



**Annexure I**  
**DISCLOSURE DOCUMENT**

**1. Details pertaining to the Issuer:****1.1. Details of the issuer:**

(i)

<b>Name</b>	<b>HDB FINANCIAL SERVICES LIMITED</b>
<b>Address</b>	Registered Office: Radhika, 2 <sup>nd</sup> Floor, Law Garden Road, Navrangpura, Ahmedabad Gujarat - 380009  Corporate Office: Ground Floor, Zenith House, Keshavrao Khadye Marg, Opp. Race Course Gate No.6, Mahalaxmi, Mumbai-400034
<b>CIN</b>	U65993GJ2007PLC051028
<b>PAN</b>	AABCH8761M

(ii) Line of business: Non-Banking Financial Company engaged in lending business.

(iii) Chief Executive (Managing Director / President/ CEO / CFO)

Managing Director & Chief Executive Officer	Mr. G. Ramesh
Chief Financial Officer	Mr. Jaykumar Shah

(iv) Group affiliation (if any): HDFC Group.

**1.2. Details of the directors:**

Sl. No.	Name, Designation and DIN	Age	Address	Director since	List of other directorship
1	Mr. Arjit Basu Chairman Non-Executive Director  DIN - 06907779	61	Om Ratan Bldg, 7 <sup>th</sup> Floor, 70, Sir Pochkhanwala Road, Mumbai - 400018	01-06-2021	1. Peerless Hospitex Hospital and Research Center Limited
2	Mr. Venkatraman Srinivasan, Independent Director  DIN - 00246012	62	73, Keshav Smruti, 8B, Veer Savarkar Marg, Shivaji Park, Mumbai- 400028	12-03-2015	1. National Payments Corporation of India 2. Fairchem Organics Limited 3. TATA Coffee Limited 4. Mahanagar Gas Limited
3	Ms. Smita Affinwalla, Independent Director	59	7A, A Block, 3rd Floor, Khalakdina Terrace, August Kranti Marg, Mumbai-400	12.03.2015	1. Avameh Consulting Private Limited 2. Illuminos Consulting

	DIN - 07106628		036		Private Limited 3. Prime Securities Limited 4. Micro Units Development & Refinance agency Limited
4	Mr. G. Ramesh, Managing Director and Chief Executive Officer DIN - 05291597	52	C - 101, Ashok Gardens, Tokersey Jivraj Road, Sewree, Mumbai 400015	01.07.2012	Nil
5	Dr. Amla Samanta, Independent Director  DIN - 00758883	66	13, MeeraBaug, Talmiki Road, Santacruz West, Mumbai - 400054-	01.05.2019	1. HDFC Securities Limited 2. Samanta Movies Private Limited 3. Shakti Cine Studios Pvt. Ltd. 4. SAVD Technologies Private Limited
6	Mr. Adayapalam Viswanathan, Independent Director  DIN - 08518003	64	1502 Godrej Serenity, Deonar, Mumbai - 400088	24.07.2019	Stelis Biopharma Limited
7	Ms. Arundhati Mech Independent Director  DIN - 09177619	63	Gr-B, Glenmore Apartment, Sriram Nagar, North Street, Alwarpet, Chennai - 600018	11.02.2022	Shivalik Small Finance Bank Limited

1.3. Details of change in directors in last three financial years including change, if any in the current year:

Sr. No.	Name, Designation and DIN	Date of Appointment / Resignation	Date of cessation (in case of resignation)	Remarks/reasons for change
1	Mr. Aditya Puri, Non- Executive Director & Chairman DIN - 00062650	01/05/2016	05/11/2020	Resigned due to HDFC Bank's internal policy
2.	Mr. Jimmy Tata, Director DIN - 06888364	01/05/2016	30/06/2020	Resigned due to HDFC Bank's internal policy
3.	Mr. Bhavesh Zaveri, Director DIN - 01550468	01/05/2016	28/11/2019	Resigned due to pre-occupation
4.	Dr. Amla Samanta, Independent Director DIN - 00758883	01/05/2019	-	-
5.	Mr. Adayapalam Viswanathan, Independent Director DIN - 08518003	24/07/2019	-	-

Sr. No.	Name, Designation and DIN	Date of Appointment / Resignation	Date of cessation (in case of resignation)	Remarks/reasons for change
7.	Mr. Arijit Basu, Chairman & Non-Executive Director DIN - 06907779	01/06/2021	-	-
6.	Ms. Arundhati Mech Independent Director DIN - 09177619	11/02/2022	-	-

1.4. List of top 10 holders of equity shares of the company as on the latest quarter end (i.e. as on March 31, 2022):

Sr. No.	Name and category of Shareholder	Total No of Equity Shares	No. of shares in Demat form	Total Shareholding as % of total no of equity shares
1	HDFC Bank Limited (Promoter)	75,05,96,670	75,05,96,670	94.96
2	HDB Employee Welfare Trust (Through its Trustees) (Trust)	26,18,699	26,18,699	0.33
3	HDFC Employees Welfare Trust (Through its Trustees) (Trust)	19,22,062	19,22,062	0.24
4	PI Opportunities Fund I (Alternate Investment Fund)	11,00,000	11,00,000	0.14
5	Gouri Vinod Yennemedi (Individual)	8,50,000	8,50,000	0.11
6	Ramesh G. (Director)	7,50,500	7,50,500	0.09
7	Sangeeta Paresh Sukthankar (Individual)	5,51,078	5,51,078	0.07
8	Huzaan Kaizad Bharucha (Individual)	3,90,000	3,90,000	0.05
9	Rohit Sudhir Patwardhan (Individual)	3,84,599	3,84,599	0.05
10	Chandrasekharan Jagadisan (Individual)	3,39,495	3,39,495	0.04

1.5. Details of the statutory auditor:

Name and Address	Date of appointment	Remarks (viz. reasons for change etc.)
M/s Khimji Kunverji & Co. LLP Level-19, Sunshine Tower, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400013	September 18, 2021	M/s. B S R & CO. LLP ceased to be a Statutory Auditor due to ineligibility caused in terms of the RBI guidelines w.e.f. July 16, 2021
M/s B. K. Khare & Co. 706/708, Sharda Chambers, New Marine Lines, Mumbai - 400020	September 18, 2021	M/s. B S R & CO. LLP ceased to be a Statutory Auditor due to ineligibility caused in terms of the RBI guidelines w.e.f. July 16, 2021

## 1.6. Details of the change in statutory auditors in last three financial years including any change in the current year:

SI No.	Name and Address	Date of appointment /resignation	Date of cessation of case (in of resignation)	Remarks (viz. reasons for change etc.)
1	M/s. B S R & CO. LLP Lodha Excelus, 1st Floor, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai – 400011	May 30, 2013	July 16, 2021	Ceased to be a Statutory Auditor due to ineligibility caused in terms of the RBI guidelines w.e.f. July 16, 2021
2	M/s Khimji Kunverji & Co. LLP Level-19, Sunshine Tower,, Senapati Bapat Marg,, Elphinstone Road,, Mumbai, Maharashtra 400013	September 18, 2021	Not applicable	M/s. B S R & CO. LLP ceased to be a Statutory Auditor due to ineligibility caused in terms of the RBI guidelines w.e.f. July 16, 2021
3	M/s B. K. Khare & Co. 706/708, Sharda Chambers, New Marine Lines, Mumbai – 400020	September 18, 2021	Not applicable	M/s. B S R & CO. LLP ceased to be a Statutory Auditor due to ineligibility caused in terms of the RBI guidelines w.e.f. July 16, 2021

## 1.7. List of top 10 Debt securities holders (as on March 31, 2022):

SI. No.	Name of Debt securities holder	Category of holder	Face value of Debt securities holding (in Rs.)	Debt securities holding % as a percentage of total Debt securities outstanding of the issuer
1	HDFC Bank Limited	Bank	10,00,000	19.57
2	State Bank Of India	Bank		7.68
3	Aditya Birla Sun Life Mutual Fund	Mutual Fund		5.59
4	Wipro Limited	Corporate		5.44
5	Kotak Mahindra Mutual Fund	Mutual Fund		4.87
6	Axis Bank Limited	Bank		3.66
7	ICICI Prudential Mutual Fund	Mutual Fund		3.56
8	HDFC LIFE INSURANCE COMPANY LIMITED	Insurance Company		3.06
9	Union Bank of India	Bank		3.02
10	SERUM INSTITUTE OF INDIA PRIVATE LIMITED	Corporate		2.31



## 1.8. List of top 10 CP holders (as on March 31, 2022):

Sl. No.	Name of CP holder	Category of CP holder	Face value of CP holding (Rs.)	CP holding % as a percentage of total CP outstanding of the issuer
Nil, as no CPs are outstanding as on March 31, 2022				

## 2. Material Information:

2.1. Details of all default/s and/or delay in payments of interest and principal of CPs, (including technical delay), debt securities, term loans, external commercial borrowings and other financial indebtedness including corporate guarantee issued in the past 5 financial years including in the current financial year- **NIL**

2.2. Ongoing and/or outstanding material litigation and regulatory strictures, if any. – **None except as disclosed in the Annual Report**

2.3. Any material event/ development having implications on the financials/credit quality including any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event which may affect the issue or the investor's decision to invest / continue to invest in the CP - **None**

## 3. Details of borrowings of the company, as on the latest quarter end:

3.1. Details of debt securities and CPs:

**Secured Debentures (NCDs and MLDs) outstanding as on March 31, 2022**

Series	ISIN	Tenor/ Period of maturity	Coupon %	Amount issued (Rs. In Crore)	Date of allotment	Redemption date/schedule
Series 2018 A/0(ZC)/128	INE756I07CI8	1219	Zero Coupon	500	03-12-2018	05-04-2022
Series 2018 A/0(ZC)/128_INE756I07CI8 (Further Issuance I)	INE756I07CI8	1201	Zero Coupon	361.2	21-12-2018	05-04-2022
Series 2019 / 131 - Series 2018 A/0(ZC)/128_INE756I07CI8 (Further Issuance II)	INE756I07CI8	1168	Zero Coupon	57.5	23-01-2019	05-04-2022
Series 2019 / 131 - Series 2019 A/1(FX)/131	INE756I07CK4	1197	8.8317	386.9	23-01-2019	04-05-2022
Series 2019 / 132 - Series 2018 A/0(ZC)/128_INE756I07CI8 (Further Issuance III)	INE756I07CI8	1139	Zero Coupon	111	21-02-2019	05-04-2022
Series 2019 / 133 - Series 2018 A/0(ZC)/128_INE756I07CI8 (Further Issuance IV)	INE756I07CI8	118	Zero Coupon	290	14-03-2019	05-04-2022
Series 2019 / 134 - Series 2019 A/1(FX)/134	INE756I07CP3	1141	8.5450	225	03-05-2019	17-06-2022
Series 2019 / 137 - Series 2019 A/1(FX)/134_INE756I07CP3 (Further Issuance I)	INE756I07CP3	1092	8.5450	305	21-06-2019	17-06-2022

Series 2019 / 138 - Series 2019 A/1(FX)/138	INE756I07CS7	1127	8.0000	117	25-07-2019	25-08-2022
Series 2019 / 139 - Series 2019 A/1(FX)/PP/139	INE756I07DU1	3653	8.0500	900	08-08-2019	08-08-2029
Series 2019 / 140 - Series 2019 A/1(FX)/134_INE756I07CP3 (Further Issuance II)	INE756I07CP3	1030	8.5450	275	22-08-2019	17-06-2022
Series 2019 / 141 - Series 2019 A/1(FX)/141	INE756I07CU3	1827	8.0500	280	28-08-2019	28-08-2024
Series 2019 / 143 - Series 2019 A/1(FX)/138_INE756I07CS7 (Further Issuance I)	INE756I07CS7	1066	8.0000	200	24-09-2019	25-08-2022
Series 2019 / 144 - Series 2019 A/1(FX)/138_INE756I07CS7 (Further Issuance II)	INE756I07CS7	1036	8.0000	220	24-10-2019	25-08-2022
Series 2019 / 145 - Series 2019 A/1(FX)/145	INE756I07CW9	1096	7.5000	255	19-11-2019	19-11-2022
Series 2019 / 146 - Series 2019 A/1(FX)/146	INE756I07CX7	1124	7.5000	260	25-11-2019	23-12-2022
Series 2019 / 147 - Series 2019 A/1(FX)/145_INE756I07CW9 (Further Issuance I)	INE756I07CW9	1059	7.5000	240	26-12-2019	19-11-2022
Series 2019 / 147-Series2019 A/1(FX)/146_INE756I07CX7 (Further Issuance I)	INE756I07CX7	1093	7.5000	260	26-12-2019	23-12-2022
Series 2020 / 148 - Series 2020 A/1(FX)/148	INE756I07CY5	1127	7.5700	257	16-01-2020	16-02-2023
Series 2020 / 149 - Series 2020 A/1(FX)/149	INE756I07CZ2	1086	7.5549	800	30-01-2020	20-01-2023
Series 2020 / 150 - Series 2020 A/1(FX)/150	INE756I07DA3	1155	7.0900	380	17-02-2020	17-04-2023
Series 2020 / 151 - Series 2020 A/1(FX)/150_INE756I07DA3 (Further Issuance I)	INE756I07DA3	1140	7.0900	50	03-03-2020	17-04-2023
Series 2020 / 151 - Series 2020 A/4(FO)/151	INE756I07DB1	961	Linked to 3 Month FBIL-TBILL rate plus spread of 191 bps	510	03-03-2020	20-10-2022
Series 2020 / 152 - Series 2020 A/1(FX)/152	INE756I07DC9	1157	7.3000	1200	28-04-2020	29-06-2023
Series 2020 / 153 - Series 2020 A/1(FX)/153_Option 1	INE756I07DE5	1157	7.2871	1300	26-05-2020	27-07-2023
Series 2020 / 153 - Series 2020 A/1(FX)/153_Option 2	INE756I07DD7	1185	7.2834	700	26-05-2020	24-08-2023
Series 2020 / 154 - Series 2020 A/1(FX)/154	INE756I07DG0	1224	6.6835	875	19-06-2020	26-10-2023
Series 2020 / 155 - Series 2020 A/1(FX)/155	INE756I07DH8	1021	5.7400	500	07-08-2020	25-05-2023
Series 2020 / 156 - Series 2020 A/1(FX)/150_INE756I07DA3 (Further Issuance II)	INE756I07DA3	958	7.0900	350	01-09-2020	17-04-2023

Series 2020 / 157 - Series 2020 A/1(FX)/157	INE756I07DJ4	683	5.1121	300	11-09-2020	26-07-2022
Series 2020 / 158 - Series 2020 A/1(FX)/157_INE756I07DJ4 (Further Issuance I)	INE756I07DJ4	650	5.1121	425	14-10-2020	26-07-2022
Series 2020 / 159 - Series 2020 A/1(FX)/157_INE756I07DJ4 (Further Issuance II)	INE756I07DJ4	637	5.1121	325	27-10-2020	26-07-2022
Series 2020 / 159 - Series 2020 A/0(ZC)/159	INE756I07DK2	652	Zero Coupon	330	27-10-2020	10-08-2022
Series 2020 / 160 - Series 2020 A/1(FX)/160	INE756I07DL0	1078	5.0800	950	15-12-2020	28-11-2023
Series 2021 / 161 - Series 2020 A/1(FX)/148_INE756I07CY5(Further Issuance I)	INE756I07CY5	720	7.5700	1000	26-02-2021	16-02-2023
Series 2021 / 162 - Series 2021 A/1(FX)/162	INE756I07DM8	1065	6.0451	1200	25-03-2021	23-02-2024
Series 2021 / 163- Series 2021 A/0(ZC)/163	INE756I07DN6	1092	Zero Coupon	425	30-04-2021	26-04-2024
Series 2021 / 164- Series 2021 A/1(FX)/164	INE756I07DO4	1096	5.7500	1200	28-05-2021	28-05-2024
Series 2021 / 165- Series 2021 A/1(FO)/165	INE756I07DP1	1095	Linked to 3 Months TBILL (FBIL) rate plus spread of 135 bps	693	22-06-2021	21-06-2024
Series 2021 / 166 - Series 2021 A/0(ZC)/166	INE756I07DQ9	784	5.1800	323	15-07-2021	07-09-2023
Series 2021 / 167- Series 2021 A/1(FO)/167	INE756I07DR7	1095	Linked to 3 Months TBILL (FBIL) rate plus spread of 127 bps	750	03-08-2021	02-08-2024
Series 2021 / 168- Series 2020 A/1(FX)/154_INE756I07DG0 (Further Issuance I)	INE756I07DG0	792	6.6835	250	25-08-2021	26-10-2023
Series 2021 / 168- Series 2021 A/1(FX)/168	INE756I07DT3	1157	5.7000	800	25-08-2021	25-10-2024
Series 2021 / 169 -Series 2021 A/1(FX)/169_Option 1	INE756I07DV9	1096	5.4900	150	13-09-2021	13-09-2024
Series 2021 / 169 -Series 2021 A/0(ZC)/169_Option 2	INE756I07DW7	1747	Zero Coupon (xirr-6.35)	130	13-09-2021	26-06-2026
Series 2021 / 169 -Series 2021 A/1(FX)/169_Option 3	INE756I07DX5	1824	6.3500	500	13-09-2021	11-09-2026
Series 2021 / 170- Series 2021 A/1(FX)/169_Option 3_INE756I07DX5 (Further Issuance I)	INE756I07DX5	1815	6.3500	560	22-09-2021	11-09-2026
Series 2021 / 171- Series 2021 A/0(ZC)/171	INE756I07DY3	1035	Zero Coupon	250	29-09-2021	30-07-2024

Series 2021 / 172 - Series 2021 A/1(FX)/172	INE756I07DZ0	1094	5.7500	500	10-11-2021	08-11-2024
Series 2021 / 173 - Series 2021 A/1(FX)/172_INE756I07DZ0 (Further Issuance I)	INE756I07DZ0	1078	5.7500	775	26-11-2021	08-11-2024
Series 2021 / 174 - Series 2021 A/1(FX)/174	INE756I07EA1	771	5.4200	100	07-12-2021	17-01-2024
Series 2021 / 175 - Series 2021 A/1(FX)/175	INE756I07EB9	1274	6.0000	200	23-12-2021	19-06-2025
Series 2022 / 176 - Series 2021 A/1(FX)/174_INE756I07EA1 (Further Issuance I)	INE756I07EA1	755	5.42%	200	23-02-2022	17-01-2024
Series 2022 / 176- Series 2022 A/0(ZC)/176	INE756I07EC7	1096	Zero Coupon	120	23-02-2022	19-03-2024
Series 2022 / 177 - Series 2022 A/1(FX)/177	INE756I07ED5	1096	6.30%	400	17-03-2022	17-03-2025
Series 2020 A/0(ML)/4	INE756I07DF2	1071	If Final Fixing Level <= 25% of Initial Fixing Level: 0.000% If Final Fixing Level > 25% of Initial Fixing Level: 7.4273% p.a. (XIRR 6.95% p.a.)	236.1	02-06-2020	09-05-2023
Series 2021 / 5- Series 2021 A/0(ML)/5	INE756I07DS5	761	If Final Fixing Level <= 25% of Initial Fixing Level: 0.000% If Final Fixing Level > 25% of Initial Fixing Level: 5.1358% p.a. (XIRR 5.00% p.a.)	100	04-08-2021	04-09-2023

Note –The above-mentioned NCDs (except the Market Linked Debentures) are rated CARE AAA; Stable & CRISIL AAA/Stable and the Market Linked Debentures are rated CARE PP-MLD AAA/Stable & CRISIL PP-MLD AAAr/Stable by CARE Ratings Limited & CRISIL Limited, respectively and are secured against "Immovable property &/or receivables from financing activities".

**Subordinate Bonds outstanding as on March 31, 2022**

Series	ISIN	Tenor/ Period of maturity	Coupon %	Amount issued (Rs. In Crore)	Date of allotment	Redemption date/ Schedule
Series 2012 I/1/1	INE756I08017	10 years	10.20	250	09-08-2012	09-08-2022
Series 2012 I/1/2	INE756I08025	10 years	9.70	150	30-11-2012	30-11-2022
Series 2012 I/1/3	INE756I08033	10 years	9.60	200	22-03-2013	22-03-2023
Series 2013 I/1/4	INE756I08041	10 years	10.20	100	18-10-2013	17-10-2023
Series 2013 I/1/5	INE756I08058	10 years	10.05	50	20-12-2013	20-12-2023
Series 2013 I/1/6	INE756I08066	10 years	10.19	80	18-03-2014	18-03-2024
Series 2014 I/1/7	INE756I08074	10 years	9.70	200	20-06-2014	20-06-2024
Series 2014 I/1/8	INE756I08082	10 years	9.55	100	13-11-2014	13-11-2024
Series 2014 I/1/9	INE756I08090	10 years	9.55	200	17-11-2014	15-11-2024
Series 2016 I/1/10	INE756I08108	10 years	8.79	220	22-07-2016	22-07-2026
Series 2016 I/1/11	INE756I08116	10 years	8.05	170	06-12-2016	04-12-2026
Series 2018 I/1/12	INE756I08124	10 years	8.42	150	01-02-2018	01-02-2028
Series 2018 I/1/13	INE756I08132	10 years	8.45	130	21-02-2018	21-02-2028
Series 2018 I/1/14	INE756I08140	10 years	9.05	250	27-07-2018	27-07-2028
Series 2018 I/1/15	INE756I08173	10 years	9.70	350	15-11-2018	15-11-2028
Series 2019 I/1/16	INE756I08181	10 years	8.85	315	07-06-2019	07-06-2029
Series 2020 / 17 - Series 2019 I/1/16_INE756I08181 (Further Issuance I)	INE756I08181	3422 days	8.85	228.5	24-01-2020	07-06-2029
Series 2020 / 18 - Series 2020 I/1/18	INE756I08215	3651 days	7.35	356.5	02-11-2020	01-11-2030

Note—All the above-mentioned Subordinated Bonds are unsecured and are rated CARE AAA; Stable & CRISIL AAA/Stable by CARE & CRISIL.

**Perpetual Debt Instrument outstanding as on March 31, 2022**

Series	ISIN	Tenor/ Period of maturity	Coupo n %	Amount issued (Rs. In Crore)	Date of allotment	Redemption date/ Schedule
Series 2018 P/1/1	INE756I08157	Perpetual	9.4	200	06-08-2018	Perpetual, unless call option is exercised any time after 10 years from the Deemed Date of Allotment
Series 2018 P/1/2	INE756I08165	Perpetual	9.15	100	07-09-2018	Perpetual, unless call option is exercised any time after 10 years from the

						Deemed Date of Allotment
Series 2019 P/1/3	INE756I08199	Perpetual	8.70	100	16-08-2019	Perpetual, unless call option is exercised any time after 10 years from the Deemed Date of Allotment
Series 2019 P/1/4	INE756I08207	Perpetual	8.70	100	29-11-2019	Perpetual, unless call option is exercised any time after 10 years from the Deemed Date of Allotment
Series 2021 P/1/5	INE756I08231	Perpetual	7.68	150	29-10-2021	Perpetual, unless call option is exercised any time after 10 years from the Deemed Date of Allotment

Note – All the above-mentioned Perpetual Debts are unsecured and are rated CARE AAA; Stable & CRISIL AAA/Stable by CARE & CRISIL.

#### Commercial Papers Outstanding as on March 31, 2022

CP Series	ISIN	Tenor/ Period of maturity	Coupon %	Amount issued (Rs. In Crore)	Date allotment	Redemption date/ Schedule
NA						

3.2. Details of secured/unsecured loan facilities/ bank fund based facilities/ rest of the borrowing (if any, including hybrid debt like foreign currency convertible bonds (FCCB), optionally convertible debentures / preference shares) from banks or financial institutions or financial creditors, as on last quarter end:

#### Details of Term Loan Facilities, bank fund based facilities, other borrowings, etc. as on March 31, 2022

Lender's Name/Name of the Bank	Nature of facility/ instrument	Amount sanctioned (Rs. In Crore)	Principal Amount outstanding (Rs. In Crore)	Repayment date /Schedule	Security if Applicable	Asset Classification
Axis Bank	Term Loan	250.00	250.00	30/09/2024, Bullet Payment	Book Debt	Standard
BNP Paribas	Term Loan	200.00	200.00	20/01/2023, Bullet Payment	Book Debt	Standard
Bank of Baroda	Term Loan	1000.00	100.00	31/01/2024, Quarterly Repayment	Book Debt	Standard

Canara Bank	Term Loan	2500.00	83.33	31/03/2024, Quarterly Repayment	Book Debt	Standard
Central Bank Of India	Term Loan	750.00	330.47	30/06/2023, Quarterly Repayment	Book Debt	Standard
CSB Bank	Term Loan	240.00	240.00	28/07/2025, Quarterly Repayment	Book Debt	Standard
Deutsche Bank	Term Loan	675.00	477.07	27/03/2024, Quarterly Repayment	Book Debt	Standard
Dhanlaxmi Bank	Term Loan	60.00	60.00	27/12/2025 Yearly Repayment	Book Debt	Standard
Federal Bank	Term Loan	750.00	329.80	28/05/2025, Quarterly Repayment	Book Debt	Standard
HDFC Bank	Term Loan	10600.00	6067.13	31/03/2026, Quarterly Repayment	Book Debt	Standard
HSBC Bank	Term Loan	2000.00	1255.00	30/08/2024, Quarterly Repayment	Book Debt	Standard
ICICI Bank	Term Loan	1250.00	500.00	28/09/2024, Quarterly Repayment	Book Debt	Standard
IndusInd Bank	Term Loan	1710.00	1204.16	29/10/2024 Quarterly Repayment	Book Debt	Standard
Jammu & Kashmir Bank	Term Loan	250.00	164.81	29/06/2023, Quarterly Repayment	Book Debt	Standard
JP Morgan Bank	Term Loan	500.00	500.00	30/09/2022, Bullet Payment	Book Debt	Standard
Karnataka Bank	Term Loan	450.00	149.55	31/01/2023, Yearly Repayment	Book Debt	Standard
Kotak Mahindra Bank	Term Loan	950.00	475.00	31/12/2023, Yearly Repayment	Book Debt	Standard
Karur Vysya Bank	Term Loan	125.00	31.24	31/10/2022, Quarterly Repayment	Book Debt	Standard
Union Bank Of India	Term Loan	2000.00	666.67	30/09/2023, Quarterly Repayment	Book Debt	Standard
Punjab National Bank	Term Loan	1000.00	1000.00	30/03/2027 Quarterly Repayment	Book Debt	Standard
Punjab National Bank (e-United Bank Of India)	Term Loan	500.00	207.27	24/04/2023, Quarterly Repayment	Book Debt	Standard

Note – All the above-mentioned Term Loan Facilities are rated 'AAA/Stable' by CARE & CRISIL.



**Details of External Commercial Borrowings as on March 31, 2022**

Lender's Name/Name of the Bank	Nature of facility/instrument	Amount sanctioned (Rs. In Crore)	Principal Amount outstanding (Rs. In Crore)	Repayment date /Schedule	Security if Applicable	Asset Classification
ECB 2 Tranche 1	ECB	532.12	568.44	30/10/2022, Bullet Payment	Book Debt	Standard
ECB 2 Tranche 2	ECB	895.25	947.41	29/11/2022, Bullet Payment	Book Debt	Standard
ECB 2 Tranche 3	ECB	713.85	757.93	10/12/2022, Bullet Payment	Book Debt	Standard
ECB 2 Tranche 4	ECB	1732.36	1743.23	08/06/2023, Bullet Payment	Book Debt	Standard

3.3. The amount of corporate guarantee or letter of comfort issued by the issuer along with name of the counterparty (like name of the subsidiary, JV entity, group company, etc) on behalf of whom it has been issued, contingent liability including debt service reserve account (DSRA) guarantees/ any put option etc.: **Not Applicable.**

**4. Issue Information:**

4.1. Details of current tranche including ISIN, amount, date of issue, maturity, all credit ratings including unaccepted ratings, date of rating, name of credit rating agency, its validity, declaration that the rating is valid as at the date of issuance and listing, details of issuing and paying agent and other conditions, if any.

CP Series	Series 199
ISIN	INE756I14CX3
Date of Issue (Allotment Date)	April 29, 2022
Maturity Date	March 17, 2023
Name of the credit rating agency	CARE Ratings Limited & CRISIL Ratings Limited
Credit rating	CARE A1+ & CRISIL A1+
Date of Rating & validity period	CARE: April 08, 2022 (valid upto two months ie. June 07, 2022) CRISIL : April 05, 2022 (valid upto 30 days ie. May 04, 2022)
Rate of Interest (p.a.)	5.3400%
Issue Size	200 crore
Issuing and paying agent Name	HDFC Bank Ltd
Security Type	Unsecured

**Declaration** – The rating mentioned above are valid as on the date of issuance and listing.

4.2. CP borrowing limit, supporting board resolution for CP borrowing, details of CP issued during the last 15 months: Refer attached 'Exhibit A' for CP Board Resolution.

Note that no Commercial Papers were issued during last 15 months.

4.3. End-use of funds: **For repayment of debt, working capital requirements, ongoing business/financing activities.**

4.4. Credit Support/enhancement (if any): **None**

- (i) Details of instrument, amount, guarantor company: N.A
- (ii) Copy of the executed guarantee: N.A
- (iii) Net worth of the guarantor company: N.A

- (iv) Names of companies to which guarantor has issued similar guarantee: N.A
- (v) Extent of the guarantee offered by the guarantor company: N.A
- (vi) Conditions under which the guarantee will be invoked: N.A

4.5. Where an issue is made by an issuer who has been in existence for less than three years, a disclosure that the issue is open for subscription only to Qualified Institutional Buyers." - **Not applicable**

**5. Financial Information:**

1.1. Audited / Limited review half yearly consolidated (wherever available) and standalone financial information (Profit & Loss statement, Balance Sheet and Cash Flow statement) along with auditor qualifications, if any, for last three years along with latest available financial results, if the issuer has been in existence for a period of three years and above;

**Financial results for the above period are attached as 'Exhibit B'.**


1.2. b. Audited/ limited review half yearly consolidated (wherever available) and standalone financial information (Profit & Loss statement, Balance Sheet and Cash Flow statement) along with auditor qualifications, if any, pertaining to the years of existence, if the issuer has been in existence for less than three years." - **Exhibit B**

5.2. Latest audited financials should not be older than six months from the date of application for listing.

5.3. Provided that listed issuers (who have already listed their specified securities and/or 'Non-convertible Debt Securities' (NCDs) and/or 'Non-Convertible Redeemable Preference Shares' (NCRPS)) who are in compliance with SEBI (Listing obligations and disclosure requirements) Regulations 2015 and/or issuers (who have outstanding listed CPs), who are in compliance with the continuous listing conditions mentioned at paragraphs 7-10 below, may file unaudited financials with limited review for the stub period in the current year, subject to making necessary disclosures in this regard including risk factors.

**6. Asset Liability Management (ALM) Disclosures:** Refer Exhibit C for ALM details as on March 31, 2022.

**For HDB Financial Services Limited**

  
Authorized Signatory  
Name: Jaykumar P. Shah  
Title: Chief Financial Officer  
Date: April 29, 2022



**Exhibit A**  
**Board Resolution for issuance of Commercial Paper**



HDB Financial Services Limited  
 Ground Floor, Zenith House,  
 Keshavrao Khadye Marg,  
 Opp. Race Course, Mahalaxmi,  
 Mumbai - 400034.  
 Tel : 022 - 4911 6300  
 Fax : 022 - 4911 6666  
 Web : www.hdbfs.com  
 CIN : U65993GJ2007PLC051028  
 Email ID : compliance@hdbfs.com

**CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF HDB FINANCIAL SERVICES LIMITED HELD ON SATURDAY, APRIL 16, 2022 AT 12:15 P.M. AT BOARD ROOM, ZENITH HOUSE, GROUND FLOOR, KESHAVRAO KHADYE MARG, MAHALAXMI, MUMBAI- 400034**

**\*RESOLVED THAT** pursuant to the Reserve Bank of India (RBI), circular no. RBI/2014 16/100 IDMD.PCD 04/14.01.02/2014-15 dated July 01, 2014, circular no. RBI/2017-18/43FMRD, DIRD.2/14.01.002/2017-18 dated August 10, 2017 and operational guidelines issued by Fixed Income Money Market and Derivatives Association of India (FIMMDA), as amended from time to time, be and is hereby approved by the Board for issuance of Commercial Paper (CP) on private placement basis, in one or more tranches, for an aggregate amount of Rs. 15,000 crore (Rupees Fifteen Thousand Crore Only) for the Financial Year 2022-23, within the overall limit of borrowing as approved by the members pursuant to Section 180(1)(c) of the Companies Act, 2013, from time to time on the date of issue;

**RESOLVED FURTHER THAT** the total outstanding amount under commercial paper shall not exceed Rs. 7,500 crore (Rupees Seven Thousand Five Hundred Crore) as approved by the board in its earlier meeting;

**RESOLVED FURTHER THAT** any of the Directors and Chief Financial Officer of the Company (collectively referred as the 'Authorized Signatories'), are hereby severally authorized to further sub-delegate its powers to any employee of the Company and to discuss, negotiate and finalize the terms and conditions for each tranche(s) of CPs with the investor(s), agree to such changes and modifications in the said terms and conditions as they deem fit;

**RESOLVED FURTHER THAT** the Authorized Signatories are hereby severally authorized on behalf of the Company to sign all concerned agreements, deeds, letters, documents and papers and to finalize terms and conditions for appointment of Issuing & Paying Agent and such other agencies as may be required and to do all such acts as may be required, for the proposed CPs issue;

**RESOLVED FURTHER THAT** the Authorized Signatories and / or Company Secretary are hereby severally authorized on behalf of the Company to execute any such formal contract, agreements, applications, deeds, indemnities, guarantees, demand promissory notes and such other documents, as may be required for creation of requisite security for the CPs, for issue of CPs, for submitting the same with National Securities Depository Limited, Central Depository Services (India) Limited, in connection with allotment, dematerialization, listing of the proposed CPs and to do all such acts, deeds, matters and things, as they may in their absolute discretion deem necessary proper or desirable and to settle any question, difficulty or doubt that may arise in order to give effect to this resolution;

**RESOLVED FURTHER THAT** the Authorized Signatories and / or Company Secretary of the Company, are hereby severally authorized on behalf of the Company to sign and file all such forms and returns with the Ministry of Corporate Affairs, Reserve Bank of India and such other authorities and to do all such acts, deeds and things as may be necessary and as they may in their absolute discretion deem necessary to comply with applicable provisions of the Companies Act, 2013 and Rules made there under including applicable RBI Circulars (as may be amended from time to time);




**Registered Office :** Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad - 380 009.



**RESOLVED FURTHER THAT** the common seal of the Company shall be affixed wherever necessary in presence of any of the aforesaid Authorized Signatories and/or Company Secretary of the Company.

**RESOLVED FURTHER THAT** a copy of the aforesaid resolutions certified to be true by any one of the Authorized Signatories and / or the Company Secretary of the Company be furnished to appropriate authorities for their records and necessary action thereon."

Certified True Copy  
For HDB Financial Services Limited

  
Dipti Khandelwal  
Company Secretary  
Membership No. F11340



April 21, 2022

**Exhibit B****Financial Results along with Audit Report for FY 2021-22, 2021-20 and 2020-19**

*(Kindly refer Company website: [www.hdbfs.com](http://www.hdbfs.com))*

FY 2021-22: [https://www.hdbfs.com/sites/default/files/debt/Audited-Financial-Results-under-Regulation-33-&-52-of-SEBI-\(LODR\)-for-year-ended-March-31-2022.pdf](https://www.hdbfs.com/sites/default/files/debt/Audited-Financial-Results-under-Regulation-33-&-52-of-SEBI-(LODR)-for-year-ended-March-31-2022.pdf)

FY 2020-21: [https://www.hdbfs.com/sites/default/files/debt/HDBFS\\_Financial\\_Results\\_March\\_2021\\_signed.pdf](https://www.hdbfs.com/sites/default/files/debt/HDBFS_Financial_Results_March_2021_signed.pdf)

FY 2019-20: [https://www.hdbfs.com/sites/default/files/debt/Financial%20Results\\_reg%20%2052\\_final.pdf](https://www.hdbfs.com/sites/default/files/debt/Financial%20Results_reg%20%2052_final.pdf)  
[https://www.hdbfs.com/sites/default/files/debt/Financial%20Results\\_reg%20%2033\\_final.pdf](https://www.hdbfs.com/sites/default/files/debt/Financial%20Results_reg%20%2033_final.pdf)

**Annual Report of the company for FY 2020-21, 2019-20 and 2018-19**

*“(Kindly refer Company website: [www.hdbfs.com](http://www.hdbfs.com))*

FY 2020-21: [https://www.hdbfs.com/sites/default/files/reports/HDB-Annual\\_Report\\_2020-21.pdf](https://www.hdbfs.com/sites/default/files/reports/HDB-Annual_Report_2020-21.pdf)

FY 2019-20: <https://www.hdbfs.com/sites/default/files/reports/HDBFS%20Annual%20Report%202020.pdf>

FY 2018-19 : <https://www.hdbfs.com/sites/default/files/reports/Annual%20Report%202018-%202019.pdf>

**Independent auditor's report**

To  
The Board of Directors of  
HDB Financial Services Limited

**Report on the audit of the Standalone Financial Results**

**Opinion**

1. We have audited the accompanying statement of standalone financial results of HDB Financial Services Limited ("the Company") for the quarter ended 31 March 2022 and the year to date results for the period from 1 April 2021 to 31 March 2022 ("the Statement"), being submitted by the Company pursuant to the requirements of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Statement:
  - 2.1. are presented in accordance with the requirements of the Listing Regulations in this regard; and
  - 2.2. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian accounting standards ("Ind AS"), RBI guidelines and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the quarter ended 31 March 2022 and the year to date results for the period from 1 April 2021 to 31 March 2022.

**Basis for Opinion**

3. We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

**Management's and Board's Responsibilities for the Standalone Financial Results**

4. The Statement has been prepared on the basis of the standalone annual financial statements. The Company's Management and Board of Directors are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Ind AS 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company 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 are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and

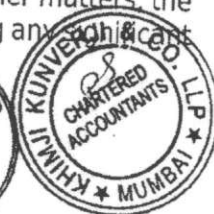


presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

5. In preparing the Statement, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
6. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Standalone Financial Results**

7. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.
8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - 8.1. Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - 8.2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of standalone financial statements on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
  - 8.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
  - 8.4. Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
  - 8.5. Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
  - 8.6. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.





- 8.7. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Other matters**

9. Attention is drawn to the fact that the audited standalone financial results of the Company for the quarter and year ended 31 March 2021 were audited by erstwhile auditors whose report dated 17 April 2021, expressed an unmodified opinion on those audited standalone financial results and the standalone financial statements. Our opinion is not modified in respect of these matters.
10. The Statement includes the results for the quarter ended 31 March 2022 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For B. K. Khare & Co.  
Chartered Accountants  
Firm Registration Number - 105102W

Padmini Khare Kaicker  
Partner  
Membership Number: 044784  
UDIN: 22044784AHELIH2401  
Place: Mumbai  
Date: 16 April, 2022



For Khimji Kunverji & Co LLP  
Chartered Accountants  
Firm Registration Number - 105146W/W-100621

Hasmukh B Dedhia  
Partner  
Membership Number: 033494  
UDIN: 22033494AHEKXC7896  
Place: Mumbai  
Date: 16 April, 2022



**Audited Standalone Annual Financial Results**  
 for the quarter and year ended 31 March 2022

Particulars	Quarter ended 31 Mar 2022 Audited	Quarter ended 31 Dec 2021 Unaudited	Quarter ended 31 Mar 2021 Audited	Year ended 31 Mar 2022 Audited	Year ended 31 Mar 2021 Audited
(Rupees in million)					
<b>I Revenue from operations</b>					
Interest income	20,944	20,454	22,025	83,630	84,879
Sale of services	6,492	5,829	5,509	23,634	20,204
Other financial charges	1,806	1,700	1,366	5,690	4,051
Net gain on fair value changes	(65)	76	3	165	400
Net gain/(loss) on derecognised financial instruments	(13)	(14)	(15)	(56)	(86)
<b>Total Revenue from operations</b>	<b>29,164</b>	<b>28,045</b>	<b>28,888</b>	<b>1,13,063</b>	<b>1,09,448</b>
<b>II Expenses</b>					
Finance Costs	7,750	8,229	9,035	33,255	38,829
Impairment on financial instruments	4,218	5,404	4,290	24,657	30,688
Employee benefits expenses	9,644	8,482	7,073	35,004	29,556
Depreciation, amortization and impairment	245	247	257	989	1,078
Others expenses	1,554	1,644	1,445	5,682	4,290
<b>Total expenses</b>	<b>23,411</b>	<b>24,006</b>	<b>22,100</b>	<b>99,587</b>	<b>1,04,441</b>
<b>III Profit before tax (I-II)</b>	<b>5,753</b>	<b>4,039</b>	<b>6,788</b>	<b>13,476</b>	<b>5,007</b>
<b>IV Tax expense:</b>					
a. Current tax	2,344	2,238	2,356	6,634	4,191
b. Deferred tax	(861)	(1,240)	(685)	(3,272)	(3,099)
<b>Total tax expense</b>	<b>1,483</b>	<b>998</b>	<b>1,671</b>	<b>3,362</b>	<b>1,092</b>
<b>V Net Profit for the period (III-IV)</b>	<b>4,270</b>	<b>3,041</b>	<b>5,117</b>	<b>10,114</b>	<b>3,915</b>
<b>VI Other Comprehensive Income (net of tax)</b>	<b>134</b>	<b>200</b>	<b>-</b>	<b>138</b>	<b>(135)</b>
<b>VII Total Comprehensive Income (after tax) (V-VI)</b>	<b>4,404</b>	<b>3,241</b>	<b>5,117</b>	<b>10,252</b>	<b>3,780</b>
<b>VIII Earnings per equity share (Refer Note 8)</b>					
a. Basic (in Rupees)	5.41	3.85	6.49	12.81	4.97
b. Diluted (in Rupees)	5.41	3.85	6.49	12.80	4.97
Face value per share (in Rupees)	10	10	10	10	10



Notes:

1 Statement of Standalone Assets and Liabilities

Particulars	(Rupees in million)	
	As at 31 Mar 2022 Audited	As at 31 Mar 2021 Audited
<b>ASSETS</b>		
<b>1 Financial Assets</b>		
(a) Cash and cash equivalents		
(b) Bank balances other than cash and cash equivalents	5,078	7,535
(c) Derivative financial instruments	1,762	2,229
(d) Trade receivables	1,324	-
(e) Loans	1,418	1,173
(f) Investments	5,71,625	5,86,014
(g) Other financial assets	22,335	15,929
	3,146	2,492
	6,06,688	6,15,372
<b>2 Non-financial Assets</b>		
(a) Current tax assets (Net)		
(b) Deferred tax assets (Net)	133	569
(c) Property, plant and equipment	10,512	7,300
(d) Capital work-in-progress	781	915
(e) Other intangible assets	-	-
(f) Right of Use Assets	120	80
	2,025	2,174
<b>TOTAL ASSETS</b>	13,571	11,038
	6,20,259	6,26,410
<b>EQUITY AND LIABILITIES</b>		
<b>3 Financial Liabilities</b>		
(a) Derivative financial instruments		
(b) Trade payables	-	427
(i) Total outstanding dues of micro enterprises and small enterprises		
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	0
(c) Debt securities	2,469	3,342
(d) Borrowings (other than debt securities)	2,53,323	2,38,021
(e) Subordinated liabilities	1,95,017	2,25,691
(f) Other financial liabilities	41,391	39,876
	27,087	28,449
	5,19,287	5,35,806
<b>4 Non-Financial Liabilities</b>		
(a) Current tax liabilities (net)		
(b) Provisions	597	1,731
(c) Other non-financial liabilities	3,148	3,198
	1,830	1,213
	5,575	6,142
<b>5 Equity</b>		
(a) Equity share capital	7,904	7,892
(b) Other equity	87,493	76,570
	95,397	84,462
<b>TOTAL EQUITY AND LIABILITIES</b>	6,20,259	6,26,410



2 Standalone Statement of Cash Flows

Particulars	(Rupees in million)	
	Year ended 31 Mar 2022	Year ended 31 Mar 2021
	Audited	Audited
<b>Cash flow from operating activities</b>		
Profit before tax	13,476	5,007
Adjustments for		
Interest income		
Interest expenses	(83,630)	(84,879)
(Profit)/loss on sale of asset	33,166	38,572
Realised net (gain)/ loss on FVTPL investments	(1)	19
Unrealised (gain)/loss on FVTPL investments	393	(798)
Discount on commercial paper	(228)	(51)
Provision for compensated absence and gratuity	89	257
Employee share based payment expenses	35	158
Depreciation, amortization and impairment	304	136
Impairment on financial instruments	989	1,078
<b>Operating cash flow before working capital changes</b>	<b>24,657</b>	<b>30,655</b>
<b>Adjustments for working capital changes:</b>	<b>(10,750)</b>	<b>(9,846)</b>
Interest paid		
Interest received	(36,995)	(36,953)
(Increase)/ decrease in Loans	83,531	84,475
(Increase)/ decrease in trade receivables	(10,165)	(44,822)
(Increase)/ decrease in other financial assets and others	(245)	661
Increase/(decrease) in other financial and non financial liabilities & provisions	(477)	(654)
Increase/(decrease) in trade payables	(9,600)	78
<b>Cash generated from operations</b>	<b>(873)</b>	<b>1,842</b>
Direct taxes paid (net of refunds)	14,426	(5,219)
<b>Net cash flow generated from/(used in) operating activities</b>	<b>5,144</b>	<b>1,800</b>
<b>A</b>	<b>19,570</b>	<b>(3,419)</b>
<b>Cash flow from investing activities</b>		
Purchase of investments	(2,45,836)	(1,55,575)
Proceeds of investments	2,39,202	1,57,132
Purchase of fixed assets	(411)	(246)
Proceeds from sale of fixed assets	13	4
<b>Net cash generated from/(used in) investing activities</b>	<b>(7,032)</b>	<b>1,315</b>
<b>B</b>		
<b>Cash flow from financing activities</b>		
Debt securities issued	88,760	1,05,411
Debt securities repaid	(72,745)	(93,789)
Borrowings other than debt securities issued	88,004	93,093
Borrowings other than debt securities repaid	(1,20,264)	(1,01,952)
Subordinated debt issued	1,500	3,565
Subordinated debt repaid	-	-
Proceeds from issue of shares and security premium	379	369
Repayment of lease liabilities	(629)	(618)
Dividend and tax paid on dividend	-	-
<b>Net cash generated from/(used in) financing activities</b>	<b>(14,995)</b>	<b>6,079</b>
<b>C</b>		
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2,457)</b>	<b>3,975</b>
<b>Add : Cash and cash equivalents as at the beginning of the year</b>	<b>7,535</b>	<b>3,560</b>
<b>Cash and cash equivalents as at the end of the year*</b>	<b>5,078</b>	<b>7,535</b>
<b>*Components of cash and cash equivalents</b>		
Balances with banks	4,308	6,504
Demand drafts on hand	113	129
Cash on hand	351	296
Collateral with banks for derivative	306	606
	<b>5,078</b>	<b>7,535</b>



- 3 HDB Financial Services Limited ('the Company') is a Non-Banking Financial Company registered with the Reserve Bank of India.
- 4 The standalone annual financial results for the quarter and year ended 31 March 2022, which have been subjected to audit by the Statutory Auditors of the Company, have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 16 April 2022, in terms of Regulations 33 and 52 of the Securities and Exchange Board of India (Listing and Other Disclosure Requirements) Regulations, 2015.
- 5 The standalone annual financial results have been prepared in accordance with and comply in all material aspects with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act. The standalone annual financial statements, used to prepare the standalone annual financial results, are based on the notified Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies that are required to comply with Ind AS.
- 6 The Company has implemented the requirements pertaining to day-end-processing and allied matters vide RBI circular dated November 12, 2021. Accordingly, the Gross Stage 3 as at March 31, 2022 is 4.99% (If the company had availed relaxation thereof referred to in RBI circular dated February 15, 2022, the Gross Stage 3 would have been 3.72%).
- 7 The figures for the quarter ended 31 March 2022 and 31 March 2021 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of third quarter of the respective financial year, which were subject to Limited Review.
- 8 Earnings per equity share for the quarter ended 31 March 2022, 31 December 2021 and 31 March 2021 have not been annualised.
- 9 Other equity include Statutory Reserve as per Section 45IC of Reserve Bank of India Act, 1934, balance in securities premium, retained earnings, ESOP reserve and Cash flow hedge.
- 10 The Secured listed non-convertible debt securities of the Company are secured by first pari passu mortgage of immovable property situated at "Heera Panna Commercial Complex", 3rd Floor, Dr. Yagnik Road, Rajkot and/or first and exclusive charge on receivables of the Company by way of hypothecation to the extent of minimum 1.1 times of the outstanding principle and interest there on.
- 11 The asset cover available as on March 31, 2022 in respect of secured non convertible debt securities is 1.10 and unsecured non convertible debt securities is 2.65
- 12 Information as required by Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as Annexure 1.
- 13 The disclosure in terms of Ind-AS 108 dealing with 'Operating Segment' as specified under Section 133 of the Companies Act, 2013 is attached as Annexure 2.
- 14 The Company is a 'Large Corporate' as per criteria under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with Chapter XII of SEBI Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and the disclosure in terms of the said SEBI circular is attached as Annexure 3.
- 15 Information as required by Reserve Bank of India Circular on Resolution Framework for COVID-19 related Stress dated 6 August 2020 and on Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses dated 5 May 2021 is attached as Annexure 4.
- 16 The board has recommended a final dividend of Rs. 1 per equity share for financial year ended 31 March 2022 in the Board of Directors meeting held on 16 April 2022.
- 17 Pursuant to SEBI Circular No. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019, as amended, the Company had listed Commercial Papers on National Stock Exchange (NSE).
- 18 Details of loans transferred / acquired during the quarter ended March 31, 2022 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

(i) Details of non-performing assets (NPAs) transferred are given below:

Particulars	(Rupees in million)		
	To Asset Reconstruction	To permitted transferees	To other transferees
Number of accounts			
Aggregate principal outstanding of loans transferred	80	-	-
Weighted average residual tenor of the loans transferred (in years)	144	-	-
Net book value of loans transferred	7	-	-
Aggregate consideration	78	-	-
Additional consideration realised in respect of accounts transferred in earlier years	75	-	-

- (ii) The company has not acquired any Special Mention Account.
- (iii) The company has not acquired any stressed loan and loan not in default.

19 The Board of Directors, on the recommendation of Nomination and Remuneration Committee, appointed Ms. Arundhati Mech (DIN: 09177619) as an Independent Director of the Company effective from 11 February 2022 for a period of five consecutive years. Further, the shareholders have approved her appointment through postal ballot passed on March 27, 2022.

20 Figures for the previous period have been regrouped wherever necessary, in order to make them comparable.

By Order of the Board  
For HDB Financial Services Limited

Ramesh G.  
Managing Director & CEO  
DIN : 05291597



Date : 16 April 2022  
Place : Mumbai

## HDB Financial Services Limited

### Annexure 1

Disclosures in compliance with Regulations 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended 31 March 2022

- a) **Debt-Equity ratio\***  
Debt-equity ratio of the Company as per the audited standalone financial results by statutory auditors as at 31 March 2022 is 5.77
- b) **Debt service coverage ratio**  
Not applicable
- c) **Interest service coverage ratio**  
Not applicable
- d) **Outstanding redeemable preference shares (quantity and value)**  
Not applicable
- e) **Capital redemption reserve / Debenture redemption reserve**  
Debenture redemption reserve is not required in respect of privately placed debentures in terms of Rule 18(7)(b)(ii) of Companies (Share Capital and Debenture) Rules, 2014.
- f) **Net worth\*\***  
Rs. 84,886 millions
- g) **Net profit after tax**  
Rs.10,114 millions
- h) **Earnings per share**  
a. Basic - Rs.12.81  
b. Diluted - Rs.12.80
- i) **Current ratio**  
Current ratio is 1.19
- j) **Long term debt to working capital ratio**  
Long term debt to working capital ratio is 8.09
- k) **Bad debts to account receivable ratio**  
Not applicable
- l) **Current liability ratio**  
Current liability ratio is 38.97%
- m) **Total debts to total assets**  
Total debts to total assets ratio is 78.96%
- n) **Debtors turnover**  
Not applicable
- o) **Inventory turnover**  
Not applicable
- p) **Operating margin (%)**  
Not applicable
- q) **Net profit margin (%)**  
Net profit margin for the year ended 31 March 2022 is 8.95%
- r) **Sector specific equivalent ratios such as (i) NPA/ECL ratio, (ii) PCR ratio, (iii) LCR ratio, etc**  
a. Stage 3 ratio as at 31 March 2022 is 4.99%  
b. Provision coverage ratio as at 31 March 2022 is 54.13%  
c. Liquidity coverage ratio as at 31 March 2022 is 102%

\* Debt equity ratio is (Debt securities + Borrowings + Subordinated liabilities) / Networth

\*\* Networth is equal to paid up equity share capital plus other equity less deferred tax



# HDB Financial Services Limited

## Annexure 2

### Standalone Segment Reporting

for the quarter and year ended 31 March 2022

S.N.	Particulars	(Rupees in million)				
		Quarter ended 31 Mar 2022 Audited	Quarter ended 31 Dec 2021 Reviewed	Quarter ended 31 Mar 2021 Audited	Year ended 31 Mar 2022 Audited	Year ended 31 Mar 2021 Audited
i.	<b>Segment Revenue</b>					
	Lending business	22,672	22,216	23,379	89,429	89,244
	BPO Services	6,492	5,829	5,509	23,634	20,204
	Unallocated	-	-	-	-	-
	<b>Income from Operations</b>	<b>29,164</b>	<b>28,045</b>	<b>28,888</b>	<b>1,13,063</b>	<b>1,09,448</b>
ii.	<b>Segment Results</b>					
	Lending business	5,051	3,817	6,891	12,387	4,460
	BPO Services	553	380	147	1,347	1,037
	Unallocated	149	(158)	(250)	(258)	(490)
	<b>Profit before tax</b>	<b>5,753</b>	<b>4,039</b>	<b>6,788</b>	<b>13,476</b>	<b>5,007</b>
	<b>Income Tax expenses</b>					
	Current tax	2,344	2,238	2,356	6,634	4,191
	Deferred tax Asset	(861)	(1,240)	(685)	(3,272)	(3,099)
	<b>Net Profit</b>	<b>4,270</b>	<b>3,041</b>	<b>5,117</b>	<b>10,114</b>	<b>3,915</b>
iii.	<b>Capital Employed</b>					
	<b>Segment assets</b>					
	Lending business	6,08,127	5,90,666	6,16,945	6,08,127	6,16,945
	BPO Services	1,487	1,133	1,475	1,487	1,475
	Unallocated	10,645	10,759	7,991	10,645	7,991
	<b>Total Assets</b>	<b>6,20,259</b>	<b>6,02,558</b>	<b>6,26,411</b>	<b>6,20,259</b>	<b>6,26,411</b>
	<b>Segment Liabilities</b>					
	Lending business	5,20,093	5,08,208	5,38,863	5,20,093	5,38,863
	BPO Services	956	1,714	504	956	504
	Unallocated	3,813	1,886	2,582	3,813	2,582
	<b>Total Liabilities</b>	<b>5,24,862</b>	<b>5,11,808</b>	<b>5,41,949</b>	<b>5,24,862</b>	<b>5,41,949</b>
	<b>Net Segment assets / (liabilities)</b>	<b>95,397</b>	<b>90,750</b>	<b>84,462</b>	<b>95,397</b>	<b>84,462</b>

#### a) Chief Operating Decision Maker

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker (CODM). The Managing Director (MD) of the Company has been identified as the CODM as defined by Ind AS 108 Operating Segments, who assesses the financial performance and position of the Company and makes strategic decisions.

#### b) Operating Segment

##### Primary Segment (Business Segment)

The Company is organised primarily into two operating segments, i.e. Lending business and BPO services. Lending business includes providing finance to retail customers for a variety of purposes like purchase of commercial equipment and commercial vehicles, personal purposes, enterprise loans, etc. Revenue from lending business includes (i) interest income and processing fees net of loan origination costs, (ii) collection-related charges like cheque bouncing charges, late payment charges and foreclosure charges, and (iii) insurance commission. BPO services comprises of sales support services, back office, operations, processing support, running collection call centres and collecting overdue amounts from borrowers.

##### Secondary Segment (Geographical Segment)

Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

#### c) Segment Revenue and Expense

Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as 'Unallocated'.

#### d) Segment Assets and Liabilities

Segment assets and segment liabilities represent assets and liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as 'Unallocated'.

#### e) Accounting Policies

The accounting policies consistently used in the preparation of the financial statements are also applied to items of revenue and expenditure in individual segments.





HDB Financial Services Limited

Annexure 3

Disclosure pursuant to Chapter XII of SEBI Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021

for the year ended 31 March 2022

S. No.	Particulars	Annexure A Details
1	Name of the Company	HDB Financial Services Limited
2	CIN	U65993GJ2007PLC051028
3	Outstanding borrowing of Company as on 31st March ((Rupees in million)	4,37,504
4	Highest Credit Rating during the previous FY along with name of the Credit Rating Agency	CRISIL AAA/Stable and CARE AAA/Stable
5	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	BSE

We confirm that we are a Large Corporate as per the applicability criteria given under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with Chapter XII of SEBI Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.

1. Name of the Company;
2. CIN;
3. Report filed for FY;
4. Details of the current block:

HDB Financial Services Limited  
U65993GJ2007PLC051028  
2021-22  
2021-22/2022-23

Annexure B2

S. No.	Particulars	(Rupees in million) Details
i.	2-Year block period	FY22 & FY23
ii.	Incremental borrowing done in FY (a)	1,67,577
iii.	Mandatory borrowing to be done through debt securities in FY (b) = (25% of a)	41,894
iv.	Actual borrowings done through debt securities in FY (c)	88,327
v.	Shortfall in the borrowing through debt securities, if any, for FY carry forward to FY (d)	NA
vi.	Quantum of (d), which has met from (c) (e)	Nil
vii.	Shortfall, if any, in the mandatory borrowing through debt securities for FY (f) = b - [(c) - (e)]	Nil

S. No.	Details of penalty to be paid, if any, in respect of previous block	(Rupees in million) Details
i.	2-Year block period	FY21 & FY22
ii.	Amount of the fine to be paid for the block, if applicable Fine = 0.2% ((d) - (e))	Nil

Dipti Khandelwal  
Company Secretary  
Tel: +912249116368



Jaykumar P. Shah  
Chief Financial Officer  
Tel: +912249116300



Date : 16 April 2022



# HDB Financial Services Limited

## Annexure 4

Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 pertaining to Resolution Framework for COVID-19-related Stress read with RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 pursuant to Resolution Framework 2.0 - Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) and Disclosure pursuant to Reserve Bank of India Circular RBI/2021-22/31 DOR.STR.REC. 11/21.04.048 /2021-22 dated 5 May 2021 pertaining to Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses

## Format-B For Resoulution framework

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of 30th Sep 2021 (A)	Of (A), aggregate debt that slipped into NPA during six month period ended 31st Mar 2022	Of (A) amount written off during six month ended 31st Mar 2022	Of (A) amount Paid by the borrowers during the six month ended 31st Mar 2022	(Rupees in million)	
					Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of 31st March 2022	
Personal Loans	3,271	491	-	218	2,563	
Corporate persons*	534	-	-	76	459	
Of which, MSMEs	534	-	-	76	459	
Others	3	-	-	0	3	
Total	3,809	491	-	293	3,025	



## Independent auditor's report

To  
The Board of Directors of  
HDB Financial Services Limited

### Report on the audit of the Consolidated Financial Results

#### Opinion

1. We have audited the accompanying statement of consolidated financial results of HDB Financial Services Limited ("the Parent" or "the Company") and its controlled structure entities (the parent and its controlled structured entities together referred to as "the Group"), for the quarter ended 31 March 2022 and the year to date results for the period from 1 April 2021 to 31 March 2022 ("the Statement"), being submitted by the Parent pursuant to the requirements of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").
2. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the financial information provided to us by the management of the Company, the Statement:

2.1. includes the results of the following entities:

#	Name of the entity (controlled structure entities)
1	Venus Trust December 2019
2	Venus Trust March 2020
3	Venus Trust September 2020
4	Venus Trust March 2021
5	Venus Trust March 2022

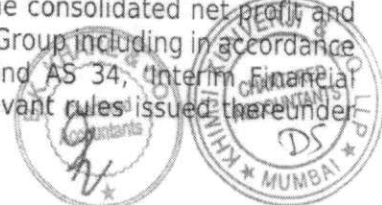
- 2.2. is presented in accordance with the requirements of Listing Regulations; and
- 2.3. gives a true and fair view, in conformity with the applicable Indian Accounting Standards ("Ind AS"), and other accounting principles generally accepted in India, of the consolidated net profit and other comprehensive income and other financial information of the Group for the quarter ended 31 March 2022 and the year-to-date results for the period from 1 April 2021 to 31 March 2022.

#### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Results section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.

#### Management's and Board of Director's Responsibilities for the Consolidated Financial Results

4. The Statement has been prepared on the basis of the consolidated annual financial statements. The Parent's Management and Board of Directors are responsible for the preparation and presentation of the Statement that gives a true and fair view of the consolidated net profit and other comprehensive income and other financial information of the Group including in accordance with the recognition and measurement principles laid down in Ind AS 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act read with relevant rules issued thereunder.

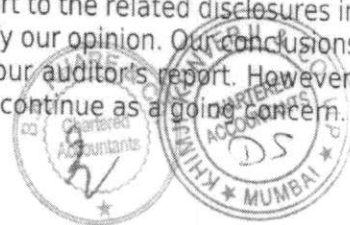


and other accounting principles generally accepted in India and in compliance with the Listing Regulations. The respective management of the controlled structured entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and the Group 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 the design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement 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 Statement by the Management and the Directors of the Parent, as aforesaid.

5. In preparing the Statement, the Board of Directors of the Parent are responsible for assessing the ability of each structurally controlled entity and the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.
6. The Board of Directors of the Parent are responsible for overseeing the financial reporting process of the Group.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Results**

7. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.
8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - 8.1. Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - 8.2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of consolidated financial statements on whether the Group has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
  - 8.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Parent.
  - 8.4. Conclude on the appropriateness of the said Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- 8.5. Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
- 8.6. Obtain sufficient appropriate audit evidence regarding the structurally controlled entities within the Group to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Statement of which we are the independent auditors. For the other entities included in the Statement, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
- 8.7. We communicate with those charged with governance of the Parent Company and such other entities included in the Statement of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit
- 8.8. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- 8.9. We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

#### **Other Matters**

9. The Statement includes the unaudited Financial Results of 5 controlled structure entities, whose financial information reflect Group's share of total assets of Rs. Nil as at 31 March 2022, Group's share of total revenue of Rs. Nil and Rs. Nil and Group's share of total net profit after tax of Rs. Nil and Rs. Nil for the quarter ended 31 March 2022 and for the period from 1 April 2021 to 31 March 2022 respectively, as considered in the Statement. This unaudited financial information has been furnished to us by the Board of Directors and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these controlled structure entities is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, the said financial information are not material to the Group.  
  
Our opinion on the Statement is not modified in respect of our reliance on the financial information certified by the Board of Directors.
10. Attention is drawn to the fact that the audited consolidated financial results of the Company for the quarter and year ended 31 March 2021 were audited by erstwhile auditors whose report dated 17 April 2021, expressed an unmodified opinion on those audited consolidated financial results and the consolidated financial statements. Our opinion is not modified in respect of this matter.



**B. K. Khare & Co.**  
Chartered Accountants  
706-708, Sharda Chambers  
New Marine Lines  
Mumbai 400020

**Khimji Kunverji & Co LLP**  
Level-19, Sunshine Tower,  
Senapati Bapat Marg,  
Elphinstone Road,  
Mumbai, Maharashtra 400013

11. The Statement includes the results for the quarter ended 31 March 2022 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by the auditors.

For B. K. Khare & Co.  
Chartered Accountants  
Firm Registration Number - 105102W

Padmini Khare Kaicker  
Partner  
Membership Number: 044784  
UDIN: 22044784AHELKB9556  
Place: Mumbai  
Date: 16 April, 2022



For Khimji Kunverji & Co LLP  
Chartered Accountants  
Firm Registration Number - 105146W/W-  
100621

Hasmukh B Dedhia  
Partner  
Membership Number: 033494  
UDIN: 22033494AHEKXT7323  
Place: Mumbai  
Date: 16 April, 2022





**Audited Consolidated Annual Financial Results**  
*for the quarter and year ended 31 March 2022*

Particulars	(Rupees in million)				
	Quarter ended 31 Mar 2022 Audited	Quarter ended 31 Dec 2021 Unaudited	Quarter ended 31 Mar 2021 Audited	Year ended 31 Mar 2022 Audited	Year ended 31 Mar 2021 Audited
<b>I Revenue from operations</b>					
Interest income	20,944	20,454	22,025	83,630	84,879
Sale of services	6,492	5,829	5,509	23,634	20,204
Other financial charges	1,806	1,700	1,366	5,690	4,051
Net gain on fair value changes	(65)	76	3	165	400
Net gain/(loss) on derecognised financial instruments	(13)	(14)	(15)	(56)	(86)
<b>Total Revenue from operations</b>	<b>29,164</b>	<b>28,045</b>	<b>28,888</b>	<b>1,13,063</b>	<b>1,09,448</b>
<b>II Expenses</b>					
Finance Costs	7,750	8,229	9,035	33,255	38,829
Impairment on financial instruments	4,218	5,404	4,290	24,657	30,688
Employee benefits expenses	9,644	8,482	7,073	35,004	29,556
Depreciation, amortization and impairment	245	247	257	989	1,078
Others expenses	1,554	1,644	1,445	5,682	4,290
<b>Total expenses</b>	<b>23,411</b>	<b>24,006</b>	<b>22,100</b>	<b>99,587</b>	<b>1,04,441</b>
<b>III Profit before tax (I-II)</b>	<b>5,753</b>	<b>4,039</b>	<b>6,788</b>	<b>13,476</b>	<b>5,007</b>
<b>IV Tax expense:</b>					
a. Current tax	2,344	2,238	2,356	6,634	4,191
b. Deferred tax	(861)	(1,240)	(685)	(3,272)	(3,099)
<b>Total tax expense</b>	<b>1,483</b>	<b>998</b>	<b>1,671</b>	<b>3,362</b>	<b>1,092</b>
<b>V Net Profit for the period (III-IV)</b>	<b>4,270</b>	<b>3,041</b>	<b>5,117</b>	<b>10,114</b>	<b>3,915</b>
<b>VI Other Comprehensive Income (net of tax)</b>	<b>134</b>	<b>200</b>	<b>-</b>	<b>138</b>	<b>(135)</b>
<b>VII Total Comprehensive Income (after tax) (V-VI)</b>	<b>4,404</b>	<b>3,241</b>	<b>5,117</b>	<b>10,252</b>	<b>3,780</b>
<b>VIII Earnings per equity share (Refer Note 8)</b>					
a. Basic (in Rupees)	5.41	3.85	6.49	12.81	4.97
b. Diluted (in Rupees)	5.41	3.85	6.49	12.80	4.97
Face value per share (in Rupees)	10	10	10	10	10





Notes:

1 Statement of Consolidated Assets and Liabilities

Particulars	(Rupees in million)	
	As at 31 Mar 2022	As at 31 Mar 2021
	Audited	Audited
<b>ASSETS</b>		
<b>1 Financial Assets</b>		
(a) Cash and cash equivalents		
(b) Bank balances other than cash and cash equivalents	5,078	7,535
(c) Derivative financial instruments	1,762	2,229
(d) Trade receivables	1,324	-
(e) Loans	1,418	1,173
(f) Investments	5,71,625	5,86,014
(g) Other financial assets	22,335	15,929
	3,146	2,492
	<b>6,06,688</b>	<b>6,15,372</b>
<b>2 Non-financial Assets</b>		
(a) Current tax assets (Net)		
(b) Deferred tax assets (Net)	133	569
(c) Property, plant and equipment	10,512	7,300
(d) Capital work-in-progress	781	915
(e) Other intangible assets	-	-
(f) Right of Use Assets	120	80
	2,025	2,174
	<b>13,571</b>	<b>11,038</b>
<b>TOTAL ASSETS</b>	<b>6,20,259</b>	<b>6,26,410</b>
<b>EQUITY AND LIABILITIES</b>		
<b>3 Financial Liabilities</b>		
(a) Derivative financial instruments		
(b) Trade payables	-	427
(i) Total outstanding dues of micro enterprises and small enterprises	-	0
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,469	3,342
(c) Debt securities	2,53,323	2,38,021
(d) Borrowings (other than debt securities)	1,95,017	2,25,691
(e) Subordinated liabilities	41,391	39,876
(f) Other financial liabilities	27,087	28,449
	<b>5,19,287</b>	<b>5,35,806</b>
<b>4 Non-Financial Liabilities</b>		
(a) Current tax liabilities (net)		
(b) Provisions	597	1,731
(c) Other non-financial liabilities	3,148	3,198
	1,830	1,213
	<b>5,575</b>	<b>6,142</b>
<b>5 Equity</b>		
(a) Equity share capital		
(b) Other equity	7,904	7,892
	87,493	76,570
	<b>95,397</b>	<b>84,462</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,20,259</b>	<b>6,26,410</b>



2 Statement of Consolidated Cash Flow

Particulars	(Rupees in million)	
	Year ended 31 Mar 2022	Year ended 31 Mar 2021
	Audited	Audited
<b>Cash flow from operating activities</b>		
Profit before tax		
<b>Adjustments for</b>	13,476	5,007
Interest income		
Interest expenses	(83,630)	(84,879)
(Profit)/loss on sale of asset	33,166	38,572
Realised net (gain)/ loss on FVTPL investments	(1)	19
Unrealised (gain)/loss on FVTPL investments	393	(798)
Discount on commercial paper	(228)	(51)
Provision for compensated absence and gratuity	89	257
Employee share based payment expenses	35	158
Depreciation, amortization and impairment	304	136
Impairment on financial instruments	989	1,078
<b>Operating cash flow before working capital changes</b>	24,657	30,655
<b>Adjustments for working capital changes:</b>	(10,750)	(9,846)
Interest paid		
Interest received	(36,995)	(36,953)
(Increase)/ decrease in Loans	83,531	84,475
(Increase)/ decrease in trade receivables	(10,165)	(44,822)
(Increase)/ decrease in other financial assets and others	(245)	661
Increase/(decrease) in other financial and non financial liabilities & provisions	(477)	(654)
Increase/(decrease) in trade payables	(9,600)	78
<b>Cash generated from operations</b>	(873)	1,842
Direct taxes paid (net of refunds)	14,426	(5,219)
<b>Net cash flow generated from/(used in) operating activities</b>	5,144	1,800
	<b>A</b>	<b>(3,419)</b>
<b>Cash flow from investing activities</b>		
Purchase of investments	(2,45,836)	(1,55,575)
Proceeds of investments	2,39,202	1,57,132
Purchase of fixed assets	(411)	(246)
Proceeds from sale of fixed assets	13	4
<b>Net cash generated from/(used in) investing activities</b>	<b>(7,032)</b>	<b>1,315</b>
	<b>B</b>	
<b>Cash flow from financing activities</b>		
Debt securities issued	88,760	1,05,411
Debt securities repaid	(72,745)	(93,789)
Borrowings other than debt securities issued	88,004	93,093
Borrowings other than debt securities repaid	(1,20,264)	(1,01,952)
Subordinated debt issued	1,500	3,565
Subordinated debt repaid	-	-
Proceeds from issue of shares and security premium	379	369
Repayment of lease liabilities	(629)	(618)
Dividend and tax paid on dividend	-	-
<b>Net cash generated from/(used in) financing activities</b>	<b>(14,995)</b>	<b>6,079</b>
	<b>C</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2,457)</b>	<b>3,975</b>
Add : Cash and cash equivalents as at the beginning of the year	7,535	3,560
<b>Cash and cash equivalents as at the end of the year*</b>	<b>5,078</b>	<b>7,535</b>
<b>*Components of cash and cash equivalents</b>		
Balances with banks	4,308	6,504
Demand drafts on hand	113	129
Cash on hand	351	296
Collateral with banks for derivative	306	606
	<b>5,078</b>	<b>7,535</b>



- 3 HDB Financial Services Limited ('the Group') is a Non-Banking Financial Company registered with the Reserve Bank of India.
- 4 The consolidated annual financial results for the quarter and year ended 31 March 2022, which have been subjected to audit by the Statutory Auditors of the Group, have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 16 April 2022, in terms of Regulations 33 and 52 of the Securities and Exchange Board of India (Listing and Other Disclosure Requirements) Regulations, 2015.
- 5 The consolidated annual financial results have been prepared in accordance with and comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act. The consolidated annual financial statements, used to prepare the consolidated annual financial results, are based on the notified Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies that are required to comply with Ind AS.
- 6 The Group has implemented the requirements pertaining to day-end-processing and allied matters vide RBI circular dated November 12, 2021. Accordingly, the Gross Stage 3 as at March 31, 2022 is 4.99% (If the Group had availed relaxation thereof referred to in RBI circular dated February 15, 2022, the Gross Stage 3 would have been 3.72%).
- 7 The figures for the quarter ended 31 March 2022 and 31 March 2021 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of third quarter of the respective financial year, which were subject to Limited Review.
- 8 Earnings per equity share for the quarter ended 31 March 2022, 31 December 2021 and 31 March 2021 have not been annualised.
- 9 Other equity include Statutory Reserve as per Section 451C of Reserve Bank of India Act, 1934, balance in securities premium, retained earnings, ESOP reserve and Cash flow hedge.
- 10 The Secured listed non-convertible debt securities of the Group are secured by first pari passu mortgage of immovable property situated at "Heera Panna Commercial Complex", 3rd Floor, Dr. Yagnik Road, Rajkot and/or first and exclusive charge on receivables of the Group by way of hypothecation to the extent of minimum 1.1 times of the outstanding principle and interest there on.
- 11 The asset cover available as on March 31, 2022 in respect of secured non convertible debt securities is 1.10 and unsecured non convertible debt securities is 2.65.
- 12 Information as required by Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as Annexure 1.
- 13 The disclosure in terms of Ind-AS 108 dealing with 'Operating Segment' as specified under Section 133 of the Companies Act, 2013 is attached as Annexure 2.
- 14 The Group is a 'Large Corporate' as per criteria under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with Chapter XII of SEBI Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and the disclosure in terms of the said SEBI circular is attached as Annexure 3.
- 15 Information as required by Reserve Bank of India Circular on Resolution Framework for COVID-19 related Stress dated 6 August 2020 and on Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses dated 5 May 2021 is attached as Annexure 4.
- 16 The board has recommended a final dividend of Rs. 1 per equity share for financial year ended 31 March 2022 in the Board of Directors meeting held on 16 April 2022.
- 17 Pursuant to SEBI Circular No. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019, as amended, the Group had listed Commercial Papers on National Stock Exchange (NSE).
- 18 Details of loans transferred / acquired during the quarter ended March 31, 2022 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

(i) Details of non-performing assets (NPAs) transferred are given below:

Particulars	(Rupees in million)		
	To Asset Reconstruction	To permitted transferees	To other transferees
Number of accounts	80	-	-
Aggregate principal outstanding of loans transferred	144	-	-
Weighted average residual tenor of the loans transferred (in years)	7	-	-
Net book value of loans transferred	78	-	-
Aggregate consideration	75	-	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-	-

- (ii) The Group has not acquired any Special Mention Account.
- (iii) The Group has not acquired any stressed loan and loan not in default.
- 19 The Board of Directors, on the recommendation of Nomination and Remuneration Committee, appointed Ms. Arundhati Mech (DIN: 09177619) as an Independent Director of the Group effective from 11 February 2022 for a period of five consecutive years. Further, the shareholders have approved her appointment through postal ballot passed on March 27, 2022.
- 20 Figures for the previous period have been regrouped wherever necessary, in order to make them comparable.

By Order of the Board  
For HDB Financial Services Limited

Ramesh G.  
Managing Director & CEO  
DIN: 05291597



Date : 16 April 2022  
Place : Mumbai

## HDB Financial Services Limited

### Annexure 1

Disclosures in compliance with Regulations 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended 31 March 2022

- a) **Debt-Equity ratio\***  
Debt-equity ratio of the Group as per the audited consolidated financial results by statutory auditors as at 31 March 2022 is 5.77
- b) **Debt service coverage ratio**  
Not applicable
- c) **Interest service coverage ratio**  
Not applicable
- d) **Outstanding redeemable preference shares (quantity and value)**  
Not applicable
- e) **Capital redemption reserve / Debenture redemption reserve**  
Debenture redemption reserve is not required in respect of privately placed debentures in terms of Rule 18(7)(b)(ii) of Companies (Share Capital and Debenture) Rules, 2014.
- f) **Net worth\*\***  
Rs. 84,886 millions
- g) **Net profit after tax**  
Rs.10,114 millions
- h) **Earnings per share**  
a. Basic - Rs.12.81  
b. Diluted - Rs.12.80
- i) **Current ratio**  
Current ratio is 1.19
- j) **Long term debt to working capital ratio**  
Long term debt to working capital ratio is 8.09
- k) **Bad debts to account receivable ratio**  
Not applicable
- l) **Current liability ratio**  
Current liability ratio is 38.97%
- m) **Total debts to total assets**  
Total debts to total assets ratio is 78.96%
- n) **Debtors turnover**  
Not applicable
- o) **Inventory turnover**  
Not applicable
- p) **Operating margin (%)**  
Not applicable
- q) **Net profit margin (%)**  
Net profit margin for the year ended 31 March 2022 is 8.95%
- r) **Sector specific equivalent ratios such as (i) NPA/ECL ratio, (ii) PCR ratio, (iii) LCR ratio, etc**  
a. Stage 3 ratio as at 31 March 2022 is 4.99%  
b. Provision coverage ratio as at 31 March 2022 is 54.13%  
c. Liquidity coverage ratio as at 31 March 2022 is 102%

\* Debt equity ratio is (Debt securities + Borrowings + Subordinated liabilities) / Networth

\*\* Networth is equal to paid up equity share capital plus other equity less deferred tax



# HDB Financial Services Limited

## Annexure 2

### Consolidated Segment Reporting

for the quarter and year ended 31 March 2022

S.N.	Particulars	(Rupees in million)				
		Quarter ended 31 Mar 2022 Audited	Quarter ended 31 Dec 2021 Reviewed	Quarter ended 31 Mar 2021 Audited	Year ended 31 Mar 2022 Audited	Year ended 31 Mar 2021 Audited
i.	<b>Segment Revenue</b>					
	Lending business	22,672	22,216	23,379	89,429	89,244
	BPO Services	6,492	5,829	5,509	23,634	20,204
	Unallocated	-	-	-	-	-
	<b>Income from Operations</b>	<b>29,164</b>	<b>28,045</b>	<b>28,888</b>	<b>1,13,063</b>	<b>1,09,448</b>
ii.	<b>Segment Results</b>					
	Lending business	5,051	3,817	6,891	12,387	4,460
	BPO Services	553	380	147	1,347	1,037
	Unallocated	149	(158)	(250)	(258)	(490)
	<b>Profit before tax</b>	<b>5,753</b>	<b>4,039</b>	<b>6,788</b>	<b>13,476</b>	<b>5,007</b>
	<b>Income Tax expenses</b>					
	Current tax	2,344	2,238	2,356	6,634	4,191
	Deferred tax Asset	(861)	(1,240)	(685)	(3,272)	(3,099)
	<b>Net Profit</b>	<b>4,270</b>	<b>3,041</b>	<b>5,117</b>	<b>10,114</b>	<b>3,915</b>
iii.	<b>Capital Employed</b>					
	<b>Segment assets</b>					
	Lending business	6,08,127	5,90,666	6,16,945	6,08,127	6,16,945
	BPO Services	1,487	1,133	1,475	1,487	1,475
	Unallocated	10,645	10,759	7,991	10,645	7,991
	<b>Total Assets</b>	<b>6,20,259</b>	<b>6,02,558</b>	<b>6,26,411</b>	<b>6,20,259</b>	<b>6,26,411</b>
	<b>Segment Liabilities</b>					
	Lending business	5,20,093	5,08,208	5,38,863	5,20,093	5,38,863
	BPO Services	956	1,714	504	956	504
	Unallocated	3,813	1,886	2,582	3,813	2,582
	<b>Total Liabilities</b>	<b>5,24,862</b>	<b>5,11,808</b>	<b>5,41,949</b>	<b>5,24,862</b>	<b>5,41,949</b>
	<b>Net Segment assets / (liabilities)</b>	<b>95,397</b>	<b>90,750</b>	<b>84,462</b>	<b>95,397</b>	<b>84,462</b>

#### a) Chief Operating Decision Maker

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker (CODM). The Managing Director ('MD') of the Group has been identified as the CODM as defined by Ind AS 108 Operating Segments, who assesses the financial performance and position of the Group and makes strategic decisions.

#### b) Operating Segment

##### Primary Segment (Business Segment)

The Group is organised primarily into two operating segments, i.e. Lending business and BPO services. Lending business includes providing finance to retail customers for a variety of purposes like purchase of commercial equipment and commercial vehicles, personal purposes, enterprise loans, etc. Revenue from lending business includes (i) interest income and processing fees net of loan origination costs, (ii) collection-related charges like cheque bouncing charges, late payment charges and foreclosure charges, and (iii) insurance commission. BPO services comprises of sales support services, back office, operations, processing support, running collection call centres and collecting overdue amounts from borrowers.

##### Secondary Segment (Geographical Segment)

Since the business operations of the Group are primarily concentrated in India, the Group is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

#### c) Segment Revenue and Expense

Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as 'Unallocated'.

#### d) Segment Assets and Liabilities

Segment assets and segment liabilities represent assets and liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as 'Unallocated'.

#### e) Accounting Policies

The accounting policies consistently used in the preparation of the financial statements are also applied to items of revenue and expenditure in individual segments.



# HDB Financial Services Limited

## Annexure 3

Disclosure pursuant to Chapter XII of SEBI Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021

for the year ended 31 March 2022

S. No.	Particulars	Details
1	Name of the Group	HDB Financial Services Limited
2	CIN	U65993GJ2007PLC051028
3	Outstanding borrowing of Group as on 31st March ((Rupees in million)	4,37,504
4	Highest Credit Rating during the previous FY along with name of the Credit Rating Agency	CRISIL AAA/Stable and CARE AAA/Stable
5	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	BSE

We confirm that we are a Large Corporate as per the applicability criteria given under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with Chapter XII of SEBI Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.

## Annexure B2


1. Name of the Group: HDB Financial Services Limited
2. CIN: U65993GJ2007PLC051028
3. Report filed for FY: 2021-22
4. Details of the current block: 2021-22/2022-23

S. No.	Particulars	(Rupees in million)
i.	2-Year block period	FY22 & FY23
ii.	Incremental borrowing done in FY (a)	1,67,577
iii.	Mandatory borrowing to be done through debt securities in FY (b) = (25% of a)	41,894
iv.	Actual borrowings done through debt securities in FY (c)	88,327
v.	Shortfall in the borrowing through debt securities, if any, for FY carry forward to FY (d)	NA
vi.	Quantum of (d), which has met from (c) (e)	Nil
vii.	Shortfall, if any, in the mandatory borrowing through debt securities for FY (f) = b - [(c) - (e)]	Nil

S. No.	Details of penalty to be paid, if any, in respect of previous block	(Rupees in million)
i.	2-Year block period	FY21 & FY22
ii.	Amount of the fine to be paid for the block, if applicable Fine = 0.2% ((d) - (e))	Nil

  
Dipti Khundelwal  
Company Secretary  
Tel: +91 2249116368

Date : 16 April 2022

  
Jaykumar P. Shah  
Chief Financial Officer  
Tel: +912249116300



# HDB Financial Services Limited

## Annexure 4

Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 pertaining to Resolution Framework for COVID-19-related Stress read with RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 pursuant to Resolution Framework 2.0 - Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) and Disclosure pursuant to Reserve Bank of India Circular RBI/2021-22/31 DOR.STR.REC. 11/21.04.048/2021-22 dated 5 May 2021 pertaining to Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses

### Format-B For Resoultion framework

Type of borrower	(Rupees in million)				
	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of 30th Sep 2021 (A)	Of (A), aggregate debt that slipped into NPA during six month period ended 31st Mar 2022	Of (A) amount written off during six month ended 31st Mar 2022	Of (A) amount Paid by the borrowers during the six month ended 31st Mar 2022	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of 31st March 2022
Personal Loans	3,271	491	-	218	2,563
Corporate persons*	534	-	-	76	459
Of which, MSMEs	534	-	-	76	459
Others	3	-	-	0	3
Total	3,809	491	-	293	3,025





# Independent Auditors' Report



To the Board of Directors of HDB Financial Services Limited

Report on the Audit of the Standalone Financial Statements

## Opinion

We have audited the Standalone Financial Statements of HDB Financial Services Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Independent Auditors' Report (Continued)



Description of Key Audit Matters:

Key audit matter	How the matter was addressed in our audit
<b>Impairment of Loans</b>  <b>Charge: INR 3071.52 crore for year ended 31 March 2021</b>  <b>Provision: INR 2723.56 crore at 31 March 2021</b>	
<i>Refer Note 2.2(G), Note 3(B), Note 8 and Note 44 to the Standalone Financial Statements</i>	
<b>Subjective estimate</b>  Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: <ul style="list-style-type: none"> <li>• Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.</li> <li>• Model estimations - Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach.</li> <li>• Economic scenarios - Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19.</li> </ul>	Our key audit procedures included:  <b>Design / controls</b>  We performed end to end process walkthroughs to identify the key systems, applications and controls used in the ECL process. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the ECL process.  Key aspects of our controls testing involved the following: <ul style="list-style-type: none"> <li>• Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models.</li> <li>• Testing the 'Governance Framework' controls over validation, implementation, and model monitoring in line with the RBI guidance.</li> <li>• Testing the design and operating effectiveness of the key controls over the application of the staging criteria.</li> <li>• Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights.</li> <li>• Testing management's controls on compliance with Ind AS 109 disclosures related to ECL.</li> <li>• Testing key controls operating over restructuring process in relation to eligibility, approval and modification of terms.</li> </ul>

# Independent Auditors' Report (Continued)

## Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in our audit
<p><b>Impairment of Loans (continued)</b></p> <ul style="list-style-type: none"> <li>Restructuring - the Company has restructured loans in the current year on account of COVID-19 related regulatory measures. This has resulted in increased management estimation over determination of provision for such restructured loans</li> </ul> <p>The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Standalone Financial Statements as a whole, and possibly many times that amount.</p> <p><b>Disclosures</b></p> <p>The disclosures (including disclosures prescribed by RBI) regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.</p>	<ul style="list-style-type: none"> <li>Testing key controls operating over the information technology in relation to loan impairment management systems, including system access and system change management, program development and computer operations.</li> </ul> <p>Involvement of experts - we involved financial risk modelling experts for the following:</p> <ul style="list-style-type: none"> <li>Evaluating the appropriateness of the Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used.</li> <li>The reasonableness of the Company's considerations of the impact of the current economic environment due to COVID-19 on the ECL determination.</li> </ul> <p><b>Test of details</b></p> <p>Key aspects of our testing included:</p> <ul style="list-style-type: none"> <li>Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied.</li> <li>Model calculations testing through re-performance, where possible.</li> <li>Test of details over restructuring provision approach and computation by assessing the reasonableness of key inputs used, inspecting the calculations and re-performance of ECL provision computation.</li> <li>Assessing disclosures - Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Standalone Financial Statements are appropriate and sufficient.</li> </ul>

# Independent Auditors' Report (Continued)

## Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in our audit
<b>Information technology</b>	
<b>IT systems and controls</b> <p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. The Company primarily uses three systems for its overall financial reporting.</p> <p>We have focused on user access management, change management, segregation of duties and system application controls over key financial accounting and reporting systems.</p>	<p>Our audit procedures to assess the IT system access management included the following:</p> <p><b>General IT controls / user access management controls:</b></p> <ul style="list-style-type: none"> <li>• We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.</li> <li>• We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.</li> <li>• For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process.</li> <li>• Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission.</li> <li>• Other areas that were assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.</li> </ul>

## Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the

## Independent Auditors' Report (Continued)



state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



# Independent Auditors' Report (Continued)



## Auditor's Responsibilities for the Audit of the Standalone Financial Statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' 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 Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its Standalone Financial Statements - Refer Note 38.2 to the Standalone Financial Statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 38.3 to the Standalone Financial Statements; and
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

**For B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

Sd/-

**Akeel Master**

*Partner*

Mumbai

17 April 2021

Membership No: 046768

UDIN: 21046768AAAABL9621

**Annexure A to the Independent Auditor's Report of even date on Standalone Financial Statements of HDB Financial Services Limited**



- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a regular program of physical verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable property is held in the name of the Company.
- (ii) The Company is in the business of providing services and does not have any physical inventories. Accordingly, the provision of clause 3(ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provision of clause 3(iii) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under section 185 of the Act and has complied with the provisions of section 186(1) of the Act. The Company being a NBFC, nothing contained in Section 186 is applicable, except subsection (1) of that section.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed there under apply.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable.
- (vii) a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of sales tax, duty of customs or duty of excise.  
  
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, the Company did not have any dues on account of income tax, service tax, value added tax or goods and service tax which have not been deposited on account of dispute
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, Government or debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been generally applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer during the year.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the explanation and information



**Annexure A to the Independent Auditor's Report of even date on  
Standalone Financial Statements of HDB Financial Services Limited**



given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year, except for one material case of cheating and forgery amounting to ₹ 10.89 crores, where some of the employees of a branch colluded and processed loans based on fraudulent documents.

- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, the provision of clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provision of clause 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the company, during the year the Company has not entered into any non-cash transactions with directors or persons connected with him and hence the provision of Section 192 of the Act is not applicable.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained certificate of registration dated 31 December 2007.

**For B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

Sd/-

**Akeel Master**

*Partner*

Membership No: 046768

UDIN: 21046768AAAABL9621

Mumbai  
17 April 2021

**Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

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

**Opinion**

We have audited the internal financial controls with reference to financial statements of HDB Financial Services Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to financial statement criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

**Auditor's Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

**Meaning of Internal Financial Controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal

financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Financial Statements.

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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

**For B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

Sd/-

**Akeel Master**

*Partner*

Membership No: 046768

UDIN: 21046768AAAAABL9621

Mumbai  
17 April 2021

# Standalone Balance Sheet as at 31 March 2021

(Currency : Indian Rupees in crore)



	Note	As at 31 March 2021	As at 31 March 2020
<b>ASSETS</b>			
<b>1 Financial Assets</b>			
(a) Cash and cash equivalents	4	753.51	355.95
(b) Bank balances other than (a) above	5	222.87	207.23
(c) Derivative financial instruments	6	-	81.32
(d) Trade receivables	7	117.32	181.18
(e) Loans	8	58,601.44	57,145.88
(f) Investments	9	1,592.90	1,745.76
(g) Other financial assets	10	249.22	118.08
		<b>61,537.26</b>	<b>59,835.40</b>
<b>2 Non-financial Assets</b>			
(a) Current tax assets (Net)	11	56.91	77.42
(b) Deferred tax assets (Net)	12	729.99	415.62
(c) Property, plant and equipment		91.52	124.48
(d) Capital work-in-progress	13	-	0.06
(e) Other intangible assets		7.98	9.07
(f) Right of Use Assets	14	217.40	252.41
		<b>1,103.80</b>	<b>879.06</b>
<b>TOTAL ASSETS</b>		<b>62,641.06</b>	<b>60,714.46</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>3 Financial Liabilities</b>			
(a) Derivative financial instruments	6	42.72	-
(b) Trade payables	15	0.01	-
(i) Total outstanding dues of micro enterprises and small enterprises		334.25	149.99
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises			
(c) Debt securities	16	23,802.07	22,593.38
(d) Borrowings (other than debt securities)	17	22,569.07	23,580.16
(e) Subordinated liabilities	18	3,987.61	3,630.55
(f) Other financial liabilities	19	2,844.93	2,254.38
		<b>53,580.66</b>	<b>52,208.46</b>
<b>4 Non-Financial Liabilities</b>			
(a) Current tax liabilities (net)	20	173.05	74.60
(b) Provisions	21	319.85	286.86
(c) Other non-financial liabilities	22	121.26	126.74
		<b>614.16</b>	<b>488.20</b>
<b>5 Equity</b>			
(a) Equity share capital	23	789.19	787.58
(b) Other equity	24	7,657.05	7,230.22
		<b>8,446.24</b>	<b>8,017.80</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>62,641.06</b>	<b>60,714.46</b>
Significant accounting policies and notes to the Standalone Financial Statements.			
	2 - 86		

The notes referred to above form an integral part of the Standalone Financial Statements.  
As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firms' Registration No: 101248W/W-100022

Sd/-

**Akeel Master**

Partner

Membership No.: 046768

Mumbai

17 April 2021

For and on behalf of the Board of Directors of HDB Financial Services Limited

Sd/-

**G Ramesh**

Managing Director

Sd/-

**Haren Parekh**

Chief Financial Officer

Sd/-

**Venkatraman Srinivasan**

Director

Sd/-

**Dipti Khandelwal**

Company Secretary

# Standalone Statement of Profit and Loss for the year ended 31 March 2021

(Currency : Indian Rupees in crore)



	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>1 Revenue from operations</b>			
(a) Interest income	25	8,487.88	8,233.47
(b) Sale of services		2,020.43	2,113.23
(c) Other financial charges		405.05	408.32
(d) Net gain on fair value changes	26	40.04	18.78
(e) Net gain / (loss) on derecognition of financial instruments under amortised cost category		(8.62)	(17.33)
<b>Total Revenue from operations</b>		<b>10,944.78</b>	<b>10,756.47</b>
<b>2 Expenses</b>			
(a) Finance Costs	27	3,882.93	4,081.42
(b) Impairment on financial instruments	28	3,068.77	1,441.57
(c) Employee Benefits Expenses	29	2,955.59	3,195.57
(d) Depreciation, amortization and impairment	13,14	107.79	109.66
(e) Others expenses	30	428.99	463.77
<b>Total Expenses</b>		<b>10,444.07</b>	<b>9,291.99</b>
<b>3 Profit before tax</b>		<b>500.71</b>	<b>1,464.48</b>
<b>4 Tax Expense:</b>	11,12		
(a) Current tax		419.09	471.78
(b) Deferred tax (credit)		(309.85)	(12.15)
(c) Income tax for earlier year		-	-
<b>Total Tax expense</b>		<b>109.24</b>	<b>459.63</b>
<b>5 Profit for the year</b>		<b>391.47</b>	<b>1,004.85</b>
<b>6 Other Comprehensive Income</b>			
(a) Items that will not be reclassified to profit or loss			
- Remeasurement gain/(loss) on defined benefit plan		(20.97)	(26.59)
- Income tax relating to items that will not be reclassified to profit or loss		5.28	6.69
<b>Sub total (a)</b>		<b>(15.69)</b>	<b>(19.90)</b>
(b) Items that will be reclassified to profit or loss			
- Movement in cash flow hedge reserve		2.99	(46.95)
- Income tax relating to items that will be reclassified to profit or loss		(0.75)	11.82
<b>Sub total (b)</b>		<b>2.24</b>	<b>(35.13)</b>
<b>Other Comprehensive Income</b>		<b>(13.45)</b>	<b>(55.03)</b>
<b>7 Total Comprehensive Income for the year</b>		<b>378.02</b>	<b>949.82</b>
<b>8 Earnings per equity share (for continuing operations)</b>	31		
Basic (₹)		4.97	12.78
Diluted (₹)		4.97	12.77
Significant accounting policies and notes to the Standalone Financial Statements.		2 - 86	

The notes referred to above form an integral part of the Standalone Financial Statements.  
As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firms' Registration No: 101248W/W-100022

Sd/-

Akeel Master

Partner

Membership No.: 046768

Mumbai

17 April 2021

For and on behalf of the Board of Directors of HDB Financial Services Limited

Sd/-

G Ramesh

Managing Director

Sd/-

Haren Parekh

Chief Financial Officer

Sd/-

Venkatraman Srinivasan

Director

Sd/-

Dipti Khandelwal

Company Secretary

# Standalone Cash Flow Statement for the year ended 31 March 2021

(Currency : Indian Rupees in crore)



	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>A</b>	<b>Cash flow from operating activities</b>		
	Profit/(loss) before tax	500.71	1,464.48
	<b>Adjustments for</b>		
	(Profit)/loss on sale of asset	1.91	(0.19)
	Interest Expenses	3,857.22	3,796.73
	Interest Income	(8,487.88)	(8,233.47)
	Realised net (gain)/ loss on FVTPL investments	(79.75)	(43.85)
	Unrealised (gain)/loss on FVTPL investments	(5.15)	(1.95)
	Discount on commercial paper	25.71	284.69
	Impairment on financial instruments	3,065.52	1,441.57
	Provision for compensated absence and gratuity	15.78	16.21
	Employee share based payment expenses	13.55	11.19
	Rent expenses reversal	(61.78)	(55.80)
	Depreciation, amortization and impairment	107.79	109.66
	<b>Operating cash flow before working capital changes</b>	(1,046.37)	(1,210.73)
	<b>Adjustments for working capital changes:</b>		
	(Increase)/ decrease in trade receivables	66.12	(66.76)
	(Increase)/decrease in other financial assets and others	(65.41)	(207.27)
	(Increase)/decrease in Loans	(4,482.17)	(4,608.28)
	Increase/(decrease) in other financial and non financial liabilities & provisions	7.85	(1,768.36)
	Increase/(decrease) in trade payables	184.27	(244.92)
	Interest Paid	(3,695.31)	(3,296.85)
	Interest Received	8,447.48	8,134.29
	Cash generated from operations	(583.54)	(3,268.88)
	Direct taxes paid (net of refunds)	180.00	237.00
	<b>Net cash flow generated from/(used in) operating activities (A)</b>	(403.54)	(3,031.88)
<b>B</b>	<b>Cash flow from investing activities</b>		
	Purchase of fixed assets	(24.64)	(72.83)
	Proceeds from sale of fixed assets	0.38	0.54
	Purchase of investments	(15,557.50)	(16,678.65)
	Proceeds of investments	15,713.15	15,547.05
	<b>Net cash generated from/(used in) investing activities (B)</b>	131.38	(1,203.89)

# Standalone Cash Flow Statement for the year ended 31 March 2021 (Continued)

(Currency : Indian Rupees in crore)



Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>C Cash flow from financing activities</b>		
Proceeds from issue of shares and security premium	36.87	33.49
Debt securities issued	10,541.10	9,426.00
Debt securities repaid	(9,378.90)	(11,153.00)
Borrowings other than debt securities issued	9,309.34	24,679.56
Borrowings other than debt securities repaid	(10,195.20)	(19,302.05)
Subordinated debt issued	356.50	743.50
Dividend & Tax paid on dividend	-	(170.50)
<b>Net cash generated from/(used in) financing activities (C)</b>	<b>669.71</b>	<b>4,257.00</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>397.56</b>	<b>21.23</b>
Add : Cash and cash equivalents as at the beginning of the year	355.95	334.72
Cash and cash equivalents as at the end of the year*	753.51	355.95
*Components of cash and cash equivalents		
Balances with banks	650.42	347.71
Demand drafts on hand	12.88	2.36
Cash on hand	29.62	5.88
Collateral with Banks for Derivative	60.59	-
	753.51	355.95
Significant accounting policies and notes to the Standalone Financial Statements.	Note 2 - 86	

The above Standalone Statement of cash flow has been prepared under the indirect method set out in Ind-AS 7 - Statement of Cash Flow.  
As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
Firms' Registration No: 101248W/W-100022

Sd/-  
**Akeel Master**  
Partner  
Membership No.: 046768

Mumbai  
17 April 2021

For and on behalf of the Board of Directors of HDB Financial Services Limited

Sd/-  
**G Ramesh**  
Managing Director

Sd/-  
**Venkatraman Srinivasan**  
Director

Sd/-  
**Haren Parekh**  
Chief Financial Officer

Sd/-  
**Dipti Khandelwal**  
Company Secretary



# Independent Auditors' Report



To the Board of Directors of HDB Financial Services Limited

Report on the Audit of the Standalone Financial Statements

## Opinion

We have audited the Standalone Financial Statements of HDB Financial Services Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

## Emphasis of Matter

As described in Note 78(B) to the Standalone Financial Statements, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package.

As described in Note 78(A) to the Standalone Financial Statements, the extent to which the COVID-19 pandemic will have impact on the Company's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matters.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Independent Auditors' Report (Contd.)



Description of Key Audit Matters:

Key audit matter	How the matter was addressed in our audit
<p><b>Impairment of loans and advances to customers</b></p> <p><b>Charge: INR 1,442 crore for year ended 31 March 2020</b></p> <p><b>Provision: INR 1,285 crore at 31 March 2020</b></p>	
<p>Refer to the accounting policies in "Note 2.2(F) to the Standalone Financial Statements: Impairment", "Note 3(B) to the Standalone Financial Statements: Significant Accounting Policies- use of estimates" and "Note 8 to the Standalone Financial Statements: Loans"</p>	
<p><b>Subjective estimate</b></p> <p>Recognition and measurement of impairment of loans and advances involve significant management judgement.</p> <p>Under Ind AS 109, Financial Instruments, allowance for loan losses is determined using expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.</p> <p>The most significant areas are:</p> <ul style="list-style-type: none"> <li>- Segmentation of loan book</li> <li>- Determination of exposure at default</li> <li>- Loan staging criteria</li> <li>- Calculation of probability of default / Loss given default</li> <li>- Consideration of probability weighted scenarios and forward looking macro-economic factors</li> <li>- Complexity of disclosures</li> </ul> <p>There are many data inputs required by the ECL model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.</p>	<p>Our audit procedures included:</p> <p>Design / controls</p> <ul style="list-style-type: none"> <li>• Evaluation of the appropriateness of the impairment principles used by management based on the requirements of Ind AS 109, our business understanding and industry practice.</li> <li>• Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge.</li> <li>• Understanding management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package.</li> <li>• Evaluating management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19.</li> <li>• Testing the controls over 'Governance Framework' in line with the RBI guidance.</li> <li>• Testing of review controls over measurement of impairment allowances and disclosures in financial statements.</li> </ul>

# Independent Auditors' Report (Contd.)

## Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in our audit
<p><b>Impact of COVID -19</b></p> <p>On 11 March 2020 the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic.</p> <p>We have identified the impact of and uncertainty related to the COVID-19 pandemic as a key element and consideration for recognition and measurement of impairment on loans and advances on account of:</p> <ul style="list-style-type: none"> <li>- Short and long term macroeconomic effect on businesses in the country and its consequential first order and cascading negative impact on revenue and employment generation opportunities;</li> <li>- impact of the pandemic on the Company's customers and their ability to repay dues; and</li> <li>- application of regulatory package announced by the Reserve Bank of India (RBI) on asset classification and provisioning.</li> </ul> <p>Management has conducted a qualitative assessment of significant increase in credit risk ('SICR') of its loan and advances with respect to the moratorium benefit to borrowers prescribed by the RBI and considered updated macro-economic scenarios to factor in the potential impact of COVID-19 on expected credit loss provision.</p>	<p><b>Substantive tests</b></p> <ul style="list-style-type: none"> <li>• Focus on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model.</li> <li>• Involving our specialists to test the model methodology and reasonableness of assumptions used, including management overlays.</li> <li>• Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data.</li> <li>• Model calculations testing through reperformance where possible.</li> <li>• The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral.</li> <li>• Assessing the appropriateness of management rationale for determination of criteria for SICR considering both: adverse effects of COVID-19 and mitigants in the form of the RBI / Government financial relief package.</li> <li>• Assessing the appropriateness of changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model.</li> <li>• Checked the reasonableness of management's assessment of grading of severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed.</li> <li>• Assessing the factual accuracy and appropriateness of the additional financial statements disclosures made by the Company regarding impact of COVID-19.</li> <li>• Considered the appropriateness of disclosures relating to financial risk management including those relating to ECL provision on loans and advances.</li> </ul>

# Independent Auditors' Report (Contd.)



## Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in our audit
<b>Information Technology</b> <b>IT systems and controls</b> <p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. The Company primarily uses three systems for its overall financial reporting.</p> <p>We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.</p>	<p>Our audit procedures to assess the IT system access management included the following:</p> <p><b>General IT controls / user access management</b></p> <ul style="list-style-type: none"> <li>• We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.</li> <li>• We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.</li> <li>• For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process.</li> <li>• Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission.</li> <li>• Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.</li> </ul>

## Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

## Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards

# Independent Auditors' Report (Contd.)



(Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated



# Independent Auditors' Report (Contd.)



in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
  - (A) As required by Section 143(3) of the Act, we report that:
    - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
    - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under section 133 of the Act.
    - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
    - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (B) With respect to the other matters to be included in the Auditors' 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 Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its Standalone Financial Statements - Refer Note 37.2 to the Standalone Financial Statements;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 37.3 to the Standalone Financial Statements;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. The disclosures in the Standalone Financial Statements regarding the holdings as well as the dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the Standalone Financial Statements since they do not pertain to the financial year ended 31 March 2020.
  - (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248WW-100022

Sd/-

Akeel Master

Partner

Membership No: 046768

UDIN: 20046768AAAAHZ9343

Mumbai

13 May 2020

**Annexure A to the Independent Auditor's Report of even date on financial statements of HDB Financial Services Limited**



- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a regular program of physical verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable property is held in the name of the Company.
- (ii) The Company is in the business of providing services and does not have any physical inventories. Accordingly, the provision of clause 3(ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provision of clause 3(iii) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under section 185 of the Act and has complied with the provisions of section 186(1) of the Act. The Company being a NBFC, nothing contained in Section 186 is applicable, except subsection (1) of that section.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed there under apply.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable.
- (vii) a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of sales tax, duty of customs or duty of excise.  
  
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, the Company did not have any dues on account of income tax, sales tax, service tax, duty of customs, value added tax or duty of excise which have not been deposited on account of dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, Government or debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been generally applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer during the year.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the explanation and information



**Annexure A to the Independent Auditor's Report of even date on financial statements of HDB Financial Services Limited**



given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, the provision of clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act except below:

Nature of the related party relationship and the underlying transaction	Amount involved (₹)	Remarks
Two premises taken on sub-lease from the Holding Company	Nil	No rent charged on the premises taken on lease. Approval u/s 188 (1) of the Act obtained in Board meeting held on 15 April 2020

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provision of clause 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records, during the year the Company has not entered into any non-cash transactions with directors or persons connected with him and hence the provision of Section 192 of the Act is not applicable.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained certificate of registration dated 31 December 2007.

**For B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

Sd/-

**Akeel Master**

*Partner*

Membership No: 046768

UDIN: 20046768AAAAHZ9343

Mumbai  
13 May 2020

**Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**  
(Referred to in paragraph 1(A)(vi) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### **Opinion**

We have audited the internal financial controls with reference to financial statements of HDB Financial Services Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### **Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to financial statement criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

### **Auditor's Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

### **Meaning of Internal Financial Controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal

## Annexure - B to the Independent Auditor's Report (Continued)



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

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

**For B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

Sd/-

**Akeel Master**

*Partner*

Membership No: 046768

UDIN: 20046768AAAAHZ9343

Mumbai

13 May 2020

# Standalone Balance Sheet as at 31 March 2020

(Currency : Indian Rupees in crore)



	Note	As at 31 March 2020	As at 31 March 2019
<b>1 ASSETS</b>			
<b>Financial Assets</b>			
(a) Cash and cash equivalents	4	355.95	334.72
(b) Bank balances other than (a) above	5	207.23	153.79
(c) Derivative financial instruments	6	81.32	-
(d) Trade receivables	7	181.18	114.42
(e) Loans	8	57,145.88	53,881.17
(f) Investments	9	1,745.76	568.36
(g) Other financial assets	10	118.08	109.79
<b>2 Non-financial Assets</b>			
(a) Current tax assets (Net)		59,835.40	55,162.25
(b) Deferred tax assets (Net)	11	77.42	36.74
(c) Property, plant and equipment	12	415.62	384.96
(d) Capital work-in-progress		124.48	113.89
(e) Other intangible assets	13	0.06	0.00
(f) Right of Use Assets		9.07	9.14
<b>TOTAL ASSETS</b>	14	252.41	-
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>3 Financial Liabilities</b>			
(a) Derivative financial instruments	6	-	-
(b) Trade payables	15	-	-
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		149.99	394.91
(c) Debt securities	16	22,593.38	24,119.67
(d) Borrowings (other than debt securities)	17	23,580.16	18,095.65
(e) Subordinated liabilities	18	3,630.55	2,889.78
(f) Other financial liabilities	19	2,254.38	2,623.80
<b>4 Non-Financial Liabilities</b>			
(a) Current tax liabilities (net)		52,208.46	48,123.81
(b) Provisions	20	74.60	56.12
(c) Other non-financial liabilities	21	286.86	268.20
<b>5 Equity</b>			
(a) Equity share capital	22	126.74	80.37
(b) Other equity		488.20	404.69
<b>TOTAL LIABILITIES AND EQUITY</b>	23	787.58	785.70
		7,230.22	6,392.78
		8,017.80	7,178.48
		60,714.46	55,706.98

Significant accounting policies and notes to the Standalone Financial Statements. 2 - 82  
The notes referred to above form an integral part of the Standalone Financial Statements.  
As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firms' Registration No: 101248W/W-100022

Sd/-

Akeel Master

Partner

Membership No.: 046768

Mumbai

13 May 2020

For and on behalf of the Board of Directors of HDB Financial Services Limited

Sd/-

G Ramesh

Managing Director

Sd/-

Haren Parekh

Chief Financial Officer

Sd/-

Adayapalam Viswanathan

Director

Sd/-

Dipti Khandelwal

Company Secretary

# Standalone Statement of Profit and Loss for the year ended 31 March 2020

(Currency : Indian Rupees in crore)



	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>1 Revenue from operations</b>			
(a) Interest income	24	8,233.47	6,712.12
(b) Sale of services		2,113.23	1,648.12
(c) Other financial charges		408.32	294.92
(d) Net gain on fair value changes		18.78	32.93
(e) Net gain / loss on derecognition of financial instruments under amortised cost category	25	(17.33)	36.72
<b>Total Revenue from operations</b>		<b>10,756.47</b>	<b>8,724.81</b>
<b>2 Expenses</b>			
(a) Finance Costs	26	4,081.42	3,333.33
(b) Impairment on financial instruments (Expected Credit Loss)	27	1,441.57	636.94
(c) Employee Benefits Expenses	28	3,195.57	2,551.74
(d) Depreciation, amortisation and impairment	13,14	109.66	61.92
(e) Others expenses	29	463.77	416.82
<b>Total Expenses</b>		<b>9,291.99</b>	<b>7,000.75</b>
<b>3 Profit/(loss) before tax</b>		<b>1,464.48</b>	<b>1,724.06</b>
<b>4 Tax Expense:</b>	11,12		
(a) Current tax		471.78	648.99
(b) Deferred tax (credit)		(12.15)	(87.34)
(c) Income tax for earlier year		-	9.17
<b>Total Tax expense</b>		<b>459.63</b>	<b>570.82</b>
<b>5 Profit/(loss) for the year from continuing Operations</b>		<b>1,004.85</b>	<b>1,153.24</b>
<b>6 Other Comprehensive Income</b>			
(a) Items that will not be reclassified to profit or loss			
- Remeasurement gain/(loss) on defined benefit plan		(26.59)	(5.27)
- Income tax relating to items that will not be reclassified to profit or loss		6.69	1.84
<b>Sub total (a)</b>		<b>(19.90)</b>	<b>(3.43)</b>
(b) Items that will be reclassified to profit or loss			
- Items that will be reclassified to profit or loss		(46.95)	-
- Income tax relating to items that will be reclassified to profit or loss		11.82	-
<b>Sub total (b)</b>		<b>(35.13)</b>	<b>-</b>
<b>Other Comprehensive Income</b>		<b>(55.03)</b>	<b>(3.43)</b>
<b>7 Total Comprehensive Income for the year</b>		<b>949.82</b>	<b>1,149.81</b>
<b>8 Earnings per equity share (for continuing operations)</b>	30		
Basic (₹)		12.78	14.71
Diluted (₹)		12.77	14.69
Significant accounting policies and notes to the Standalone Financial Statements.		2 - 82	
The notes referred to above form an integral part of the Standalone Financial Statements.			
As per our report of even date attached			

For **BSR & Co. LLP**

Chartered Accountants

Firms' Registration No: 101248W/V-100022

Sd/-

**Akeel Master**

Partner

Membership No.: 046768

Mumbai

13 May 2020

For and on behalf of the Board of Directors of HDB Financial Services Limited

Sd/-

**G Ramesh**

Managing Director

Sd/-

**Haren Parekh**

Chief Financial Officer

Sd/-

**Adayapalam Viswanathan**

Director

Sd/-

**Dipti Khandelwal**

Company Secretary

# Standalone Cash Flow Statement for the year ended 31 March 2020

(Currency : Indian Rupees in crore)



	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>A</b>	<b>Cash flow from operating activities</b>		
	Profit/(loss) before tax		
	<b>Adjustments for</b>	<b>1,464.48</b>	<b>1,724.06</b>
	(Profit)/loss on sale of asset		
	Interest Expenses	(0.19)	0.28
	Interest Income	3,796.73	3,144.01
	Realised net (gain)/loss on FVTPL investments	(8,233.47)	(6,712.12)
	Unrealised (gain)/loss on FVTPL investments	(43.85)	(31.25)
	Discount on commercial paper	(1.95)	(1.68)
	Impairment on financial instruments	284.69	189.33
	Provision for compensated absence and gratuity	1,441.57	636.95
	Employee share based payment expenses	16.21	10.41
	Rent expenses reversal	11.19	15.36
	Depreciation, amortisation and impairment	(55.80)	-
	<b>Operating cash flow before working capital changes</b>	<b>109.66</b>	<b>61.92</b>
	<b>Adjustments for working capital changes:</b>	<b>(1,210.73)</b>	<b>(962.73)</b>
	(Increase)/decrease in trade receivables	(66.76)	6.92
	(Increase)/decrease in other financial assets and others	(207.27)	(458.37)
	(Increase)/decrease in Loans	(4,608.28)	(10,356.11)
	Increase/(decrease) in other financial and non financial liabilities & provisions	(1,768.36)	(1,521.66)
	Increase/(decrease) in trade payables	(244.92)	115.42
	Interest Paid	(3,296.85)	(2,893.01)
	Interest Received	8,134.29	6,625.67
	Cash generated from operations	(3,268.88)	(9,443.86)
	Direct taxes paid (net of refunds)	237.00	453.00
	<b>Net cash flow generated from/(used in) operating activities (A)</b>	<b>(3,031.88)</b>	<b>(8,990.86)</b>
<b>B</b>	<b>Cash flow from investing activities</b>		
	Purchase of fixed assets	(72.83)	(48.40)
	Proceeds from sale of fixed assets	0.54	0.20
	Purchase of investments Mutual fund	(16,678.65)	(15,490.51)
	Proceeds of investments Mutual fund	15,547.05	15,358.10
	<b>Net cash generated from/(used in) investing activities (B)</b>	<b>(1,203.89)</b>	<b>(180.61)</b>

# Standalone Cash Flow Statement for the year ended 31 March 2020

(Currency : Indian Rupees in crore)



Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Cash flow from financing activities</b>		
Proceeds from issue of shares and security premium	33.49	39.03
Debt securities issued	9,426.00	15,336.00
Debt securities repaid	(11,153.00)	(11,519.09)
Borrowings other than debt securities issued	24,679.56	12,520.00
Borrowings other than debt securities repaid	(19,302.05)	(7,765.27)
Subordinated debt issued	743.50	900.00
Dividend & Tax paid on dividend	(170.50)	(66.07)
<b>Net cash generated from/(used in) financing activities (C)</b>	<b>4,257.00</b>	<b>9,444.60</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	21.23	273.11
Add : Cash and cash equivalents as at the beginning of the year	334.72	61.61
Cash and cash equivalents as at the end of the year*	355.95	334.72
*Components of cash and cash equivalents		
Balances with banks	347.71	278.38
Demand drafts on hand	2.36	15.37
Cash on hand	5.88	40.97
	<b>355.95</b>	<b>334.72</b>

The above Standalone Statement of cash flow has been prepared under the indirect method set out in Ind-AS 7 - Statement of Cash Flow.  
As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
Firms' Registration No: 101248WW-100022

Sd/-  
**Akeel Master**  
Partner  
Membership No.: 046768

Mumbai  
13 May 2020

For and on behalf of the Board of Directors of HDB Financial Services Limited

Sd/-  
**G Ramesh**  
Managing Director

Sd/-  
**Adayapalam Viswanathan**  
Director

Sd/-  
**Haren Parekh**  
Chief Financial Officer

Sd/-  
**Dipti Khandelwal**  
Company Secretary



# Independent Auditors' Report



To the members of HDB Financial Services Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of HDB Financial Services Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matters:

Key audit matter	How the matter was addressed in our audit
<b>Transition date accounting policies</b> Refer to the accounting policies in the Standalone Financial Statements: Significant Accounting Policies- "Basis of preparation" and "Note 2.20 to the Standalone Financial Statements: Transition date choices and application"	
<b>Adoption of new accounting framework (Ind AS)</b> Effective 1 April 2018, the Company adopted the Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs with the transition date of 1 April 2017. The following are the major impact areas for the Company upon transition: <ul style="list-style-type: none"> <li>- Classification and measurement of financial assets and financial liabilities</li> <li>- Measurement of loan losses (expected credit losses)</li> <li>- Business combinations</li> <li>- Accounting for securitization and assignment</li> <li>- Accounting for loan fees and costs</li> <li>- Accounting for employee stock options</li> </ul> The migration to the new accounting framework (Ind AS) is a complicated process involving multiple decision points upon transition. Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS principles at the transition date. We identified transition date accounting as a key audit matter because of significant degree of management judgment and application on the areas noted above.	Our key audit procedures included: <p><b>Design/controls</b></p> <ul style="list-style-type: none"> <li>▪ We have also confirmed the approvals of Audit Committee for the choices and exemptions made by the Company for compliance/acceptability under Ind AS 101.</li> </ul> <p><b>Substantive tests</b></p> <ul style="list-style-type: none"> <li>▪ Evaluated management's transition date choices and exemptions for compliance/acceptability under Ind AS 101.</li> <li>▪ Understood the methodology implemented by management to give impact on the transition.</li> <li>▪ Assessed the accuracy of the computations.</li> </ul>

# Independent Auditors' Report (Contd.)



## Key Audit Matters (Continued)

Description of Key Audit Matters: (Continued)

Key audit matter	How the matter was addressed in our audit
<p><b>Impairment of loans and advances to customers</b></p> <p><b>Charge: INR 641.73 crore for year ended 31 March 2019</b>  <b>Provision: INR 828.24 crore at 31 March 2019</b></p>	<p>Refer to the accounting policies in "Note 2.2(F) to the Standalone Financial Statements: Impairment", "Note 3(B) to the Standalone Financial Statements: Significant Accounting Policies- use of estimates" and "Note 19 to the Standalone Financial Statements: Provisions"</p>
<p><b>Subjective estimate</b></p> <p>Recognition and measurement of impairment of loans and advances involve significant management judgement.</p> <p>With the applicability of Ind AS 109 credit loss assessment is now based on expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.</p> <p>The most significant areas are:</p> <ul style="list-style-type: none"> <li>- Segmentation of loan book</li> <li>- Loan staging criteria</li> <li>- Calculation of probability of default/Loss given default</li> <li>- Consideration of probability weighted scenarios and forward looking macro-economic factors</li> <li>- Complexity of disclosures</li> </ul> <p>There is a large increase in the data inputs required by the ECL model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.</p>	<p>Our audit procedures included:</p> <p><b>Design/controls</b></p> <ul style="list-style-type: none"> <li>• Evaluation of the appropriateness of the impairment principles based on the requirements of Ind AS 109.</li> <li>• Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge.</li> <li>• We used our modelling specialist to test the model methodology and reasonableness of assumptions used.</li> <li>• Testing of management review controls over measurement of impairment allowances and disclosures in financial statements.</li> </ul> <p><b>Substantive tests</b></p> <ul style="list-style-type: none"> <li>• We focus on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model.</li> <li>• Test of details over of calculation of impairment allowance for assessing the completeness, accuracy and relevance of data.</li> <li>• Model calculations were tested through re-performance where possible.</li> <li>• The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used, loss emergence periods and the valuation of recovery assets and collateral.</li> </ul>

# Independent Auditors' Report



## Key Audit Matters (Continued)

Description of Key Audit Matters: (Continued)

Key audit matter	How the matter was addressed in our audit
<b>Information technology</b> <b>IT systems and controls</b> <p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. The Company primarily uses three systems for its overall financial reporting.</p> <p>We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.</p>	<p>Our audit procedures to assess the IT system access management included the following:</p> <p><b>General IT controls/user access management</b></p> <ul style="list-style-type: none"> <li>• We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.</li> <li>• We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.</li> <li>• For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process.</li> <li>• Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission.</li> <li>• Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.</li> </ul>

## Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's Board of Directors are responsible for the other information. The other information comprises the Directors' report to be included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

## Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making

## Independent Auditors' Report (Contd.)



judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



# Independent Auditors' Report (Contd.)



## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

- i. 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.
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- iii. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
- iv. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
- v. On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- vi. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' 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 Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 37.2 to the standalone financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 37.3 to the standalone financial statements;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

**For B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

Sd/-

**Manoj Kumar Vijai**

*Partner*

Membership No: 046882

Place: Mumbai

Date: 18 April 2019

**Annexure A to the Independent Auditor's Report of even date on financial statements of HDB Financial Services Limited**



- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a regular program of physical verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable property is held in the name of the Company.
- (ii) The Company is in the business of providing services and does not have any physical inventories. Accordingly, the provision of clause 3(ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provision of clause 3(iii) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under section 185 and 186 of the Act. Accordingly, the provision of clause 3(iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed there under apply.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable.
- (vii) a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of sales tax, duty of customs, goods and service tax or duty of excise.  
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable, except as described in Note 37.1(b) to the financial statements.
- b) According to the information and explanations given to us, the Company did not have any dues on account of income tax, sales tax, service tax, duty of customs, value added tax or duty of excise which have not been deposited on account of dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, Government or debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been generally applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer during the year.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the explanation and information given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

**Annexure A to the Independent Auditor's Report of even date on financial statements of HDB Financial Services Limited**



- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, the provision of clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provision of clause 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records, during the year the Company has not entered into any non-cash transactions with directors or persons connected with him and hence the provision of Section 192 of the Act is not applicable.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained certificate of registration dated 31 December 2007.

**For B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

Sd/-

**Manoj Kumar Vijai**

*Partner*

Membership No: 046882

Mumbai  
18 April 2019



**Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

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

**Opinion**

We have audited the internal financial controls with reference to financial statement of HDB Financial Services Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**Management's Responsibility for Internal Financial Controls**

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to financial statement criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

**Auditor's Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

**Meaning of Internal Financial Controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statement includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions

## Annexure - B to the Independent Auditor's Report (Continued)



of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

**For B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

Sd/-

**Manoj Kumar Vijai**

*Partner*

Membership No: 046882

Mumbai  
18 April 2019

# Standalone Balance Sheet as at 31 March 2019

(Currency : Indian Rupees in crore)



	Note	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
<b>1 ASSETS</b>				
<b>1 Financial Assets</b>				
(a) Cash and cash equivalents	4	334.72	61.61	70.03
(b) Bank balances other than cash and cash equivalents	5	153.79	75.79	120.74
(c) Trade receivables	6	119.52	126.44	115.44
(d) Loans	7	54,709.41	44,268.31	34,070.94
(e) Investments	8	568.36	401.50	401.42
(f) Other financial assets	9	109.79	64.71	40.00
<b>2 Non-financial Assets</b>		55,995.59	44,998.36	34,818.57
(a) Current tax assets (Net)	10	36.74	15.37	24.41
(b) Deferred tax assets (Net)	11	384.96	295.77	238.57
(c) Property, plant and equipment	12(i)	113.89	129.72	125.80
(d) Capital work-in-progress	12(ii)	-	-	0.24
(e) Other intangible assets	12(iii)	9.14	7.30	5.18
<b>TOTAL ASSETS</b>		544.73	448.16	394.20
<b>LIABILITIES AND EQUITY</b>		56,540.32	45,446.52	35,212.77
<b>3 Liabilities</b>				
<b>3 Financial Liabilities</b>				
(a) Trade payables	13	-	-	-
(i) Total outstanding dues of micro enterprises and small enterprises		394.91	279.50	193.68
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises				
(b) Debt securities	14	24,119.67	20,410.36	15,221.75
(c) Borrowings (other than debt securities)	15	18,095.65	13,350.35	10,505.63
(d) Subordinated liabilities	16	2,889.78	1,992.50	1,713.46
(e) Other financial liabilities	17	2,623.80	2,279.28	1,499.85
<b>4 Non-Financial Liabilities</b>		48,123.81	38,311.99	29,134.37
(a) Current tax liabilities (net)	18	56.12	38.35	48.89
(b) Provisions	19	1,101.54	964.05	756.74
(c) Other non-financial liabilities	20	80.37	91.78	63.92
<b>5 Equity</b>		1,238.03	1,094.18	869.55
(a) Equity share capital	21	785.70	782.94	780.24
(b) Other equity		6,392.78	5,257.41	4,428.61
<b>TOTAL LIABILITIES AND EQUITY</b>		7,178.48	6,040.35	5,208.86
		56,540.32	45,446.52	35,212.77

Significant accounting policies and notes to the Financial Statements 2  
The notes referred to above form an integral part of the Financial Statements.  
As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firms' Registration No: 101248W/W-100022

Sd/-  
Manoj Kumar Vijai  
Partner

Membership No. 046882

Mumbai  
18 April 2019

For and on behalf of the Board of Directors of HDB Financial Services Limited

Sd/-  
Aditya Puri  
Chairman

Sd/-  
Smita Affinwalla  
Director

Sd/-  
Dipti Khandelwal  
Company Secretary

Sd/-  
Jimmy Tata  
Director

Sd/-  
G Ramesh  
Managing Director

Sd/-  
Haren Parekh  
Chief Financial Officer

Sd/-  
Venkatraman Srinivasan  
Director

Sd/-  
Bhavesh Zaveri  
Director

# Standalone Statement of Profit and Loss for the year ended 31 March 2019

(Currency : Indian Rupees in crore)



	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>1 Revenue from operations</b>			
(a) Interest income	22	6,712.12	5,331.29
(b) Sale of services		1,648.12	1,529.00
(c) Other financial charges		294.92	164.67
(d) Net gain on fair value changes	23	32.93	2.16
(e) Net gain on derecognition of financial instruments under amortised cost category		36.72	-
<b>Total Revenue from operations</b>		<b>8,724.81</b>	<b>7,027.12</b>
<b>2 Expenses</b>			
(a) Finance Costs	24	3,333.33	2,449.07
(b) Impairment on financial instruments	25	636.94	524.78
(c) Employee Benefits Expenses	26	2,551.74	2,228.29
(d) Depreciation, amortization and impairment	12	61.92	45.31
(e) Others expenses	27	416.82	343.56
<b>Total Expenses</b>		<b>7,000.75</b>	<b>5,591.01</b>
<b>3 Profit/(loss) before tax</b>		<b>1,724.06</b>	<b>1,436.11</b>
<b>4 Tax Expense:</b>	10,11		
(a) Current tax		648.99	558.34
(b) Deferred tax (credit)		(87.34)	(55.25)
(c) Income tax for earlier year		9.17	-
<b>Total Tax expense</b>		<b>570.82</b>	<b>503.09</b>
<b>5 Profit/(loss) for the period from continuing operations</b>		<b>1,153.24</b>	<b>933.02</b>
<b>6 Other Comprehensive Income</b>			
(a) Items that will not be reclassified to profit or loss			
- Remeasurement gain/(loss) on defined benefit plan		(5.27)	(5.59)
(b) Income tax relating to items that will not be reclassified to profit or loss		1.84	1.95
<b>Other Comprehensive Income</b>		<b>(3.43)</b>	<b>(3.64)</b>
<b>7 Total Comprehensive Income for the period</b>		<b>1,149.81</b>	<b>929.38</b>
<b>8 Earnings per equity share (for continuing operations)</b>	28		
Basic (₹)		14.71	11.94
Diluted (₹)		14.69	11.92
Significant accounting policies and notes to the Financial Statements			
The notes referred to above form an integral part of the Financial Statements.			
As per our report of even date attached			

For **B S R & Co. LLP**  
Chartered Accountants

Firms' Registration No: 101248W/W-100022

Sd/-  
**Manoj Kumar Vijai**  
Partner  
Membership No. 046882

Mumbai  
18 April 2019

For and on behalf of the Board of Directors of HDB Financial Services Limited

Sd/-  
**Aditya Puri**  
Chairman

Sd/-  
**Smita Affinwalla**  
Director

Sd/-  
**Dipti Khandelwal**  
Company Secretary

Sd/-  
**Jimmy Tata**  
Director

Sd/-  
**G Ramesh**  
Managing Director

Sd/-  
**Haren Parekh**  
Chief Financial Officer

Sd/-  
**Venkatraman Srinivasan**  
Director

Sd/-  
**Bhavesh Zaveri**  
Director

# Standalone Cash Flow Statement for the year ended 31 March 2019

(Currency : Indian Rupees in crore)



	Particulars	For the period ended 31 Mar 2019	For the period ended 31 Mar 2018
<b>A</b>	<b>Cash flow from operating activities</b>		
	Profit/(loss) before tax	1,724.06	1,436.11
	<b>Adjustments for</b>		
	(Profit)/loss on sale of asset		
	Interest Expenses	0.28	0.15
	Interest Income	3,144.01	2,192.81
	Realised net (gain)/loss on FVTPL investments	(6,712.12)	(5,331.29)
	Unrealised (gain)/loss on FVTPL investments	(31.25)	(1.97)
	Net gain on derecognition of financial instruments under amortised cost category	(1.68)	(0.20)
		(43.29)	0.00
	Discount on commercial paper		
	Impairment on financial instruments	189.33	256.25
	Provision for compensated absence and gratuity	636.95	524.78
	Employee share based payment expenses	10.41	12.26
	Depreciation, amortization and impairment	15.36	14.53
		61.92	45.31
	<b>Operating cash flow before working capital changes</b>	(1,006.02)	(851.26)
	<b>Adjustments for working capital changes:</b>		
	(Increase)/decrease in trade receivables	6.92	(11.00)
	(Increase)/decrease in other financial assets and others	(415.07)	(255.03)
	(Increase)/decrease in Loans	(10,356.11)	(10,094.76)
	Increase/(decrease) in other financial and non financial liabilities & provision	(1,521.66)	(791.03)
	Increase/(decrease) in trade payables		
	Interest Paid	115.42	85.81
	Interest Received	(2,893.01)	(1,888.66)
		6,625.67	5,230.37
	Cash generated from operations	(9,443.86)	(8,575.55)
	Direct taxes paid (net of refunds)	453.00	390.00
	<b>Net cash flow generated from/(used in) operating activities (A)</b>	(8,990.86)	(8,185.55)
<b>B</b>	<b>Cash flow from investing activities</b>		
	Purchase of fixed assets	(48.40)	(51.64)
	Proceeds from sale of fixed assets	0.20	0.15
	Purchase of investments Mutual fund	(15,490.51)	(1,984.65)
	Proceeds of investments Mutual fund	15,358.10	1,986.96
	<b>Net cash generated from/(used in) investing activities (B)</b>	(180.61)	(49.18)

# Standalone Cash Flow Statement for the year ended 31 March 2019

(Currency : Indian Rupees in crore)



Particulars	For the period ended 31 Mar 2019	For the period ended 31 Mar 2018
<b>C Cash flow from financing activities</b>		
Proceeds from issue of shares and security premium	39.03	28.73
Debt securities issued	15,336.00	16,322.00
Debt securities repaid	(11,519.09)	(11,108.00)
Borrowings other than debt securities issued	12,520.00	16,975.00
Borrowings other than debt securities repaid	(7,765.27)	(14,130.26)
Subordinated debt issued	900.00	280.00
Dividend & Tax paid on dividend	(66.07)	(141.15)
<b>Net cash generated from/(used in) financing activities (C)</b>	<b>9,444.60</b>	<b>8,226.32</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	273.11	(8.41)
Add : Cash and cash equivalents as at the beginning of the year	61.61	70.03
Cash and cash equivalents as at the end of the year*	334.72	61.61
*Components of cash and cash equivalents		
Balances with banks	278.38	33.22
Demand drafts on hand	15.37	10.66
Cash on hand	40.97	17.73
	<b>334.72</b>	<b>61.61</b>

The above cash flow statement has been prepared under the indirect method set out in Ind AS 7 - Statement of Cash Flow.

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firms' Registration No: 101248W/W-100022

Sd/-

**Manoj Kumar Vijai**

Partner

Membership No. 046882

Mumbai

18 April 2019

For and on behalf of the Board of Directors of HDB Financial Services Limited

Sd/-

**Aditya Puri**

Chairman

Sd/-

**Smita Affinwalla**

Director

Sd/-

**Dipti Khandelwal**

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Managing Director

Sd/-

**Haren Parekh**

Chief Financial Officer

Sd/-

**Venkatraman Srinivasan**

Director

Sd/-

**Bhavesh Zaveri**

Director



Exhibit C**ASSET LIABILITY MANAGEMENT DISCLOSURES FOR NBFCs**

S. No.	Particulars of Disclosure	Details
a.	Details with regard to the lending done by the issuer out of the issue proceeds of debt securities in <b>last three years</b> , including details regarding the following:	
1.1	<b>Lending policy:</b> Should contain overview of origination, risk management, monitoring and collections	<p>The Company offers loan products to the affluent middle market. The product suite includes unsecured and secured loans, asset financing and sales financing. The interest rates are either fixed or floating of a combination of fixed and floating rates. The Company has a differentiated business model to deliver efficiencies and contain risk based on the requirements of the target segment. The Company's branches are located in customer catchment areas which are closer to and convenient for customers.</p> <p>Credit risk is defined as the possibility of losses associated with the diminution in the credit quality of borrowers, losses may stem from outright default or a reduction in portfolio value. The Company has a distinct credit risk architecture, policies, procedures and systems for managing credit risk. The product programs for each of the products define the target markets, credit philosophy, process, detailed underwriting criteria for evaluating individual credits, exception reporting systems, individual loan exposure caps and other factors. For individual customers to be eligible for a loan, minimum credit parameters are to be met for each product and any deviations must be approved at designated levels. Credit framework encompasses parameters at different stages of the portfolio lifecycle from acquisitions till write offs. There are robust front-end and back-end systems in place to ensure credit quality and minimize loss from default. The factors considered while sanctioning retail loans include income, demographics, previous credit history of the borrower and the tenor of the loan. Thresholds are defined using historical data for each parameter at the Product level identifying "stress" period for the product lifecycle. This framework defined at product level is then aggregated at the Portfolio level. Exposures are monitored against approved limits to guard against unacceptable risk concentrations. The Company also monitors credit concentration of exposures to single borrower, group of borrowers, sensitive industries, geography, product, etc.</p> <p>The Company has a Board approved Risk Management Framework in place. The effectiveness of this framework is supervised periodically by the Risk Management Committee. The Audit Committee of the Company is responsible to ensure that the Company has appropriate systems, procedures, processes and controls in place to identify, evaluate and address the various risks that the company may be subject to. In addition, the committee is also responsible to evaluate the financial controls and other risks perceived by the Company. The committee shall oversee the Compliance, Human resources and operational risks and also review the controls and processes in place which ensures timely and correct statutory reporting.</p> <p>The Company's Risk management policy requires the Company to have detailed risk</p>

		<p>control matrices, which are defined based on the entity level and functional level assessments carried on by the Company from time to time. These RCMs help to list, categorize and prioritize the risks faced and assign corresponding controls, risk owners and persons entrusted for such controls. The Risk Management Committee meetings are conducted on quarterly basis and the committee focuses on ensuring that risks are identified, and key risks impacting the organisation i.e. Credit risk, Interest rate risk, Liquidity risk, operational risk, compliance risk and technology &amp; information security risks are addressed. The management is responsible for ensuring that risk management processes and systems are appropriate to the Company's risk profile and business plan based on guidance from the Board and its committees.</p> <p>The Company has a robust collections mechanism in accordance with the RBI guidelines. The Collection process is end to end digitalised. The Company has a tie-up with various service providers for digital payment of loan by the customer.</p>																																																																							
1.2	Classification of loans given to associate or entities related to Board, Senior management, promoters, etc.:	None																																																																							
1.3	Classification of loans/ advances	<p><b>1. Details of types of loans</b></p> <table><tr><th>Sr. No</th><th>Type Of Loans</th><th>FY19-20</th><th>FY20-21</th><th>FY21-22</th></tr><tr><td>1</td><td>Secured</td><td>59.02%</td><td>63.88%</td><td>62.91%</td></tr><tr><td>2</td><td>Unsecured</td><td>40.98%</td><td>36.12%</td><td>37.09%</td></tr><tr><td></td><td><b>Total</b></td><td><b>100.00%</b></td><td><b>100.00%</b></td><td><b>100.00%</b></td></tr></table> <p><b>2. Denomination of loans disbursed (Secured) by loan-to-value:</b></p> <table><tr><th>Sr. No</th><th>LTV</th><th>FY19-20</th><th>FY20-21</th><th>FY21-22</th></tr><tr><td>1</td><td>Upto 50%</td><td>17.40%</td><td>16.77%</td><td>20.83%</td></tr><tr><td>2</td><td>50-70%</td><td>20.19%</td><td>17.75%</td><td>20.67%</td></tr><tr><td>3</td><td>70-90%</td><td>46.15%</td><td>54.57%</td><td>45.69%</td></tr><tr><td>4</td><td>Above 90%</td><td>16.26%</td><td>10.91%</td><td>12.81%</td></tr><tr><td></td><td><b>Total</b></td><td><b>100.00%</b></td><td><b>100.00%</b></td><td><b>100.00%</b></td></tr></table> <p><b>3. Top 5 Industry exposures- Disbursals :</b></p> <table><tr><th>Sr No</th><th colspan="2">FY19-20</th><th colspan="2">FY20-21</th><th colspan="2">FY21-22</th></tr><tr><td></td><th>Industry</th><th>% to Total</th><th>Industry</th><th>% to Total</th><th>Industry</th><th>% to Total</th></tr><tr><td>1</td><td>Road Transportation</td><td>24.86</td><td>Road Transportation</td><td>23.26</td><td>Road Transportation</td><td>16.67</td></tr></table>	Sr. No	Type Of Loans	FY19-20	FY20-21	FY21-22	1	Secured	59.02%	63.88%	62.91%	2	Unsecured	40.98%	36.12%	37.09%		<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	Sr. No	LTV	FY19-20	FY20-21	FY21-22	1	Upto 50%	17.40%	16.77%	20.83%	2	50-70%	20.19%	17.75%	20.67%	3	70-90%	46.15%	54.57%	45.69%	4	Above 90%	16.26%	10.91%	12.81%		<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	Sr No	FY19-20		FY20-21		FY21-22			Industry	% to Total	Industry	% to Total	Industry	% to Total	1	Road Transportation	24.86	Road Transportation	23.26	Road Transportation	16.67
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1	Road Transportation	24.86	Road Transportation	23.26	Road Transportation	16.67																																																																			

2	Retail Trade	21.59	Retail Trade	17.39	Retail Trade	9.27
3	Agriculture and Allied Activities	6.74	Agriculture and Allied Activities	9.46	Agriculture and Allied Activities	6.01
4	Services	4.24	Services	7.75	Construction and Developers (Infrastructure)	3.73
5	Non-ferrous Metals	3.87	Construction and Developers	4.21	FMCG & Personal Care	2.60

#### 4. Denomination of loans by ticket size - Disbursals

Sr. No	Ticket size (at the time of origination)	FY19-20	FY20-21	FY21-22
1	Upto Rs.2 Lakh	26.41%	26.92%	32.40%
2	Rs.2-5 lakh	25.06%	26.83%	20.00%
3	Rs. 5- 10 lakh	13.13%	16.69%	14.99%
4	Rs. 10-25 lakh	20.45%	18.30%	16.58%
5	Rs. 25-50 lakh	7.79%	5.66%	7.64%
6	Rs.50 lakh -1 crore	3.02%	2.89%	3.38%
7	Rs. 1 -5 crore	3.95%	2.62%	4.61%
8	Rs. 5-25 crore	0.19%	0.09%	0.40%
9	Rs. 25- 100 crore	-	-	-
Total		100%	100%	100%

#### 5. Geographical classification of borrowers:

##### Top 5 state:- % of Total Disbursements

Sr No	FY19-20		FY20-21		FY21-22	
	Top 5 states	% to Total	Top 5 states	% to Total	Top 5 states	% to Total
1	Tamil Nadu	13.34	Uttar Pradesh	12.74	Uttar Pradesh	12.03
2	Uttar Pradesh	11.26	Tamil Nadu	11.75	Tamil Nadu	11.35
3	Rajasthan	8.41	Gujarat	8.14	Maharashtra	8.29
4	Gujarat	8.32	Rajasthan	7.81	Gujarat	8.11
5	Maharashtra	8.27	Maharashtra	7.56	Rajasthan	7.65

#### 6. Maturity wise disbursements in % Terms.

Sr. No	Tenor Wise Grouping	FY19-20	FY20-21	FY21-22
1	Upto 1 Year	13.05%	11.66%	14.48%
2	1-3 Year	38.94%	39.65%	40.53%
3	3-5 Year	35.65%	40.43%	34.06%
4	Above 5 Year	12.36%	8.26%	10.92%

			Total	100.00%	100.00%	100.00%															
				%	%	%															
1.4	Aggregated exposure to the top 20 borrowers with respect to the concentration of advances, exposures to be disclosed in the manner as prescribed by RBI in its stipulations on Corporate Governance for NBFCs, from time to time:	<table><tr><td>Particulars</td><td>FY19-20</td><td>FY20-21</td><td>FY21-22</td></tr><tr><td>Share of Top 20 borrowers to Total Disbursements during the year</td><td>0.42%</td><td>0.43%</td><td>0.56%</td></tr></table>					Particulars	FY19-20	FY20-21	FY21-22	Share of Top 20 borrowers to Total Disbursements during the year	0.42%	0.43%	0.56%							
Particulars	FY19-20	FY20-21	FY21-22																		
Share of Top 20 borrowers to Total Disbursements during the year	0.42%	0.43%	0.56%																		
1.5	Details of loans, overdue and classified as non-performing in accordance with RBI stipulations	<p>(amount in crores)</p> <table><tr><td colspan="3">Stage 3 Assets as on</td></tr><tr><td>March 31, 2020</td><td>March 31, 2021</td><td>March 31, 2022</td></tr><tr><td>2,259.13</td><td>2,760.86</td><td>3,058.76</td></tr></table>					Stage 3 Assets as on			March 31, 2020	March 31, 2021	March 31, 2022	2,259.13	2,760.86	3,058.76						
Stage 3 Assets as on																					
March 31, 2020	March 31, 2021	March 31, 2022																			
2,259.13	2,760.86	3,058.76																			
b.	Details of borrowings made by NBFC																				
2.1	A portfolio summary with regard to industries/sectors to which borrowings have been made	<table><tr><td>Category</td><td colspan="2">Amount in Rs. Cr. (excluding Unamortized Borrowing Cost)</td></tr><tr><td>Borrowings in India</td><td colspan="2">45,004.79</td></tr><tr><td>Borrowings outside India</td><td colspan="2">4,017.00</td></tr><tr><td>Total</td><td colspan="2">49,021.79</td></tr></table>					Category	Amount in Rs. Cr. (excluding Unamortized Borrowing Cost)		Borrowings in India	45,004.79		Borrowings outside India	4,017.00		Total	49,021.79				
Category	Amount in Rs. Cr. (excluding Unamortized Borrowing Cost)																				
Borrowings in India	45,004.79																				
Borrowings outside India	4,017.00																				
Total	49,021.79																				
2.2	Quantum and percentage of secured vis-à-vis unsecured borrowings made	<table><tr><td></td><td colspan="2">As on March 31, 2022</td></tr><tr><td>Particulars</td><td>Amount in cr</td><td>%</td></tr><tr><td>Secured borrowing</td><td>44,871.79</td><td>91.53</td></tr><tr><td>Unsecured borrowing</td><td>4,150.00</td><td>8.47</td></tr><tr><td>Total</td><td>49,021.79</td><td>100.00</td></tr></table>						As on March 31, 2022		Particulars	Amount in cr	%	Secured borrowing	44,871.79	91.53	Unsecured borrowing	4,150.00	8.47	Total	49,021.79	100.00
	As on March 31, 2022																				
Particulars	Amount in cr	%																			
Secured borrowing	44,871.79	91.53																			
Unsecured borrowing	4,150.00	8.47																			
Total	49,021.79	100.00																			
2.3	Any change in promoters' holdings during	None																			

	the last financial year beyond the threshold, as prescribed by RBI.																				
3.	NPA exposures of the Issuer for the last three financial years (both gross and net exposures) and provisioning made for the same as per the last audited financial statements of the Issuer	<table><tr><th>Particulars</th><th>Mar-20</th><th>Mar-21</th><th>Mar-22</th></tr><tr><td>Gross NPA(%)</td><td>3.87%</td><td>4.50%</td><td>4.99%</td></tr><tr><td>Provision (%)</td><td>0.75%</td><td>1.43%</td><td>2.70%</td></tr><tr><td>Net Provision (%)</td><td>3.12%</td><td>3.08%</td><td>2.29%</td></tr></table>	Particulars	Mar-20	Mar-21	Mar-22	Gross NPA(%)	3.87%	4.50%	4.99%	Provision (%)	0.75%	1.43%	2.70%	Net Provision (%)	3.12%	3.08%	2.29%			
Particulars	Mar-20	Mar-21	Mar-22																		
Gross NPA(%)	3.87%	4.50%	4.99%																		
Provision (%)	0.75%	1.43%	2.70%																		
Net Provision (%)	3.12%	3.08%	2.29%																		
4.	Disclosure of Assets under management	Segment wise break up and Type of loans – Refer to the details provided below																			
5.	Details of borrowers	Geographical location wise- Refer to the details provided below																			
6.	Details of Gross NPA	Segment wise- Refer to the details provided below																			
7.	Details of Assets and Liabilities	Residual maturity profile wise into several bucket- Refer to the details provided below																			
8.	Disclosure of latest ALM statements to stock exchange	The same is available on the website of the Company at the below link <a href="https://www.hdbfs.com/sites/default/files/debt/Letter for ALM statement NSE MARCH 2022.pdf">https://www.hdbfs.com/sites/default/files/debt/Letter for ALM statement NSE MARCH 2022.pdf</a>																			

**Disclosure of Assets under management, details of borrowers, details of Gross NPA, details of Assets and Liabilities as on March 31, 2022**

**1. Type of loans:**

Sl No.	Type of Loans	Rs. crore
1	Secured	46,761.49
2	Unsecured	14,682.79
	Total assets under management (AUM)	61,444.29

**2. Denomination of loans outstanding by loan-to-value:**

Sl No.	LTV (at the time of origination)	Percentage of AUM *
1	Upto 40%	51.00%
2	40-50%	12.51%
3	50-60%	12.28%
4	60-70%	9.97%
5	70-80%	7.29%
6	80-90%	4.81%
7	>90%	2.13%
	Total	100.00%

\* AUM of secured loan

**3. Sectoral exposure:**

Sl No.	Segment-wise break-up of AUM	Percentage of AUM
1	<b>Retail</b>	
A	Mortgages (home loans and loans against property)	27.96%
B	Gold Loan	0.77%
C	Vehicle Finance	34.66%
D	MFI	0.01%
E	MSME	27.06%
F	Capital Market funding (loan against shares, margin funding)	0.00%
G	Others	9.53%
2	<b>Wholesale</b>	
A	Infrastructure	
B	Real Estate (including builder loans)	
C	Promoter Funding	
D	Any other sector (as applicable)	
E	Others	
	Total	100.00%



**4. Denomination of loans outstanding by ticket size:**

Details of outstanding loans category wise

Sl No.	Ticket size (at the time of origination)	Percentage of AUM
1	Upto Rs.2 Lakh	12.42%
2	Rs.2-5 lakh	21.35%
3	Rs. 5- 10 lakh	15.71%
4	Rs. 10-25 lakh	22.37%
5	Rs. 25-50 lakh	11.76%
6	Rs.50 lakh -1 crore	5.95%
7	Rs. 1 -5 crore	9.40%
8	Rs. 5-25 crore	1.01%
9	Rs. 25-100 crore	0.01%
10	> Rs. 100crore	0.01%
	<b>Total</b>	<b>100.00%</b>

**5. Geographical classification of borrowers:**

Top 5 states borrower wise

Sr No.	Top 5 states	Percentage of AUM
1	Tamil Nadu	13.03%
2	Uttar Pradesh	11.61%
3	Gujarat	9.13%
4	Maharashtra	8.75%
5	Rajasthan	8.18%
	<b>Total</b>	<b>50.70%</b>

**6. Details of loans overdue and classified as non-performing in accordance with the RBI's guidelines:**

Movement of gross NPA	Rs.Crore
Opening gross NPA	2,760.86
-Additions during the year	3,927.26
-Reductions during the year	3,629.36
Closing balance of gross NPA	3,058.76

Movement of provisions for NPA	Rs.Crore
Opening Balance	874.74
Provisions made during the year	2,120.12
Write-off/write-back of excess provisions	1,339.05
Closing Balance	1,655.81

**7. Segment wise gross NPA:**

SI No.	Segment-wise gross NPA	gross NPA (%)
<b>1</b>	<b>Retail</b>	
A	Mortgages (home loans and loans against property)	25.94%
B	Gold Loan	0.66%
C	Vehicle Finance	36.77%
D	MFI	0.00%
E	MSME	30.55%
F	Capital Market funding (loan against shares, margin funding)	0.00%
G	Others	6.07%
<b>2</b>	<b>Wholesale</b>	
A	Infrastructure	
B	Real Estate (including builder loans)	
C	Promoter Funding	
D	Any other sector (as applicable)	
E	Others	
	<b>Total</b>	100.00%

**8. Residual maturity profile of assets and liabilities (in line with the RBI format)****Maturity pattern of certain items of assets and liabilities**

Particulars	Deposits	Advances	Investments(*)	Borrowings	(Rs. in crores)	
					Foreign Currency Assets	Foreign Currency Liabilities
1 day to 30/31 days	45.96	2,453.75	2,144.03	1,530.02	-	-
Over one month to 2 months	1.04	1,926.23	-	691.34	-	-
Over 2 months upto 3 months	-	1,951.17	-	1,497.9	-	-
Over 3 months to 6 months	25.24	5,399.67	-	4,175.78	-	-
Over 6 months to 1 year	103.95	9,568.93	-	7,195.46	-	2,264.60
Over 1 year to 3 years	-	24,094.04	-	23,936.94	-	1,740.02
Over 3 years to 5 years	-	5,936.77	88.03	2,614.9	-	-
Over 5 years	-	5,831.89	1.45	3,326.11	-	-
<b>Total</b>	176.19	57,162.45	2,233.50	44,968.45	-	4,004.63

\* Long-Term Investment in Clayfin Technologies Private Limited (Erstwhile Vayana Private Limited) are shown in "over 5 year"