

HDB/SLC/2021/924

October 16, 2021

To,

Listing Compliance Department BSE Limited P J Towers, Dalal Street, Mumbai - 400 001	Listing Compliance Department National Stock Exchange of India Limited Exchange Plaza, BKC, Bandra (East), Mumbai- 400051
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Subject: Submission of unaudited Financial Results along with Limited Review Report for the quarter and half year ended September 30, 2021

Dear Sir / Madam,

Pursuant to the provisions of Regulation 33 & 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Chapter VI of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and amendments thereof, please find enclosed the Standalone and Consolidated unaudited Financial Results for the quarter and half year ended September 30, 2021, duly approved by the Board of Directors of the Company at its meeting held today i.e. October 16, 2021.

Further, please note that the joint Statutory Auditors of the Company, M/s. B. K. Khare & Co and M/s. Khimji Kunverji & Co LLP has submitted Limited Review Report for the quarter and half year ended September 30, 2021 with unmodified opinion.

The disclosures in compliance with Regulations 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter & half-year ended September 30, 2021 is enclosed herewith.

You are requested to kindly take the same on record.

This is for your information and appropriate dissemination.

Thanking you,

For HDB Financial Services Limited


Dipti Khandelwal
Company Secretary
M. No. F11340



Encl: a/a

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

Limited review report on unaudited standalone financial results of HDB Financial Services Limited for the quarter and half year ended September 30, 2021 under Regulation 33 and Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors of
HDB Financial Services Limited

INTRODUCTION

1. We have reviewed the accompanying Statement of unaudited standalone financial results of HDB Financial Services Limited (the 'Company') for the quarter and half year ended September 30, 2021 ('the Statement').
2. The Statement, which is the responsibility of the Company's management and approved by its 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 33 and Regulation 52 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Our responsibility is to issue a report on the Statement based on our review.

SCOPE OF 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.

CONCLUSION

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 recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement



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OTHER MATTER

5. The numbers and details pertaining to period(s) i.e. Quarter ended June 30, 2021, Quarter ended September 30, 2020, Half year ended September 30, 2020 have been traced from the review reports of BSR & Co. LLP, Chartered Accountants ('the erstwhile auditors'), in terms of Regulation 33 and Regulation 52 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Similarly, the numbers and details pertaining to Year ended as at March 31, 2021 and notes related thereto in the Statement have been traced from the Financial Statements of the Company audited by the erstwhile Auditors vide their unmodified report dated April 17, 2021. Our report is not modified in respect of this matter.

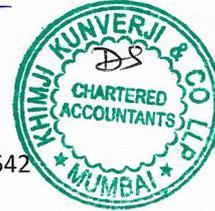
For B. K. Khare & Co
Chartered Accountants
Firm Registration Number – 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784
UDIN: 21044784AAAABT5042
Place: Mumbai
Date: October 16, 2021



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

Hasmukh B Dedhia
Partner
Membership No. 033494
UDIN: 21033494AAAAQB2642
Place: Mumbai
Date: October 16, 2021



Statement of Standalone Financial Results
 for the quarter and half year ended 30 September 2021

(Rupees in million)

Particulars	Quarter ended 30 Sep 2021 Reviewed	Quarter ended 30 Jun 2021 Reviewed	Quarter ended 30 Sep 2020 Reviewed	Half Year ended 30 Sep 2021 Reviewed	Half Year ended 30 Sep 2020 Reviewed	Year ended 31-Mar-2021 Audited
I Revenue from operations						
Interest income	20,595	21,637	20,846	42,232	42,384	84,879
Sale of services	5,757	5,556	5,078	11,313	9,773	20,204
Other financial charges	1,291	893	992	2,184	1,358	4,051
Net gain on fair value changes	87	67	25	154	250	400
Net gain/(loss) on derecognised financial instruments	(20)	(9)	(25)	(29)	(52)	(86)
Total Revenue from operations	27,710	28,144	26,916	55,854	53,713	1,09,448
II Expenses						
Finance Costs	8,543	8,733	9,879	17,276	20,184	38,829
Impairment on financial instruments	6,339	8,696	9,298	15,035	16,159	30,688
Employee benefits expenses	8,656	8,222	7,440	16,878	14,762	29,556
Depreciation, amortization and impairment	248	249	272	497	549	1,078
Others expenses	1,404	1,080	1,165	2,484	1,712	4,290
Total expenses	25,190	26,980	28,054	52,170	53,366	1,04,441
III Profit before tax (I-II)	2,520	1,164	(1,138)	3,684	347	5,007
IV Tax expense:						
a. Current tax	1,404	648	116	2,052	1,018	4,191
b. Deferred tax	(801)	(370)	(404)	(1,171)	(931)	(3,099)
Total tax expense	603	278	(288)	881	87	1,092
V Net Profit for the period (III-IV)	1,917	886	(850)	2,803	260	3,915
VI Other Comprehensive Income (net of tax)	(6)	(190)	(2)	(196)	(401)	(135)
VII Total Comprehensive Income (after tax) (V-VI)	1,911	696	(852)	2,607	(141)	3,780
VIII Earnings per equity share (Refer Note 9)						
a. Basic (in Rupees)	2.43	1.12	(1.08)	3.55	0.33	4.97
b. Diluted (in Rupees)	2.43	1.12	(1.08)	3.55	0.33	4.97
Face value per share (in Rupees)	10	10	10	10	10	10

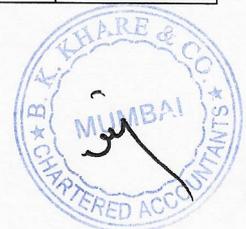


Notes:

1 Statement of Standalone Assets and Liabilities

(Rupees in million)

Particulars	As at 30 Sep 2021	As at 31 Mar 2021
	Reviewed	Audited
ASSETS		
1 Financial Assets		
(a) Cash and cash equivalents	3,487	7,535
(b) Bank balances other than cash and cash equivalents	2,199	2,229
(c) Derivative financial instruments	-	-
(d) Trade receivables	1,206	1,173
(e) Loans	5,60,768	5,86,014
(f) Investments	28,177	15,929
(g) Other financial assets	3,293	2,492
	5,99,130	6,15,372
2 Non-financial Assets		
(a) Current tax assets (Net)	990	569
(b) Deferred tax assets (Net)	8,537	7,300
(c) Property, plant and equipment	789	915
(d) Capital work-in-progress	-	-
(e) Other intangible assets	71	80
(f) Right of Use Assets	2,096	2,174
	12,483	11,038
TOTAL ASSETS	6,11,613	6,26,410
EQUITY AND LIABILITIES		
3 Financial Liabilities		
(a) Derivative financial instruments	38	427
(b) Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	0
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,862	3,342
(c) Debt securities	2,57,842	2,38,021
(d) Borrowings (other than debt securities)	1,94,893	2,25,691
(e) Subordinated liabilities	39,887	39,876
(f) Other financial liabilities	24,261	28,449
	5,18,783	5,35,806
4 Non-Financial Liabilities		
(a) Current tax liabilities (net)	1,061	1,731
(b) Provisions	2,219	3,198
(c) Other non-financial liabilities	2,360	1,213
	5,640	6,142
5 Equity		
(a) Equity share capital	7,892	7,892
(b) Other equity	79,298	76,570
	87,190	84,462
TOTAL EQUITY AND LIABILITIES	6,11,613	6,26,410



2 Standalone Statement of Cash Flows

Particulars	(Rupees in million)	
	Half Year ended 30 Sep 2021	Half Year ended 30 Sep 2020
	Reviewed	Reviewed
Cash flow from operating activities		
Profit before tax	3,684	347
Adjustments for		
(Profit)/loss on sale of asset	4	17
Interest expenses	17,307	20,132
Interest income	(42,232)	(42,384)
Realised net (gain)/ loss on FVTPL investments	(403)	(405)
Unrealised (gain)/loss on FVTPL investments	(4)	(107)
Discount on commercial paper	73	194
Impairment on financial instruments	15,035	16,159
Provision for compensated absence and gratuity	841	369
Employee share based payment expenses	120	29
Rent expenses reversal	(311)	(294)
Depreciation, amortization and impairment	497	549
Operating cash flow before working capital changes	(5,387)	(5,395)
Adjustments for working capital changes:		
(Increase)/ decrease in trade receivables	(33)	(37)
(Increase)/decrease in other financial assets and others	(1,947)	(4,482)
(Increase)/decrease in Loans	10,103	(3,658)
Increase/(decrease) in other financial and non financial liabilities & provisions	(5,124)	(15,593)
Increase/(decrease) in trade payables	(1,480)	433
Interest paid	(21,371)	(20,243)
Interest received	42,321	42,186
Cash generated from operations	17,082	(6,788)
Direct taxes paid (net of refunds)	1,700	750
Net cash flow generated from/(used in) operating activities	A 18,781	(6,038)
Cash flow from investing activities		
Purchase of fixed assets	(125)	(141)
Proceeds from sale of fixed assets	6	2
Purchase of investments mutual fund	(1,18,104)	(86,250)
Proceeds of investments mutual fund	1,06,413	90,803
Net cash generated from/(used in) investing activities	B (11,810)	4,414
Cash flow from financing activities		
Increase/(Decrease) in Debt securities (net)	20,470	(789)
Increase/(Decrease) in Borrowings other than debt securities (net)	(31,489)	984
Net cash generated from/(used in) financing activities	C (11,019)	195
Net increase/(decrease) in cash and cash equivalents	A+B+C (4,048)	(1,429)
Add : Cash and cash equivalents as at the beginning of the year	7,535	3,560
Cash and cash equivalents as at the end of the year*	3,487	2,131
*Components of cash and cash equivalents		
Balances with banks	2,580	1,764
Demand drafts on hand	77	54
Cash on hand	304	313
Collateral with banks for derivative	526	-
	3,487	2,131



- 3 HDB Financial Services Limited ('the Company') is a Non-Banking Financial Company registered with the Reserve Bank of India.
- 4 The standalone financial results for the quarter and half year ended 30 September 2021 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 15 October 2021 and 16 October 2021 respectively.
- 5 The standalone financial results has been prepared in accordance with recognition and measurement principles laid down in 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 the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, and other accounting principles generally accepted in India.
- 6 In compliance with Regulations 33 and 52 of the Securities Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015, a 'Limited Review' of standalone financial results for the quarter and half year ended 30 September 2021 and 30 September 2020 and for quarter ended 30 June 2021 have been carried out by the Statutory Auditors of the Company.
- 7 Pursuant to SEBI Circular No. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019, as amended, the Company has listed Commercial Papers on National Stock Exchange (NSE).
- 8 The figures for the quarter ended 30 September 2021 and 30 September 2020 are the balancing figures between reviewed figures in respect of the half year ended 30 September 2021 and 30 September 2020 and the reviewed figures for the quarter ended 30 June 2021 and 30 June 2020 respectively.
- 9 Earnings per equity share for the quarter and half year ended 30 September 2021 and 30 September 2020 and for quarter ended 30 June 2021 have not been annualised.
- 10 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.
- 11 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 amount outstanding.
- 12 Asset cover available as on 30 September 2021 in case of the non-convertible debt securities issued by the Company is 1.1.
- 13 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.
- 14 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.
- 15 Information as required by Reserve Bank of India Circular on Resolution Framework for COVID-19 related Stress dated 6 August 2020 is attached as Annexure 3.
- 16 Information as required by Reserve Bank of India Circular 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.
- 17 The Board of Directors, on the recommendation of Nomination & Remuneration Committee, appointed Mr. Arijit Basu as Chairman and Non-Executive Director of the Company effective 1 June 2021 for a period of three years.
- 18 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
DIN : 05291597



Date : 16 October 2021
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 half year ended 30 September 2021

- a) Omitted
- b) Omitted
- c) **Debt-Equity ratio***
Debt-equity ratio of the Company as per the reviewed standalone financial results by statutory auditors as at 30 September 2021 is 6.26
- d) Omitted
- e) Omitted
- 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. 78,653.14 millions
- k) **Net profit after tax**
Rs. 2802.78 millions
- l) **Earnings per share**
a. Basic - Rs. 3.55
b. Diluted - Rs. 3.55
- m) **Current ratio**
Current ratio is 1.44
- n) **Long term debt to working capital ratio**
Long term debt to working capital ratio is 5.04
- o) **Bad debts to account receivable ratio**
Bad debts to account receivable ratio is 6.06%
- p) **Current liability ratio**
Current liability ratio is 30.57%
- q) **Total debts to total assets**
Total debts to total assets ratio is 80.54%
- r) **Debtors turnover**
Not applicable
- s) **Inventory turnover**
Not applicable
- t) **Operating margin (%)**
Operating margin for the half year ended 30 September 2021 is 33.51%
- u) **Net profit margin (%)**
Net profit margin for the half year ended 30 September 2021 is 5.02%
- v) **Sector specific equivalent ratios such as (i) NPA/ECL ratio, (ii) PCR ratio, (iii) LCR ratio, etc**
a. Stage 3 ratio as at 30 September 2021 is 6.06%
b. Provision coverage ratio as at 30 September 2021 is 55.05%
c. Liquidity coverage ratio as at 30 September 2021 is 157%

* 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 half year ended 30 September 2021

(Rupees in million)

S.N.	Particulars	Quarter ended 30 Sep 2021 Reviewed	Quarter ended 30 Jun 2021 Reviewed	Quarter ended 30 Sep 2020 Reviewed	Half Year ended 30 Sep 2021 Reviewed	Half Year ended 30 Sep 2020 Reviewed	Year ended 31-Mar-2021 Audited
i.	Segment Revenue						
	Lending business	21,953	22,588	21,838	44,541	43,940	89,244
	BPO Services	5,757	5,556	5,078	11,313	9,773	20,204
	Unallocated	-	-	-	-	-	-
	Income from Operations	27,710	28,144	26,916	55,854	53,713	1,09,448
ii.	Segment Results						
	Lending business	2,421	1,098	(1,190)	3,519	127	4,460
	BPO Services	193	222	419	415	642	1,037
	Unallocated	(94)	(156)	(366)	(250)	(422)	(490)
	Profit before tax	2,520	1,164	(1,137)	3,684	347	5,007
	Income Tax expenses						
	Current tax	1,404	648	116	2,052	1,018	4,191
	Deferred tax Asset	(801)	(370)	(403)	(1,171)	(931)	(3,099)
	Net Profit	1,917	886	(850)	2,803	260	3,915
iii.	Capital Employed						
	Segment assets						
	Lending business	6,00,653	5,91,225	6,01,586	6,00,653	6,01,586	6,16,945
	BPO Services	1,433	1,555	2,265	1,433	2,265	1,475
	Unallocated	9,527	8,724	6,579	9,527	6,579	7,991
	Total Assets	6,11,613	6,01,504	6,10,430	6,11,613	6,10,430	6,26,411
	Segment Liabilities						
	Lending business	5,21,565	5,11,760	5,28,270	5,21,565	5,28,270	5,38,863
	BPO Services	1,798	3,208	1,062	1,798	1,062	504
	Unallocated	1,060	1,319	1,024	1,060	1,024	2,582
	Total Liabilities	5,24,423	5,16,287	5,30,356	5,24,423	5,30,356	5,41,949
	Net Segment assets / (liabilities)	87,190	85,217	80,074	87,190	80,074	84,462

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

Information as required by Reserve Bank of India Circular on Resolution Framework for COVID-19 related Stress dated 6 August 2020

Format - A : For the quarter ended 30 September 2021

(Rupees in million)					
Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	-	-	-	-	-
Corporate persons*	-	-	-	-	-
<i>Of which, MSMEs</i>	-	-	-	-	-
Others	-	-	-	-	-
Total	-	-	-	-	-

Format - B : For the half year ended 30 September 2021

(Rupees in million)					
Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year
Personal Loans	-	-	-	-	6,199
Corporate persons*	-	-	-	-	950
<i>Of which, MSMEs</i>	-	-	-	-	599
Others	-	-	-	-	4,723
Total	-	-	-	-	11,872



HDB Financial Services Limited

Annexure 4

Information as required by Reserve Bank of India Circular on Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses dated 5 May 2021

Format - X : For the quarter ended 30 September 2021

Sl. No.	Description	Individual Borrowers		Small businesses
		Personal Loans	Business Loans	
(A)	Number of requests received for invoking resolution process	30,586	22,179	3,878
(B)	Number of accounts where resolution plan has been implemented under this window	30,586	22,179	3,878
(C)	Exposure to accounts mentioned at (B) before implementation of the plan (Rupees in million)	9,124	18,824	11,081
(D)	Of (C), aggregate amount of debt that was converted into other securities	-	-	-
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation (Rupees in million)	1,222	2,353	734
(F)	Increase in provisions on account of the implementation of the resolution plan (Rupees in million)	48	347	103



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To:
The Board of Directors of
HDB Financial Services Limited

INTRODUCTION

1. We have reviewed the accompanying Statement of unaudited Consolidated financial results of HDB Financial Services Limited (the 'Parent') and its controlled structured entities (the parent and its controlled structured entities together referred to as the 'Group') for the quarter and half year ended September 30, 2021 ('the Statement'), being submitted by the parent pursuant to the requirements of regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'LODR')
2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's 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 33 and Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Our responsibility is to issue a report on the Statement based on our review.

SCOPE OF 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 personnel responsible for financial and accounting matters 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.



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CONCLUSION

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 recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement
5. The statement includes the financials results of six controlled structured entities which have not been subject to review or audit. According to the information and explanation given to us by the management, these financial results are not material to the Group. Our conclusion on the Statement is not modified in respect of the above matter.

OTHER MATTER

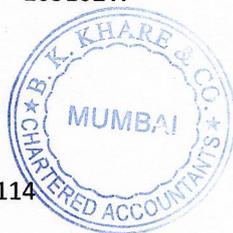
6. The numbers and details pertaining to period(s) i.e. Quarter ended June 30, 2021, Quarter ended September 30, 2020, Half year ended September 30, 2020 in the Statement have been traced from the review reports of BSR & Co. LLP, Chartered Accountants ('the erstwhile auditors'), in terms of Regulation 33 and Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Similarly, the numbers and details pertaining to Year ended as at March 31, 2021 and notes related thereto in the Statement have been traced from the Financial Statements of the Parent audited by the erstwhile Auditors vide their unmodified audit report dated April 17, 2021.

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



Padmini Khare Kaicker
Partner

Membership No. 044784
UDIN: 21044784AAAABU9114
Place: Mumbai
Date: October 16, 2021



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



Has Mukh B Dedhia
Partner

Membership No. 033494
UDIN: 21033494AAAAQA5980
Place: Mumbai
Date: October 16, 2021



Statement of Consolidated Financial Results
 for the quarter and half year ended 30 September 2021

(Rupees in million)

Particulars	Quarter ended 30 Sep 2021 Reviewed	Quarter ended 30 Jun 2021 Reviewed	Quarter ended 30 Sep 2020 Reviewed	Half Year ended 30 Sep 2021 Reviewed	Half Year ended 30 Sep 2020 Reviewed	Year ended 31-Mar-2021 Audited
I Revenue from operations						
Interest income	20,595	21,637	20,846	42,232	42,384	84,879
Sale of services	5,757	5,556	5,078	11,313	9,773	20,204
Other financial charges	1,291	893	992	2,184	1,358	4,051
Net gain on fair value changes	87	67	25	154	250	400
Net gain/(loss) on derecognised financial instruments	(20)	(9)	(25)	(29)	(52)	(86)
Total Revenue from operations	27,710	28,144	26,916	55,854	53,713	1,09,448
II Expenses						
Finance Costs	8,543	8,733	9,879	17,276	20,184	38,829
Impairment on financial instruments	6,339	8,696	9,298	15,035	16,159	30,688
Employee benefits expenses	8,656	8,222	7,440	16,878	14,762	29,556
Depreciation, amortization and impairment	248	249	272	497	549	1,078
Others expenses	1,404	1,080	1,165	2,484	1,712	4,290
Total expenses	25,190	26,980	28,054	52,170	53,366	1,04,441
III Profit before tax (I-II)	2,520	1,164	(1,138)	3,684	347	5,007
IV Tax expense:						
a. Current tax	1,404	648	116	2,052	1,018	4,191
b. Deferred tax	(801)	(370)	(404)	(1,171)	(931)	(3,099)
Total tax expense	603	278	(288)	881	87	1,092
V Net Profit for the period (III-IV)	1,917	886	(850)	2,803	260	3,915
VI Other Comprehensive Income (net of tax)	(6)	(190)	(2)	(196)	(401)	(135)
VII Total Comprehensive Income (after tax) (V-VI)	1,911	696	(852)	2,607	(141)	3,780
VIII Earnings per equity share (Refer Note 9)						
a. Basic (in Rupees)	2.43	1.12	(1.08)	3.55	0.33	4.97
b. Diluted (in Rupees)	2.43	1.12	(1.08)	3.55	0.33	4.97
Face value per share (in Rupees)	10	10	10	10	10	10



Notes:

1 Statement of Consolidated Assets and Liabilities

(Rupees in million)

Particulars	As at 30 Sep 2021	As at 31 Mar 2021
	Reviewed	Audited
ASSETS		
1 Financial Assets		
(a) Cash and cash equivalents	3,487	7,535
(b) Bank balances other than cash and cash equivalents	2,199	2,229
(c) Derivative financial instruments	-	-
(d) Trade receivables	1,206	1,173
(e) Loans	5,60,768	5,86,014
(f) Investments	28,177	15,929
(g) Other financial assets	3,293	2,492
	5,99,130	6,15,372
2 Non-financial Assets		
(a) Current tax assets (Net)	990	569
(b) Deferred tax assets (Net)	8,537	7,300
(c) Property, plant and equipment	789	915
(d) Capital work-in-progress	-	-
(e) Other intangible assets	71	80
(f) Right of Use Assets	2,096	2,174
	12,483	11,038
TOTAL ASSETS	6,11,613	6,26,410
EQUITY AND LIABILITIES		
3 Financial Liabilities		
(a) Derivative financial instruments	38	427
(b) Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	0
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,862	3,342
(c) Debt securities	2,57,842	2,38,021
(d) Borrowings (other than debt securities)	1,94,893	2,25,691
(e) Subordinated liabilities	39,887	39,876
(f) Other financial liabilities	24,261	28,449
	5,18,783	5,35,806
4 Non-Financial Liabilities		
(a) Current tax liabilities (net)	1,061	1,731
(b) Provisions	2,219	3,198
(c) Other non-financial liabilities	2,360	1,213
	5,640	6,142
5 Equity		
(a) Equity share capital	7,892	7,892
(b) Other equity	79,298	76,570
	87,190	84,462
TOTAL EQUITY AND LIABILITIES	6,11,613	6,26,410



2 Consolidated Statement of Cash Flows

Particulars	(Rupees in million)	
	Half Year ended 30 Sep 2021	Half Year ended 30 Sep 2020
	Reviewed	Reviewed
Cash flow from operating activities		
Profit before tax	3,684	347
Adjustments for		
(Profit)/loss on sale of asset	4	17
Interest expenses	17,307	20,132
Interest income	(42,232)	(42,384)
Realised net (gain)/ loss on FVTPL investments	(403)	(405)
Unrealised (gain)/loss on FVTPL investments	(4)	(107)
Discount on commercial paper	73	194
Impairment on financial instruments	15,035	16,159
Provision for compensated absence and gratuity	841	369
Employee share based payment expenses	120	29
Rent expenses reversal	(311)	(294)
Depreciation, amortization and impairment	497	549
Operating cash flow before working capital changes	(5,387)	(5,395)
Adjustments for working capital changes:		
(Increase)/ decrease in trade receivables	(33)	(37)
(Increase)/decrease in other financial assets and others	(1,947)	(4,482)
(Increase)/decrease in Loans	10,103	(3,658)
Increase/(decrease) in other financial and non financial liabilities & provisions	(5,124)	(15,593)
Increase/(decrease) in trade payables	(1,480)	433
Interest paid	(21,371)	(20,243)
Interest received	42,321	42,186
Cash generated from operations	17,082	(6,788)
Direct taxes paid (net of refunds)	1,700	750
Net cash flow generated from/(used in) operating activities	A 18,781	(6,038)
Cash flow from investing activities		
Purchase of fixed assets	(125)	(141)
Proceeds from sale of fixed assets	6	2
Purchase of investments mutual fund	(1,18,104)	(86,250)
Proceeds of investments mutual fund	1,06,413	90,803
Net cash generated from/(used in) investing activities	B (11,810)	4,414
Cash flow from financing activities		
Increase/(Decrease) in Debt securities (net)	20,470	(789)
Increase/(Decrease) in Borrowings other than debt securities (net)	(31,489)	984
Net cash generated from/(used in) financing activities	C (11,019)	195
Net increase/(decrease) in cash and cash equivalents	A+B+C (4,048)	(1,429)
Add : Cash and cash equivalents as at the beginning of the year	7,535	3,560
Cash and cash equivalents as at the end of the year*	3,487	2,131
*Components of cash and cash equivalents		
Balances with banks	2,580	1,764
Demand drafts on hand	77	54
Cash on hand	304	313
Collateral with banks for derivative	526	-
	3,487	2,131



- 3 HDB Financial Services Limited ('the Company') is a Non-Banking Financial Company registered with the Reserve Bank of India.
- 4 The consolidated financial results for the quarter and half year ended 30 September 2021 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 15 October 2021 and 16 October 2021 respectively.
- 5 The consolidated financial results has been prepared in accordance with recognition and measurement principles laid down in 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 the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, and other accounting principles generally accepted in India.
- 6 In compliance with Regulations 33 and 52 of the Securities Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015, a 'Limited Review' of consolidated financial results for the quarter and half year ended 30 September 2021 and 30 September 2020 and for quarter ended 30 June 2021 have been carried out by the Statutory Auditors of the Company.
- 7 Pursuant to SEBI Circular No. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019, as amended, the Company has listed Commercial Papers on National Stock Exchange (NSE).
- 8 The figures for the quarter ended 30 September 2021 and 30 September 2020 are the balancing figures between reviewed figures in respect of the half year ended 30 September 2021 and 30 September 2020 and the reviewed figures for the quarter ended 30 June 2021 and 30 June 2020 respectively.
- 9 Earnings per equity share for the quarter and half year ended 30 September 2021 and 30 September 2020 and for quarter ended 30 June 2021 have not been annualised.
- 10 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.
- 11 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 amount outstanding.
- 12 Asset cover available as on 30 September 2021 in case of the non-convertible debt securities issued by the Company is 1.1.
- 13 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.
- 14 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.
- 15 The Board of Directors, on the recommendation of Nomination & Remuneration Committee, appointed Mr. Arijit Basu as Chairman and Non-Executive Director of the Company effective 1 June 2021 for a period of three years.
- 16 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

Ramish C.
Managing Director
DIN : 05291597



Date : 16 October 2021
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 half year ended 30 September 2021

- a) Omitted
- b) Omitted
- c) **Debt-Equity ratio***
Debt-equity ratio of the Company as per the reviewed consolidated financial results by statutory auditors as at 30 September 2021 is 6.26
- d) Omitted
- e) Omitted
- 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. 78,653.14 millions
- k) **Net profit after tax**
Rs. 2802.78 millions
- l) **Earnings per share**
a. Basic - Rs. 3.55
b. Diluted - Rs. 3.55
- m) **Current ratio**
Current ratio is 1.44
- n) **Long term debt to working capital ratio**
Long term debt to working capital ratio is 5.04
- o) **Bad debts to account receivable ratio**
Bad debts to account receivable ratio is 6.06%
- p) **Current liability ratio**
Current liability ratio is 30.57%
- q) **Total debts to total assets**
Total debts to total assets ratio is 80.54%
- r) **Debtors turnover**
Not applicable
- s) **Inventory turnover**
Not applicable
- t) **Operating margin (%)**
Operating margin for the half year ended 30 September 2021 is 33.51%
- u) **Net profit margin (%)**
Net profit margin for the half year ended 30 September 2021 is 5.02%
- v) **Sector specific equivalent ratios such as (i) NPA/ECL ratio, (ii) PCR ratio, (iii) LCR ratio, etc**
a. Stage 3 ratio as at 30 September 2021 is 6.06%
b. Provision coverage ratio as at 30 September 2021 is 55.05%
c. Liquidity coverage ratio as at 30 September 2021 is 157%

* 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 half year ended 30 September 2021

(Rupees in million)

S.N.	Particulars	Quarter ended 30 Sep 2021 Reviewed	Quarter ended 30 Jun 2021 Reviewed	Quarter ended 30 Sep 2020 Reviewed	Half Year ended 30 Sep 2021 Reviewed	Half Year ended 30 Sep 2020 Reviewed	Year ended 31-Mar-2021 Audited
i.	Segment Revenue						
	Lending business	21,953	22,588	21,838	44,541	43,940	89,244
	BPO Services	5,757	5,556	5,078	11,313	9,773	20,204
	Unallocated	-	-	-	-	-	-
	Income from Operations	27,710	28,144	26,916	55,854	53,713	1,09,448
ii.	Segment Results						
	Lending business	2,421	1,098	(1,190)	3,519	127	4,460
	BPO Services	193	222	419	415	642	1,037
	Unallocated	(94)	(156)	(366)	(250)	(422)	(490)
	Profit before tax	2,520	1,164	(1,137)	3,684	347	5,007
	Income Tax expenses						
	Current tax	1,404	648	116	2,052	1,018	4,191
	Deferred tax Asset	(801)	(370)	(403)	(1,171)	(931)	(3,099)
	Net Profit	1,917	886	(850)	2,803	260	3,915
iii.	Capital Employed						
	Segment assets						
	Lending business	6,00,653	5,91,225	6,01,586	6,00,653	6,01,586	6,16,945
	BPO Services	1,433	1,555	2,265	1,433	2,265	1,475
	Unallocated	9,527	8,724	6,579	9,527	6,579	7,991
	Total Assets	6,11,613	6,01,504	6,10,430	6,11,613	6,10,430	6,26,411
	Segment Liabilities						
	Lending business	5,21,565	5,11,760	5,28,270	5,21,565	5,28,270	5,38,863
	BPO Services	1,798	3,208	1,062	1,798	1,062	504
	Unallocated	1,060	1,319	1,024	1,060	1,024	2,582
	Total Liabilities	5,24,423	5,16,287	5,30,356	5,24,423	5,30,356	5,41,949
	Net Segment assets / (liabilities)	87,190	85,217	80,074	87,190	80,074	84,462

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.

