

HDB/SLC/2019/824

October 15, 2019

To,
The Department of Corporate Affairs
BSE Limited
P J Towers, Dalal Street
Mumbai-400 001

K.A.: Mr. Vinod Koyande / Ms. Netra Sahani

Subject: Submission of unaudited Financial Results along with Limited Review Report for the Half year ended September 30, 2019

Dear Sir / Madam,

Pursuant to the provisions of Regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed please find the unaudited financial results along with Limited Review Report for the Half year ended September 30, 2019 as reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held today i.e. October 15, 2019.

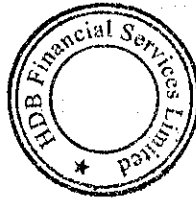
Further, please note that the Statutory Auditor of the Company, M/s. B.S.R. & Co. LLP has submitted Limited Review Report for the half year ended September 30, 2019 with unmodified opinion.

Kindly take the same on records for the information of the Non-Convertible Debenture holders and Subordinate Bond holders of the Company.

Thanking you,

For HDB Financial Services Limited


Haren Parekh
Chief Financial Officer



Encl: a/a

B S R & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

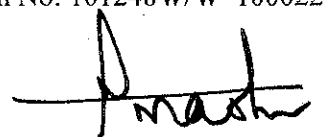
Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

To the Board of Directors of HDB Financial Services Limited

1. We have reviewed the accompanying Statement of unaudited standalone financial results of **HDB Financial Services Limited** (the 'Company') for the half year ended 30 September 2019 (the 'Statement').
2. This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "*Interim Financial Reporting*" ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For B S R & Co. LLP
Chartered Accountants


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



Akeel Master
Partner

Membership No: 046768

UDIN: 19046768AAABMB4590

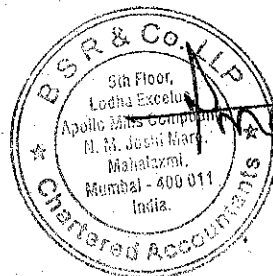


Mumbai
15 October 2019

Standalone Statement of Profit and Loss
for the half year ended 30 September 2019

(Rupees in million)

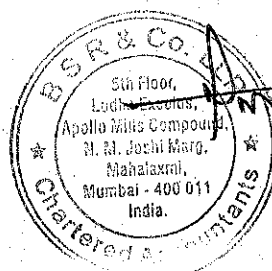
Particulars	Half Year ended 30/09/2019	Half Year ended 30/09/2018	Period ended 30/09/2019	Year ended 31/03/2019
	Unaudited	Unaudited	Unaudited	Audited
I Revenue from operations				
Interest income	40,020	31,722	40,020	67,121
Sale of services	10,116	7,848	10,116	16,481
Other financial charges	1,916	1,143	1,916	2,949
Net gain on fair value changes	105	69	105	330
Net gain/(loss) on derecognised financial instruments	(106)	-	(106)	367
Total Revenue from operations	52,051	40,782	52,051	87,248
II Expenses				
Finance Costs	20,176	15,016	20,176	33,333
Impairment on financial instruments	6,787	3,266	6,787	6,369
Employee benefits expenses	15,364	12,380	15,364	25,517
Depreciation, amortization and impairment	528	253	528	620
Others expenses	2,101	1,746	2,101	4,169
Total expenses	44,956	32,661	44,956	70,008
III Profit before tax (I-II)	7,095	8,121	7,095	17,240
IV Tax expense:				
a. Current tax	2,051	2,876	2,051	6,581
b. Deferred tax	769	(11)	769	(873)
Total tax expense	2,820	2,865	2,820	5,708
V Net Profit for the period (III-IV)	4,275	5,256	4,275	11,532
VI Other Comprehensive Income (net of tax)	(159)	-	(159)	(34)
VII Total Comprehensive Income (after tax) (V-VI)	4,116	5,256	4,116	11,498
VIII Earnings per equity share (Refer Note 5)				
a. Basic (in Rupees)	5.44	6.71	5.44	14.71
b. Diluted (in Rupees)	5.43	6.70	5.43	14.69
Face value per share (in Rupees)	10	10	10	10



Standalone Balance Sheet
 as at 30 September 2019

(Rupees in million)

Particulars	As at 30/09/2019	As at 31/03/2019
	Unaudited	Audited
ASSETS		
1 Financial Assets		
(a) Cash and cash equivalents	4,363	3,347
(b) Bank balances other than cash and cash equivalents	1,828	1,538
(c) Trade receivables	2,494	1,195
(d) Loans	576,550	547,094
(e) Investments	10,496	5,684
(f) Other financial assets	3,625	1,097
	599,356	559,955
2 Non-financial Assets		
(a) Current tax assets (Net)	1,556	367
(b) Deferred tax assets (Net)	3,134	3,850
(c) Property, plant and equipment	1,097	1,139
(d) Capital work-in-progress	-	-
(e) Other intangible assets	103	91
	5,890	5,447
TOTAL ASSETS	605,246	565,402
EQUITY AND LIABILITIES		
3 Financial Liabilities		
(a) Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,149	3,949
(b) Debt securities	248,827	241,196
(c) Borrowings (other than debt securities)	206,854	180,956
(d) Subordinated liabilities	33,036	28,898
(e) Other financial liabilities	25,489	26,238
	516,355	481,237
4 Non-Financial Liabilities		
(a) Current tax liabilities (net)	261	561
(b) Provisions	13,432	11,015
(c) Other non-financial liabilities	757	804
	14,450	12,380
5 Equity		
(a) Equity share capital	7,859	7,857
(b) Other equity	66,582	63,928
	74,441	71,785
TOTAL EQUITY AND LIABILITIES	605,246	565,402

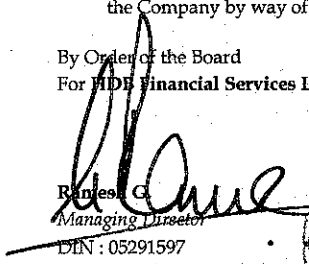


Notes:

- 1 HDB Financial Services Limited ('the Company') is a Non-Banking Financial Company registered with the Reserve Bank of India.
- 2 The financial results for the period ended 30 September 2019 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 15 October 2019.
- 3 The Statement has been prepared in accordance with recognition and measurement principles laid down in accordance with the Indian Accounting Standard 34 "Interim Financial Reporting" (Ind AS 34) as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and and relevant rules issued thereunder and other recognized accounting practices and policies.
- 4 In compliance with Regulation 52 of the Securities Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015, a limited review of financial results for the half year ended 30 September 2019 and 30 September 2018 have been carried out by the Statutory Auditors of the Company.
- 5 Earnings per equity share for the half year ended 30 September 2019 and 30 September 2018 have not been annualised.
- 6 Other equity include Statutory Reserve as per Section 45IC of Reserve Bank of India Act, 1934, balance in securities premium and retained earnings.
- 7 The Company has elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for the half year ended 30 September 2019 and re-measured its deferred tax assets basis the rate prescribed in the said section. The full impact of above mentioned change amounting to Rs. 1,075.54 million has been recognised in the standalone statement of profit and loss for the half year ended 30 September 2019.
- 8 Effective 01 April 2019, the Company has adopted Ind AS 116 - Leases and applied it to all lease contracts existing on 01 April 2019 using the modified retrospective method. Based on the same and as permitted under the specific transitional provisions in the standard, the Company is not required to restate the comparative figures.

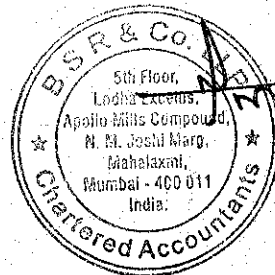
On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset of 2,353.65 million and a lease liability of 2,353.65 million. The effect of this adoption is not material to the profit for the period and earnings per share.
- 9 The Board of Directors had declared a final dividend of Rs 1.80 per equity share for the financial year ended 31 March 2019 and the same was approved by the shareholders at the Annual General Meeting held on 21 June 2019 and was paid on 24 June 2019.
- 10 The Board of Directors appointed Mrs. Amla Ashim Samanta and Mr. Adayapalam Kumaraswamy Viswanathan as Independent Directors of the Company effective 1 May 2019 and 24 July 2019 respectively for a period of five consecutive years under Section 149 of the Companies Act, 2013.
- 11 Information as required by Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as per 'Annexure 1' attached.
- 12 The Secured listed Non-Convertible Debentures 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 first and exclusive charge on receivables of the Company by way of hypothecation to the extent of minimum 1.1 times of the amount outstanding.

By Order of the Board
For HDB Financial Services Limited


Ramesh G.
Managing Director
DIN : 05291597



Date : 15 October 2019
Place : Mumbai



HDB Financial Services Limited

Annexure 1

Additional Information

a) **Credit rating**

The Credit Analysis & Research Limited (CARE) and CRISIL Limited (CRISIL) have assigned following ratings to the Company:

Facility	CARE	CRISIL
Bank facilities	AAA/Stable	AAA/Stable
Non-convertible debentures	AAA/Stable	AAA/Stable
Short term debt program	A1+	A1+
Subordinated bond issue	AAA/Stable	AAA/Stable
Perpetual bond issue	AAA/Stable	AAA/Stable
Market Linked Debentures	PP-MLD AAA/Stable	PP-MLD AAA/Stable

b) **Asset cover available**

Not applicable

c) **Debt-Equity ratio***

The debt-equity ratio of the Company as per the reviewed standalone financial results by statutory auditors for the half year ended 30 September 2019 is 6.85

d) **Previous due date for the payment of interest/dividend for non-convertible redeemable preference shares / repayment of principal of non-convertible preference shares / non-convertible debt securities and whether the same has been paid or not.**

All previous dues with respect to debentures were paid on due date (Refer Appendix A). The Company has not issued any non-convertible redeemable preference shares.

e) **Next due date for the payment of interest/dividend of non-convertible preference shares / principal along with the amount of interest / dividend of non-convertible preference shares payable and the redemption amount.**

The Company has not issued any non-convertible redeemable preference shares.

f) **Debt service coverage ratio**

Not applicable

g) **Interest service coverage ratio**

Not applicable

h) **Outstanding redeemable preference shares (quantity and value)**

Not applicable

i) **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.

j) **Net worth****

Rs. 71,307 millions

k) **Net profit after tax**

Rs. 4,275 millions

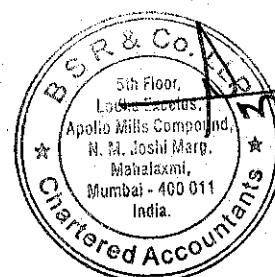
l) **Earnings per share (Refer Note 5)**

a. Basic - Rs. 5.44

b. Diluted - Rs. 5.43

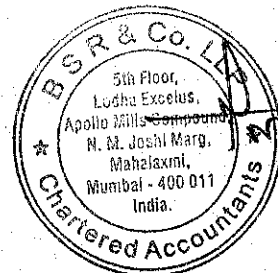
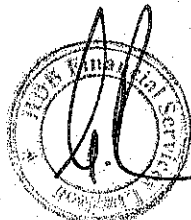
* Debt equity ratio is (Debt securities + Borrowings + Subordinated liabilities) / Networth

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



Appendix A - Statement of interest and principle on non convertible debentures falling due and paid during FY 2019-20 till 30.09.2019

Non Convertible Debenture Series	Interest Redemption Date	Principle Redemption Date	Total Amount Rs. in millions	Payment Status
NCD Series 38	18-Jun-2019	18-Jun-2019	1,094.90	Paid
NCD Series 41	31-Jul-2019	31-Jul-2019	1,643.40	Paid
NCD Series 70	9-Apr-2019	9-Apr-2019	657.21	Paid
NCD Series 72	9-Apr-2019	9-Apr-2019	510.32	Paid
NCD Series 77	13-May-2019	13-May-2019	3,579.07	Paid
NCD Series 78	2-May-2019	2-May-2019	814.13	Paid
NCD Series 78	12-Jun-2019	12-Jun-2019	1,094.99	Paid
NCD Series 79	17-Jun-2019	17-Jun-2019	2,193.85	Paid
NCD Series 80	3-Jul-2019	3-Jul-2019	1,422.56	Paid
NCD Series 82	14-Jun-2019	13-Mar-2020	86.58	Paid
NCD Series 82	13-Sep-2019	13-Sep-2019	2,216.21	Paid
NCD Series 84	29-Jul-2019	29-Jul-2019	1,897.81	Paid
NCD Series 85	12-Sep-2019	12-Sep-2019	1,281.76	Paid
NCD Series 86	9-Aug-2019	9-Aug-2019	2,165.55	Paid
NCD Series 89	17-Sep-2019	17-Sep-2019	1,101.53	Paid
NCD Series 91	27-Sep-2019	27-Sep-2019	2,511.91	Paid
NCD Series 91	27-Sep-2019	27-Sep-2019	1,078.78	Paid
NCD Series 103	26-Apr-2019	26-May-2020	104.76	Paid
NCD Series 104	13-May-2019	14-Jun-2019	78.30	Paid
NCD Series 104	14-Jun-2019	14-Jun-2019	2,441.60	Paid
NCD Series 105	20-May-2019	18-Jun-2020	78.43	Paid
NCD Series 106	29-May-2019	29-Jun-2020	234.00	Paid
NCD Series 107	13-Jun-2019	12-Jun-2020	154.00	Paid
NCD Series 107	28-Jun-2019	28-Jun-2019	1,619.15	Paid
NCD Series 108	19-Jun-2019	19-Jun-2020	283.13	Paid
NCD Series 109	18-Jul-2019	17-Aug-2020	376.00	Paid
NCD Series 110	29-Jul-2019	28-Sep-2020	297.20	Paid
NCD Series 111	28-Aug-2019	28-Aug-2019	4,291.20	Paid
NCD Series 112	9-Sep-2019	8-Sep-2020	291.20	Paid
NCD Series 120	27-Jun-2019	7-Jul-2021	189.42	Paid
NCD Series 121	11-Jul-2019	12-Jul-2021	496.23	Paid
NCD Series 122	16-Aug-2019	14-Aug-2020	313.20	Paid
NCD Series 123	9-Sep-2019	9-Sep-2021	498.97	Paid
NCD Series 126	14-Jun-2019	15-Jun-2020	221.64	Paid
NCD Series 129	19-Jun-2019	19-Jun-2020	215.18	Paid
NCD Series 130	13-Aug-2019	10-Aug-2020	125.29	Paid
NCD Series 131	4-May-2019	4-May-2022	94.55	Paid
NCD Series 134	17-Jun-2019	17-Jun-2022	23.70	Paid
NCD Series 138	26-Aug-2019	25-Aug-2022	7.95	Paid



**Segment wise Revenue, Results and Capital Employed
for the half year ended September 30, 2019**

(Rupees in million)

Particulars	30-Sep-19
1. Segment Revenue (Income)	
Lending business	41,935.106
BPO Services	10,116.196
Total Segment Revenue	52,051.302
Less: Inter Segment Revenue	-
Revenue from Operations	52,051.302
2. Segment Results	
Lending business	26,917.549
BPO Services	625.824
Total profit before tax	27,543.373
Less: Finance Cost	20,176.403
Less: Other Unallocable Expenditure net off Unallocable income	271.833
Profit before tax	7,095.137
3. Capital Employed = Segment Assets - Segment Liabilities	
Segment Assets	
Lending business	595,392.328
BPO Services	2,286.221
Total Segment Asset	597,678.548
Un-allocable Assets	7,566.921
Net Segment Asset	605,245.469
Segment Liabilities	
Lending business	526,603.910
BPO Services	918.972
Total Segment Liabilities	527,522.882
Un-allocable Liabilities	3,281.325
Net Segment Liabilities	530,804.208

Notes:

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.

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.

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'.

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'.

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

For **HDB Financial Services Limited**


Ramesh C.

Managing Director & Chief Executive Officer
DIN : 05291597



Date: October 17, 2019