: 2566000, 2527888. **NAGPUR (Kadbi Chowk)** Tel: 2542918. (Working Days & Hours: Tue to Sat; 10.00 am to 6.00 pm). **NAGPUR (Khamla Ring Road)** Tel: 2289220. (Working Days & Hours: Tue to Sat; 10.00 am to 6.00 pm). **NASHIK (Sharanpur Link Road)** Tel: 6606000. **NASHIK (Indira Nagar)** Tel: 6611938 / 9. **NASHIK (Panchavati)** Tel: 6452177, 2510055. **NASHIK ROAD** Tel: 2459924 / 5. **NELLORE** Tel: 0861 - 6624141. (Working Days & Hours: Tue to Sat; 10 am to 6 pm). **NEW DELHI (Munirka)** Tel: 41115111. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **NEW DELHI (Dwarka)** Tel: 45572405 / 6. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **NEW DELHI (Lodhi Road)** Tel: 011 - 24643755, 24601574. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **NEW DELHI (Netaji Subhash Place)** Tel: 47292032 / 3 / 4. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **NEW DELHI (Vikas Puri)** Tel: 011 - 28540989 / 90. **NEW DELHI (Connaught Place)** Tel: 41514836. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **NOIDA** Tel: 4351299 / 302 / 303 / 304. (Working Days & Hours: Mon; 11 am to 2 pm & Tue to Sat; 11 am to 7 pm). **NOIDA (Sector 62)** Tel: 2405501 / 2. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **PALAKKAD** Tel: 2536481 / 2. **PANCHKULA** Tel: 0172 - 2556426 / 64. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **PATHANAMTHITTA** Tel: 2271372. **PATHANKOT** Tel: 0186 - 2230452, 2220453. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **PATIALA** Tel: 2209273 / 166, 5002768. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **PATNA** Tel: 2502522 / 3. **PERINTHALMANNA** Tel: 04933 - 222015, 227015. **PITHAMPUR** Tel: 0731 - 4433333. **POLLACHI** Tel: 04259 - 221224 / 6. (Working Days & Hours: Mon to Fri; 10 am to 6 pm & Sat; 10 am to 1.30 pm). **PUDUCHERRY** Tel.: 2205421. **PUNE (University Road)** Tel: 25505000. **PUNE (Baner)** Tel: 020 - 66057077 / 8. **PUNE (Camp)** Tel: 020 - 26838602 / 1728 / 6738. **PUNE (Chakan)** Tel: 02135 - 278100 / 1. **PUNE (Chinchwad)** Tel: 27371736 / 0219. **PUNE (Hadapsar - Magarpatta City)** Tel: 020 - 26898412 / 395. **PUNE (Kothrud)** Tel: 25453592 / 3. **PUNE (Nagar Road)** Tel: 26699149. **PUNE (Sinhagad Road)** Tel: 020 - 24350084 / 0151. **RAIPUR** Tel: 4243110. **RAJAHMUNDRY** Tel: 0883 - 6652828. (Working Days & Hours: Tue to Sat; 10 am to 6 pm). **RAJKOT** Tel: 6641145 / 6. (Working Days & Hours: Mon to Fri; 10 am to

6 pm & Sat; 10 am to 1 pm). **RANCHI** Tel: 2331055, 2330823. **RATLAM** Tel: 0731 - 4433333, 07412 - 407375. **RATNAGIRI** Tel: 224022 / 23. **REWARI** Tel: 01274 - 221112 / 3. (Working Days & Hours: Mon to Sat; 9.30 am to 5.30 pm). **ROHTAK** Tel: 0126 - 255467 / 8 / 9. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 2 pm). **ROORKEE** Tel: 272211, 18604204222. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 2 pm). **ROPAR** Tel: 01881 - 224986, 226986. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm). **ROURKELA** Tel: 0661 - 2401060 / 1. **RUDRAPUR** Tel: 244422, 606888, 18604204222. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 2 pm). **SAHARANPUR** Tel: 6510222. **SALEM** Tel: 2314486 / 7. **SANGLI** Tel: 2329892 / 3. **SATARA** Tel: 226400, 227901. **SHIMLA** Tel: 2626711. (Working Days & Hours: Mon to Fri; 9.30 am to 5:15 pm & Sat; 10 am to 1 pm). **SIKAR** Tel: 271888, 270888. (Working Days & Hours: Mon to Fri; 9.30 am to 5:30 pm & Sat; 10 am to 2 pm). **SILIGURI** Tel: 2640716. **SOLAPUR** Tel: 2316804 / 5. **SONEPAT** Tel: 4000032 / 33. (Working Days & Hours: Mon to Fri; 9.30 am to 5:15 pm & Sat; 10 am to 1 pm) **SRI GANGANAGAR** Tel: 0154 - 2485900. **SURAT (Adajan)** Tel: 0261 - 6711800. **SURAT (City Light)** Tel: 2213201 / 2. **SURAT (Majura Gate)** Tel: 2479371, 2475954. **THIRUVALLA** Tel: 0469 - 2600051. **THIRUVANANTHAPURAM (Vazhuthacaud)** Tel: 3255000, 2325731. **THIRUVANANTHAPURAM (Technopark)** Tel: 2700701, 7736534769. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 2 pm). **THIRUVANANTHAPURAM (Kazhakuttom)** Tel: 2417707 / 8. **THRISSUR** Tel: 2389790 / 1. **TIRUCHIRAPALLI** Tel: 2412744, 2414744. **TIRUNELVELI** Tel: 0462 - 3255000, 2577822 / 33. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 2 pm). **TIRUPATI** Tel: 0877 - 6645831. (Working Days & Hours: Tue to Sat; 10 am to 6 pm). **TIRUPPUR** Tel: 4242901 / 2. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 9.30 am to 1.30 pm). **TUTICORIN** Tel: 3255000, 2300707 / 807. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 2 pm). **UDAIPUR** Tel: 5100840 / 50. **UJJAIN** Tel: 0731 - 4433333, 0734 - 2533685. **VADODARA (Race Course)** Tel: 2308400, 2356397, 2320240. **VADODARA (Waghodia Road)** Tel: 2514164, 2512364. (Working Days & Hours: Mon to Fri; 11 am to 7 pm). **VAPI** Tel: 2462573 / 93. **VARANASI** Tel: 2420485, 3254174. **VIJAYAWADA** Tel: 0866 - 6633131. (Working Days & Hours: Tue to Sat; 10 am to 6 pm). **VISAKHAPATNAM** Tel: 0891 - 6637373. (Working Days & Hours: Tue to Sat; 10 am to 6 pm). **VISAKHAPATNAM (Gajuwaka)** Tel: 0891- 6900120. (Working Days & Hours: Tue to Sat; 10 am to 6 pm). **WARANGAL** Tel: 0870 - 658 2030. (Working Days & Hours: Tue to Sat; 10 am to 6 pm). **YAMUNA NAGAR** Tel: 01732 - 320547. (Working Days & Hours: Mon to Fri; 9.30 am to 5.15 pm & Sat; 10 am to 1 pm).

(Normal working days & Hours: Monday to Friday;
9.30 am to 5.15 pm, except mentioned otherwise)

* Working Days & Hours: Tuesday to Saturday; 11 am to 7 pm.
(Ambarnath, Boisar, Kalyan, Thane, Vashi, Koparkhairane, Seawoods and New Panvel are listed under Mumbai).
(As of March 31, 2015.)

International office:
DUBAI Tel: (009714) 3961825.
LONDON Tel: + 44 (0) 20 7872 5542/45/47/62.
SINGAPORE Tel: + 65 65367000.

Notes

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Awards & Accolades

HDFC received the following awards and accolades during F.Y. 2014-15:

- HDFC Board was selected as one of the 'Five Best Boards' for the 2nd consecutive year in a study conducted by the Economic Times and Hay Group on India's Best Boards 2014.
- Amongst the top ten wealth creators (2009-2014) in the Motilal Oswal 19th Annual Wealth Creation Study 2014
- Ranked seventh in the Forbes List of world's 10 biggest consumer financial services firms – 2015
- 'Best Loan Finance Bank' at the EUROMONEY Real Estate Awards 2014
- 'Best Overall Bank for Real Estate in India' at EUROMONEY Real Estate Awards 2014
- Dun & Bradstreet – Manappuram Finance Limited Corporate Awards 2014 in the FIs / NBFCs / Financial Services sector. The Company has won this award for the seventh time.
- Best Home Loan Provider category at the CNBC Awaaz Real Estate Awards 2014
- 'Best Home Loan Providers in India' by International Finance Magazine 2014
- 94.3 MY FM Stars of the Industry Award for Excellence in Home Loan Banking 2015

HDFC

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Business Responsibility Report

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 approximately 5 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 associate and subsidiary 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 and Credila Financial Services Private Limited.

As part of HDFC's developmental initiatives, the Corporation has promoted institutions in various fields including credit rating, consumer finance, leasing, infrastructure and IT-enabled services.

HDFC's distribution network spans 378 outlets, which include 103 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. 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 offices in London, Dubai and Singapore and service associates in Kuwait, Oman, Qatar, Abu Dhabi and Saudi Arabia.

The Corporate Identity Number (CIN) of HDFC is L70100MH1977PLC019916. The Corporation is engaged in housing finance (NIC code: 65922).

The Corporation's website is *www.hdfc.com*.

PART B: FINANCIAL HIGHLIGHTS IN THE LAST FINANCIAL YEAR

The audited financial statement form 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 part of the annual report. The Corporation follows the financial year of April 1 to March 31 each year.

The Corporation has 20 subsidiary companies and 3 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. 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; and
20. Haddock Properties Private Limited.

Step-down subsidiary companies:

1. HDFC Pension Management Company Limited;
2. Griha Investments, Mauritius; and
3. Griha Pte Limited, Singapore.

The subsidiary companies have their own Business Responsibility (BR) initiatives and generally do not participate in the BR initiatives of the Corporation.

PART C: 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 a Business Responsibility Report (BRR) based on the 'Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' by

the Ministry of Corporate Affairs, Government of India in July 2011 and the circular on 'Business Responsibility Reports' by the Securities and Exchange Board of India in August 2012.

The Corporation has already formulated in-house policies and guidelines pertaining to various principles enunciated in this report. HDFC has formulated a draft comprehensive policy on BR. Mr. V. Srinivasa Rangan, Executive Director oversees the implementation of the policy. Mr. P. K. Bhalla, Head – Human Resources is the Business Responsibility Head and is assisted by a team having multi-disciplinary backgrounds. The BR policy is reviewed periodically and the BRR is made available on the website of the Corporation and a physical copy is made available to the shareholders on request.

The details of Mr. V. Srinivasa Rangan are listed below:

Sr. No.	Particulars	Details
1	DIN Number	00030248
2	Name	V. Srinivasa Rangan
3	Designation	Executive Director
4	Telephone Number	+91 22 2204 3692
5	E-mail	vsrangan@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

Ethics, transparency and personal accountability form the core values of HDFC. The Corporation has a zero tolerance for bribery and corruption. HDFC strives to build and maintain relationships with borrowers, depositors, agents, shareholders and other stakeholders in a fair and transparent manner. The Corporation focuses on high standards of corporate governance. 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, during the year, the Corporation amended the existing Code of Conduct by adopting two separate codes – one which is applicable to the non-executive directors and the other for the whole-time directors and members of senior management of the Corporation. These codes are placed on the website of the Corporation. The Codes provide for ethical, transparent and accountable behaviour by the directors and senior management of the Corporation.

HDFC lays utmost importance on integrity when recruiting employees. The Employee Code of Conduct provides the framework within which the Corporation expects its business operations to be carried out and lays down the standards and principles for all employees to follow. Failure to comply with the Code shall lead to disciplinary action, including dismissal from the Corporation.

All employees are handed over a copy of the Employee Code of Conduct on their first day of employment as a part of the employee joining kit. They are expected to read and understand the contents mentioned therein and a signed acknowledgement is obtained from each of the employees. To reinforce the importance of the Employee Code of Conduct, each day, one clause of the said Code is displayed on the main page of HDFC's Intranet which is viewed by all employees. Additionally, the contents of the Code of Conduct are also shared with the employees through a specific module that forms part of the HR session during the employee induction training program.

HDFC has also formulated and adopted various other codes and policies including Fair Practices Code, Code for Fair Disclosure of Unpublished Price Sensitive Information, policy on Protection of Women Against Sexual Harassment at Workplace, HDFC Share Dealing Code, Know Your Customer policy and Investment policy, in terms of laws applicable to its business and made applicable to all its employees/directors for enforcement of ethical conduct from a governance, regulatory and risk management perspective.

Stakeholder Complaints

HDFC categorises its stakeholders to include housing loan customers, depositors, shareholders and debenture holders. There is a separate mechanism in place for recording and redressing complaints raised by each of these stakeholders.

The Customer Relationship Enhancement and Managing System (CREAMS), a centralised web-based software to record and redress the grievances/feedback from the customers is maintained by HDFC to ensure adherence to standard operating procedures and maintaining high service standards. Details are provided elsewhere in this report.

During the year, HDFC received a total of 8,557 complaints from its home loan customers and depositors representing 0.27% of its customer and depositor base. 130 complaints were outstanding as on March 31, 2015, out of which 19 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.

There were no complaints from investors (shareholders and debenture holders) that were unresolved as on April 1, 2014. During the year, the Corporation received 4 investor complaints. All the investor complaints were resolved and as such there were no unresolved investor complaints as on March 31, 2015.

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, National Housing Bank (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 believes in encouraging initiatives that work towards the conservation of the surrounding environment. HDFC recognises the need to work with real estate developers that promote the use of innovative technologies such as green buildings for the construction of houses. The Corporation has always looked towards exploring opportunities of collaboration with partners in ensuring saving of energy and resources. HDFC encourages the usage of environmental friendly building materials from the local building centres as a part of its low-income housing initiatives.

The loan documentation that HDFC enters into for all project finance with real estate developers has a clause mentioning that the construction will be as per the guidelines of the National Building Code.

Resource Savings

The interiors of the corporate office building of the Corporation have been completed based on guidelines from the Leadership in Energy & Environmental Design Council (LEED). HDFC's corporate office building has achieved LEED Gold certification under the LEED for Commercial Interiors Rating System.

Some of the other initiatives undertaken at the new office premises of the Corporation, include undertaking various energy efficient measures, such as use of occupancy censors, reduction of light power density by using LED light fittings, provision of centralised waste collection, priority to use environmental friendly materials with higher recycle content, such as green guard rated furniture and gives regional priority to material purchases of such recycled products.

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 solar power generated and then facilitates storage of the same for reference. This System has been examined and certified by an Inspector from the Ministry of Natural Resources Energy, Government of India. This has resulted in the saving of about 4,000 KWH every month. Additionally, HDFC has also adopted the practise of switching off lights at unutilised work areas during lunch hour.

Special efforts have been made during the design stage of HDFC's corporate office to ensure abundant natural light across the work area thereby reducing the electricity consumption. Efforts have also been made to enhance outdoor fresh air intake.

HDFC promotes the use of energy star equipments, uses systems that conserve the wastage of power and re-usage of stationery and paper to help in minimising usage and wastage of paper at its office premises.

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.

In an endeavour for quick and paperless services to its customers, the Corporation 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 wellbeing of all employees

Equitable Employment

HDFC's employee strength as on March 31, 2015 was 2,081. As at March 31, 2015, the male:female ratio was 77:23. 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. HDFC provides a workplace environment that is safe, hygienic, humane and which upholds the dignity of its employees. The

Corporation does not employ child labour directly or indirectly in any of its offices.

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 senior management for sharing creative ideas, suggestions or even personal grievances. Such an 'open door' policy has resulted in the Corporation embracing a free and informal culture that has facilitated a sense of belonging, loyalty and commitment amongst the employees.

Over and above the regular channels of communication available to employees, HDFC has joined the 'Corporate Whistleblower Initiative', a third party web-based reporting initiative which provides employees with a platform to communicate to the management, concerns about unethical behaviour, actual or suspected fraud or violation of the Corporation's code of conduct or ethics policy, in a secure and confidential manner. During the year, the Corporation strengthened its vigil mechanism by adopting the Whistle Blower Policy that is applicable to its directors, employees and other stakeholders including borrowers, depositors, vendors and direct selling agents. The said policy which has been uploaded on HDFC's website and communicated to all employees aims to promote good governance, instil faith and empower all stakeholders to fearlessly voice their concerns.

In accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (the "Act") and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013 (the "Rules"), HDFC has formulated and adopted a Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace.

HDFC has constituted an Internal Complaints Committee (ICC) at all its branches. To ensure confidentiality, a dedicated e-mail address has been created for employees to report complaints pertaining to sexual harassment at the workplace. The complaints reported on the designated e-mail is solely accessible to the members of the ICC. Complaints received, if any, by the ICC shall be dealt with promptly, sensitively and confidentially in the most judicious and unbiased manner.

During the year, the committee has not received any complaint from any employee pertaining to sexual harassment, discriminatory employment or child labour.

Employee Interaction

With the intention of improvising the accessibility to the management of the Corporation it has introduced a web-based portal called 'Idea Incubator Initiative' across branches to enable employees across all levels to share their ideas/ suggestions regarding improvement of any function/process or procedure followed by the Corporation. This portal allows them to share their ideas directly with the Managing Director of the Corporation.

Work-Life Balance

HDFC policies are structured around promoting work-life balance which ensures improved employee productivity at work as well as enough time for family and personal life.

HDFC offers more than 20 fully furnished holiday homes for employees and their families who wish to take a holiday. They are located at 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. Caretakers look after all the holiday homes and employees are assured of great holidays with their families.

HDFC also has active in-house clubs like the sports clubs, which organises matches that include the families of the employees fostering an atmosphere of camaraderie. Branches organise local events, like picnics, outings, informal get-togethers, etc. to build camaraderie and teamwork.

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 team also shares relevant news, articles and reports with all employees across offices. Employees also approach the library team to help cull information on any topic, while preparing reports or presentations. Smaller knowledge centres are also set-up in various branches for their local use.

Development of Employees

HDFC believes in the all-round development of its employees. 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 employee effectiveness.

Learning and development needs are also identified on the basis of internal audit reports as well as customer feedback. On-the-job training, job rotation or training through various programmes – internal, external or international are

offered to employees to upgrade their competencies. E-learning and virtual classroom initiatives have been undertaken to blend and enhance the learning process.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

Corporate Social Responsibility

While India has been growing rapidly over the year, the economic growth has not percolated to vast sections of the society. For India to be on a sustainable growth path, a holistic approach is required for social development. HDFC recognises that India's social problems are complex and the issues require multifaceted approaches to address them. Hence, HDFC strives to work across a range of social interventions and development initiatives to facilitate deep and long term impact for a developed and inclusive society.

HDFC has identified social sectors which include education, health & sanitation, community development, child welfare & livelihood and supporting differently abled persons as important pillars of social and economic development.

During the year, HDFC supported a number of educational initiatives such as primary & secondary school education (rural and urban), girl child education, scholarships, alternate educational programmes, special education, teacher training and vocational skills training for underprivileged children and youth who have not been able to complete their formal education. In healthcare, HDFC has been a strong supporter of institutions that work towards the prevention, treatment, rehabilitation and palliation of cancer patients. HDFC also provided financial assistance to community based hospitals serving the rural population. Recognising the health related risks attached to poor sanitation, hygiene and awareness, HDFC associated with organisations in the area of urban slum sanitation.

HDFC supports initiatives towards the health, safety, nutrition and development of children across India. Support was extended to organisations working with children of construction labourers, day care and early childhood centres, homes for abandoned and orphaned children, and institutions educating children with physical and mental disabilities for livelihood, so that these children grow up to become responsible and financially independent adults.

HDFC also supported organisations promoting environment preservation, conservation of art and culture and Indian athletes competing at an international level.

Employee Participation

Every year members of the HDFC family run for various causes in marathons held at various locations in India to raise funds for various NGOs supported by HDFC.

HDFC employees have always contributed individually and as a group to those who have been marred by tragedies. During the year, HDFC employees voluntarily contributed a part of their salary towards providing relief and respite to the victims of unfortunate floods at Jammu & Kashmir to the Prime Minister's Relief Fund to aid the surviving victims trodden in the said calamity. To further encourage employees to maintain and lead a healthy life, a stepathlon event, drive against diabetes camp and sports events were organised across various branches. A book exhibition and a story telling workshop were also organised wherein employees and their children participated enthusiastically. Events are organised at various branches to celebrate special occasions like Diwali, Dusshera, Christmas and Onam. Pursuant to the Give It Up Campaign, launched by the Prime Minister of India, HDFC has requested its employees to participate in the said programme by forgoing the LPG subsidy.

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. The Corporation treats all its stakeholders and customers with dignity, respect and due understanding. The Corporation takes care to be just, patient and understanding while dealing with delinquent customers who have availed housing loans. HDFC has put in place an internal culture and work ethics where delinquent customers are treated with fairness. Customers who have difficulty in being regular in repayment are counselled patiently by highly trained officers who attempt to offer tailor made solutions to customer needs. 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 (HFCs) are required to adopt guidelines for recovery agents engaged by them. The Corporation provides for internal guidelines for its 'Recovery Officers' which lays down in detail about the decorum to be followed while approaching customers for recovery of loans and maintain ethical conduct.

Contractual Staff

The Corporation has been outsourcing housekeeping, security and maintenance activities to contractual staff. Policy guidelines are issued to

ensure compliance with the various Acts applicable to HDFC, from time to time.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment

Green Initiatives

The Corporation promotes ecological sustainability and green initiatives such as recycling paper and other waste material and 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.

Recycling

HDFC also hands over old but well maintained desktops to NGOs working to impart education to children from the underprivileged sections of society.

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 at 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 has consulted with 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.

At the national level, HDFC executives have played a key role in formulating national housing policies and strategies. Recognising HDFC's expertise, the Government of India has 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 there under, the Corporation has constituted a Corporate Social Responsibility Committee of Directors which shall act in accordance with the applicable provisions governing the same. As a committed corporate citizen, HDFC supports and undertakes various social welfare initiatives as mentioned here under:

Education

HDFC supports initiatives that work with children and youth from low-income or marginalised backgrounds, including children who have dropped out of school. During the year, HDFC provided financial assistance to NGOs providing holistic educational support, life skills, skill-based training and scholarships. HDFC also supported NGOs that are working on increasing gender equality in education.

Healthcare and Sanitation

HDFC supports initiatives that provide healthcare and sanitation facilities to those in need and for those living in low-income settlements. It also funds initiatives that help strengthen the capacity of public health systems through training and research. During the year HDFC supported NGOs working towards the awareness, screening, treatment and rehabilitation of people with neurological diseases, cancer as well as other health conditions, in both urban and rural areas. HDFC also supported NGOs working on sanitation systems in urban slums as well as NGOs building toilets for schools in rural India.

Community Development

HDFC supports a number of community-based initiatives, ranging from strengthening public delivery systems to finding innovative solutions for community-based problems. During the year, HDFC supported NGOs that work on strengthening the maternal and newborn health system

in rural areas. It also supported NGOs that are finding innovative ways to prevent violence against women in urban slum communities. HDFC provided financial assistance to organisations that work with some of the most marginalised sections of society. In addition to the above, HDFC promptly responded to the crisis faced by victims of the floods in Jammu & Kashmir.

Child Welfare

HDFC supports a range of initiatives towards the health, safety, nutrition, education and development of children across India. During the year, financial assistance was provided to NGOs working on early childhood development via day care centres, early childhood centres and crèches. HDFC also supported organisations that provide care and shelter for orphaned and abandoned children.

Differently Abled

HDFC supports initiatives that work with people with a range of disabilities, providing care, treatment and/or rehabilitation. During the year, HDFC provided financial assistance to NGOs working with people with cerebral palsy, down syndrome, autism and a range of other conditions.

Environment

HDFC recognises that the natural environment plays a critical role in the development of the country. During the year, HDFC provided financial assistance to NGOs working on strengthening the infrastructure of tiger reserves.

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 times. All complaints are centrally monitored by the CREAMS management team.

HDFC has an inbuilt 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 is a member of the Advertising Standard Council of India and encourages responsible and responsive communication towards all its stakeholders be it customers, media, investors, analysts, regulatory authorities, vendors and other stakeholders.

The Corporation ascertains transparency and correctness of information in its advertising and promotions for its products and services. The Corporation propagates truthful and fair advertising and discourages all kinds of means and activities that are unethical, abusive or anti-competition. All the charges, benchmark interest rates and important notifications are posted on the Corporation's website. The Corporation has formulated the Fair Practices Code. A copy of the said code is available on the Corporation's website.

The Corporation has complied with all the advertising norms applicable to the Corporation. No complaints have been filed against the Corporation for irresponsible advertising.

The HDFC deposit application form gives exhaustive details of product and procedures related to deposits. More details related to HDFC deposits are also available under 'Deposits' section on the Corporation's website.

The performance and financials of the Corporation are disclosed to its stakeholders and the public at large through its annual report, advertisements (on a quarterly basis) and on its website.

In addition, the Corporation also provides for a feedback mechanism on its website to allow stakeholders to leave their comments/questions.

HDFC has embarked on a Social Media journey with an aim to leverage various social platforms to engage and connect with existing customers and also to reach out to newer audiences through interesting educative content and constant communication. It has also set up a response mechanism in place for prompt response to the queries and complaints of customers received through these channels.

PART D:

Contacts

The details of Mr. P. K. Bhalla are listed below:

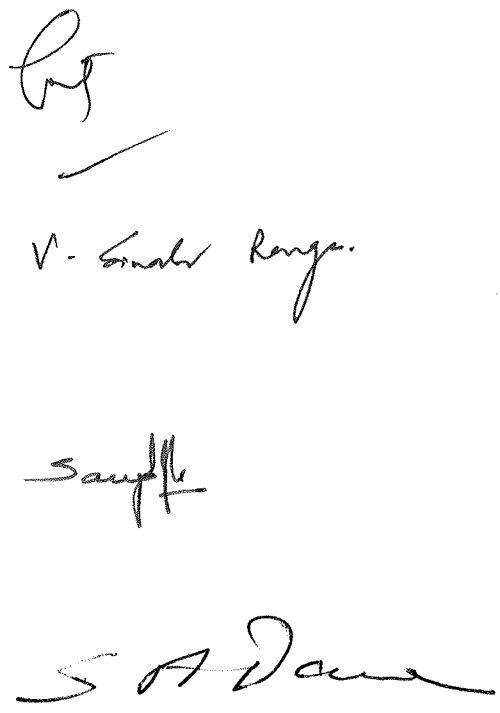
Sr. No.	Particulars	Details
1	Name	P. K. Bhalla
2	Designation	Head – Human Resources
3	Telephone Number	+91 11 415 96576
4	E-mail	praveenb@hdfc.com

MUMBAI
April 29, 2015

V. Srinivasa Rangan
Executive Director

FORM A

Covering letter to the Report dated April 29, 2015 issued by Deloitte Haskins & Sells LLP, Chartered Accountants, Statutory Auditors of the Corporation:

1.	Name of the Company	Housing Development Finance Corporation Limited
2.	Annual financial statements for the year ended	31st March 2015
3.	Type of Audit observation	Un-qualified (matter of emphasis relating to creation of deferred tax liability on the opening balance in Special Reserve made in accordance with the directives prescribed by the Regulator i.e., National Housing Bank).
4.	Frequency of observation	Not Applicable
5.	Signed by – a) Chief Executive Officer; b) Chief Financial Officer; c) Auditor; and d) Chairman of the Audit Committee	

Place: Mumbai

Date: June 29, 2015.