

**HDB/TROPS/2021/30**

**February 01, 2021**

To,  
National Stock Exchange of India Limited  
Exchange Plaza,  
Bandra Kurla Complex, Bandra (East),  
Mumbai- 400051

**K.A.: Listing Compliance Department**

**Subject: Submission of Unaudited Financial Results along with Limited Review Report for the quarter ended December 31, 2020**

Dear Sir / Madam,

Pursuant to the provisions of Para 1.2 of Continuous obligations and disclosure requirements for listed CPs as per SEBI Circular SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019 and amendments thereof, please find enclosed the unaudited financial results along with Limited Review Report for the quarter ended December 31, 2020 as reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on February 1, 2021.

Further, please note that the Statutory Auditor of the Company, M/s. B.S.R. & Co. LLP has submitted Limited Review Report for the quarter ended December 31, 2020.

Kindly take the same on records for the information of the Commercial Paper holders of the Company.

Thanking you,

**For HDB Financial Services Limited**

**Dipti Khandelwal  
(Company Secretary)  
Membership No.:A25592**

Encl: a/a

# B S R & Co. LLP

Chartered Accountants

14th Floor, Central B Wing and North C Wing,  
Nesco IT Park 4, Nesco Center,  
Western Express Highway,  
Goregaon (East), Mumbai - 400 063

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## **Limited review report on unaudited standalone financial results of HDB Financial Services Limited under Regulation 33 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**

1. We have reviewed the accompanying Statement of unaudited standalone financial results of HDB Financial Services Limited (the 'Company') for the quarter ended and year to date results for the period from 1 April 2020 to 31 December 2020 (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 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations'). 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 33 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. As described in Note 10 to the Statement, in respect of accounts where moratorium benefit was granted, the staging of those accounts at 31 December 2020 is based on the days past due status considering the benefit of moratorium period in accordance with the Covid-19 Regulatory Package announced by the Reserve Bank of India vide notifications dated 27 March 2020, 17 April 2020 and 23 May 2020. Further no additional borrower accounts have been classified as impaired (non-performing assets) which were not declared non-performing till 31 August 2020, in view of the Supreme Court order dated 3 September 2020.

Registered Office:

**Limited review report on unaudited standalone financial results of HDB Financial Services Limited under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Continued)**

**HDB Financial Services Limited**

Further, the extent to which the Covid-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

Our review report is not modified in respect of the above matters.

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

*Chartered Accountants*

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

AKEEL  
ABBAS  
MASTER

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**Akeel Master**

*Partner*

Membership No: 046768

UDIN: 21046768AAAAAG2542

Mumbai

1 February 2021

**Statement of Unaudited Standalone Financial Results**  
 for the quarter and nine months ended 31 December 2020

(Rupees in million)

Particulars	Quarter ended	Quarter ended	Quarter ended	Nine months ended	Nine months ended	Year ended
	31-12-2020	30-09-2020	31-12-2019	31-12-2020	31-12-2019	31-03-2020
	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Audited
<b>I Revenue from operations</b>						
Interest income	20,470	20,846	20,990	62,854	61,010	82,335
Sale of services	4,922	5,078	5,372	14,695	15,488	21,132
Other financial charges	1,327	992	1,201	2,685	3,117	4,083
Net gain on fair value changes	147	25	-	397	105	188
Net gain/(loss) on derecognised financial instruments	(19)	(25)	(35)	(71)	(141)	(173)
<b>Total Revenue from operations</b>	<b>26,847</b>	<b>26,916</b>	<b>27,528</b>	<b>80,560</b>	<b>79,579</b>	<b>1,07,565</b>
<b>II Expenses</b>						
Finance Costs	9,610	9,879	10,492	29,794	30,668	40,814
Impairment on financial instruments	10,239	9,298	2,582	26,398	9,369	14,416
Employee benefits expenses	7,721	7,440	8,342	22,483	23,706	31,956
Depreciation, amortization and impairment	272	272	290	821	818	1,097
Others expenses	1,133	1,165	1,319	2,845	3,420	4,637
<b>Total expenses</b>	<b>28,975</b>	<b>28,054</b>	<b>23,025</b>	<b>82,341</b>	<b>67,981</b>	<b>92,920</b>
<b>III Profit before tax (I-II)</b>	<b>(2,128)</b>	<b>(1,137)</b>	<b>4,503</b>	<b>(1,781)</b>	<b>11,598</b>	<b>14,645</b>
<b>IV Tax expense:</b>						
a. Current tax	817	116	792	1,835	2,843	4,718
b. Deferred tax	(1,483)	(404)	280	(2,414)	1,049	(121)
<b>Total tax expense</b>	<b>(666)</b>	<b>(288)</b>	<b>1,072</b>	<b>(579)</b>	<b>3,892</b>	<b>4,597</b>
<b>V Net Profit for the period (III-IV)</b>	<b>(1,462)</b>	<b>(850)</b>	<b>3,431</b>	<b>(1,202)</b>	<b>7,706</b>	<b>10,048</b>
<b>VI Other Comprehensive Income (net of tax)</b>	<b>266</b>	<b>(2)</b>	<b>140</b>	<b>(135)</b>	<b>(19)</b>	<b>(550)</b>
<b>VII Total Comprehensive Income (after tax) (V-VI)</b>	<b>(1,196)</b>	<b>(852)</b>	<b>3,571</b>	<b>(1,337)</b>	<b>7,687</b>	<b>9,498</b>
<b>VIII Earnings per equity share (Refer Note 7)</b>						
a. Basic (in Rupees)	(1.86)	(1.08)	4.37	(1.53)	9.81	12.78
b. Diluted (in Rupees)	(1.86)	(1.08)	4.36	(1.53)	9.80	12.77
Face value per share (in Rupees)	10	10	10	10	10	10

**Notes:**

- HDB Financial Services Limited (the Company) is a Non-Banking Financial Company registered with the Reserve Bank of India.
- The standalone financial results for the quarter and nine months ended 31 December 2020 have been reviewed by the Audit Committee and subsequently approved and taken on record by the Board of Directors at its meeting held on 1 February 2021.
- 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.
- In compliance with Regulation 33 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 nine months ended 31 December 2020 and 31 December 2019 have been carried out by the Statutory Auditors of the Company.
- The standalone financial results for the quarter and nine months ended 31 December 2020 and 31 December 2019 and for quarter ended 30 September 2020 have been subject to a 'Limited Review' by the Statutory Auditors of the Company.
- The figures for the quarter ended 31 December 2020 and 31 December 2019 are the balancing figures between reviewed figures in respect of the nine months ended 31 December 2020 and 31 December 2019 and the reviewed figures for the half year ended 30 September 2020 and 30 September 2019 respectively.
- Earnings per equity share for the quarter and nine months ended 31 December 2020 and 31 December 2019 and for quarter ended 30 September 2020 have not been annualised.
- Pursuant to SEBI Circular No. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019, the Company has listed Commercial Papers on National Stock Exchange (NSE).
- 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 1
- During the nine months ended 31 December 2020, the Company had granted moratorium to certain loan accounts in accordance with the COVID-19 Regulatory Package announced by the Reserve Bank of India vide notifications dated 27 March 2020, 17 April 2020 and 23 May 2020. The staging of such loan accounts as at 31 December 2020 is based on the days past due status considering the moratorium period.  
The Honorable Supreme Court of India in a public interest litigation, vide an interim order dated 3 September 2020, has directed that accounts which were not declared Non-Performing Assets (NPA) till 31 August 2020 shall not be declared as NPA till further orders. Basis the said interim order, the Company has not classified any standard account as of 31 August 2020 as per the Indian Accounting Standards, as impaired after 31 August 2020. Pending disposal of the case, the Company has provided for such accounts at Stage 3 provisioning rates in the Statement of Profit & Loss for the nine months ended 31 December 2020.  
Further, the Company holds provisions as at 31 December 2020 against the potential impact of COVID-19 based on the information available at this point in time. The extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain. The Company has been duly servicing its debt obligations, maintains a healthy capital adequacy ratio and has adequate capital and financial resources to run its business. The impact of the global health pandemic may be different from that estimated at the date of approval of these standalone financial results and the Company will continue to closely monitor any material changes to future economic conditions.
- During the quarter ended 31 December 2020, the Company has restructured loan accounts vide Reserve Bank of India circulars on Resolution framework for COVID-19 related stress and restructuring of advances for MSME Sector dated 6 August 2020. The Company has recognized provision on such restructured accounts in accordance with its Expected Credit Loss policy. In addition, the Company holds a management overlay provision to recognize any significant increase in credit risk basis their credit risk assessment of the portfolio.
- The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. The Ministry of Labour and Employment has released draft rules for the Code and has invited suggestions from stakeholders. However, the date on which the Code will come into effect has not been notified. The Company will record any related impact in the period in which the Code becomes effective.

In terms of our report attached  
 For **BSR & Co. LLP**  
 Chartered Accountants  
 ICAI Firms' Registration No: 101248W/W-100022

**AKEEL ABBAS**  
 MASTER  
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**Akeel Master**  
 Partner  
 Membership No: 046768  
 Date : 1 February 2021  
 Place : Mumbai

By Order of the Board  
 For **HDB Financial Services Limited**

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 Date: 2021.02.01 14:12:47 +05'30'

**Ramesh G.**  
 Managing Director  
 DIN : 05291597

## HDB Financial Services Limited

### Annexure 1

#### Standalone Segment Reporting

for the quarter and nine months ended 31 December 2020

(Rupees in million)

S.N.	Particulars	Quarter ended	Quarter ended	Quarter ended	Nine months ended	Nine months ended	Year ended
		31-12-2020	30-09-2020	31-12-2019	31-12-2020	31-12-2019	31-03-2020
		Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Audited
<b>1</b>	<b>Segment Revenue</b>						
	Lending business	21,925	21,838	22,156	65,865	64,091	86,433
	BPO Services	4,922	5,078	5,372	14,695	15,488	21,132
	Unallocated	-	-	-	-	-	-
	<b>Income from Operations</b>	<b>26,847</b>	<b>26,916</b>	<b>27,528</b>	<b>80,560</b>	<b>79,579</b>	<b>1,07,565</b>
<b>2</b>	<b>Segment Results</b>						
	Lending business	(2,558)	(1,190)	4,098	(2,431)	10,839	13,670
	BPO Services	248	419	171	890	797	1,043
	Unallocated	182	(366)	234	(240)	(38)	(68)
	<b>Profit before tax</b>	<b>(2,128)</b>	<b>(1,137)</b>	<b>4,503</b>	<b>(1,781)</b>	<b>11,598</b>	<b>14,645</b>
<b>3</b>	<b>Capital Employed</b>						
	<b>Segment assets</b>						
	Lending business	6,07,613	6,01,586	5,92,898	6,07,613	5,92,898	5,99,890
	BPO Services	1,985	2,265	2,245	1,985	2,245	2,167
	Unallocated	6,508	6,579	4,448	6,508	4,448	5,088
	<b>Total Assets</b>	<b>6,16,106</b>	<b>6,10,430</b>	<b>5,99,591</b>	<b>6,16,106</b>	<b>5,99,591</b>	<b>6,07,145</b>
	<b>Segment Liabilities</b>						
	Lending business	5,34,293	5,28,270	5,17,907	5,34,293	5,17,907	5,22,811
	BPO Services	1,117	1,062	1,494	1,117	1,494	2,161
	Unallocated	1,484	1,024	1,819	1,484	1,819	1,995
	<b>Total Liabilities</b>	<b>5,36,894</b>	<b>5,30,356</b>	<b>5,21,220</b>	<b>5,36,894</b>	<b>5,21,220</b>	<b>5,26,967</b>
	<b>Net Segment assets / (liabilities)</b>	<b>79,212</b>	<b>80,074</b>	<b>78,371</b>	<b>79,212</b>	<b>78,371</b>	<b>80,178</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.

#### f) The segment reporting for the quarter and nine months ended 31 December 2020 and quarter ended 30 September 2020 have been subject to a 'Limited Review' by the Statutory Auditors of the Company, however the segment reporting for the quarter and nine months ended 31 December 2019 have been approved by the Board of Directors but have not been subjected to review.

# B S R & Co. LLP

Chartered Accountants

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Nesco IT Park 4, Nesco Center,  
Western Express Highway,  
Goregaon (East), Mumbai - 400 063

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## **Limited Review Report on unaudited consolidated financial results of HDB Financial Services Limited under Regulation 33 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**

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 year to date results for the period 1 April 2020 to 31 December 2020 (the 'Statement'), being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'Listing Regulations').
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 of the Listing Regulations. Our responsibility is to express a conclusion 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

4. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**Limited Review Report on unaudited consolidated financial results of HDB Financial Services Limited under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Continued)**

**HDB Financial Services Limited**

5. The Statement includes the financial results of seven controlled entities which have not been subject to review or audit. According to the information and explanations 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.
6. As described in Note 10 to the Statement, in respect accounts where moratorium benefit was granted, the staging of those accounts at 31 December 2020 is based on the days past due status considering the benefit of moratorium period in accordance with the Covid-19 Regulatory Package announced by the Reserve Bank of India vide notifications dated 27 March 2020, 17 April 2020 and 23 May 2020. Further no additional borrower accounts have been classified as impaired (non-performing assets) which were not declared non-performing till 31 August 2020, in view of the Supreme Court order dated 3 September 2020.

Further, the extent to which the Covid-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

Our review report is not modified in respect of the above matters.

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

*Chartered Accountants*

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

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**Akeel Master**

*Partner*

Mumbai  
1 February 2021

Membership No: 046768  
UDIN: 21046768AAAAAH4259

**Statement of Unaudited Consolidated Financial Results**  
 for the quarter and nine months ended 31 December 2020

(Rupees in million)

Particulars	Quarter ended	Quarter ended	Quarter ended	Nine months ended	Nine months ended	Year ended
	31-12-2020	30-09-2020	31-12-2019	31-12-2020	31-12-2019	31-03-2020
	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Audited
<b>I Revenue from operations</b>						
Interest income	20,470	20,846	20,990	62,854	61,010	82,335
Sale of services	4,922	5,078	5,372	14,695	15,488	21,132
Other financial charges	1,327	992	1,201	2,685	3,117	4,083
Net gain on fair value changes	147	25	-	397	105	188
Net gain/(loss) on derecognised financial instruments	(19)	(25)	(35)	(71)	(141)	(173)
<b>Total Revenue from operations</b>	<b>26,847</b>	<b>26,916</b>	<b>27,528</b>	<b>80,560</b>	<b>79,579</b>	<b>1,07,565</b>
<b>II Expenses</b>						
Finance Costs	9,610	9,879	10,492	29,794	30,668	40,814
Impairment on financial instruments	10,239	9,298	2,582	26,398	9,369	14,416
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Depreciation, amortization and impairment	272	272	290	821	818	1,097
Others expenses	1,133	1,165	1,319	2,845	3,420	4,637
<b>Total expenses</b>	<b>28,975</b>	<b>28,054</b>	<b>23,025</b>	<b>82,341</b>	<b>67,981</b>	<b>92,920</b>
<b>III Profit before tax (I-II)</b>	<b>(2,128)</b>	<b>(1,137)</b>	<b>4,503</b>	<b>(1,781)</b>	<b>11,598</b>	<b>14,645</b>
<b>IV Tax expense:</b>						
a. Current tax	817	116	792	1,835	2,843	4,718
b. Deferred tax	(1,483)	(404)	280	(2,414)	1,049	(121)
<b>Total tax expense</b>	<b>(666)</b>	<b>(288)</b>	<b>1,072</b>	<b>(579)</b>	<b>3,892</b>	<b>4,597</b>
<b>V Net Profit for the period (III-IV)</b>	<b>(1,462)</b>	<b>(850)</b>	<b>3,431</b>	<b>(1,202)</b>	<b>7,706</b>	<b>10,048</b>
<b>VI Other Comprehensive Income (net of tax)</b>	<b>266</b>	<b>(2)</b>	<b>140</b>	<b>(135)</b>	<b>(19)</b>	<b>(550)</b>
<b>VII Total Comprehensive Income (after tax) (V-VI)</b>	<b>(1,196)</b>	<b>(852)</b>	<b>3,571</b>	<b>(1,337)</b>	<b>7,687</b>	<b>9,498</b>
<b>VIII Earnings per equity share (Refer Note 7)</b>						
a. Basic (in Rupees)	(1.86)	(1.08)	4.37	(1.53)	9.81	12.78
b. Diluted (in Rupees)	(1.86)	(1.08)	4.36	(1.53)	9.80	12.77
Face value per share (in Rupees)	10	10	10	10	10	10

**Notes:**

- HDB Financial Services Limited (the Company) is a Non-Banking Financial Company registered with the Reserve Bank of India.
- The consolidated financial results for the quarter and nine months ended 31 December 2020 have been reviewed by the Audit Committee and subsequently approved and taken on record by the Board of Directors at its meeting held on 1 February 2021.
- 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.
- In compliance with Regulation 33 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 nine months ended 31 December 2020 and 31 December 2019 have been carried out by the Statutory Auditors of the Company.
- The consolidated financial results for the quarter and nine months ended 31 December 2020 and 31 December 2019 and for quarter ended 30 September 2020 have been subject to a 'Limited Review' by the Statutory Auditors of the Company.
- The figures for the quarter ended 31 December 2020 and 31 December 2019 are the balancing figures between reviewed figures in respect of the nine months ended 31 December 2020 and 31 December 2019 and the reviewed figures for the half year ended 30 September 2020 and 30 September 2019 respectively.
- Earnings per equity share for the quarter and nine months ended 31 December 2020 and 31 December 2019 and for quarter ended 30 September 2020 have not been annualised.
- Pursuant to SEBI Circular No. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019, the Company has listed Commercial Papers on National Stock Exchange (NSE).
- 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 1
- During the nine months ended 31 December 2020, the Company had granted moratorium to certain loan accounts in accordance with the COVID-19 Regulatory Package announced by the Reserve Bank of India vide notifications dated 27 March 2020, 17 April 2020 and 23 May 2020. The staging of such loan accounts as at 31 December 2020 is based on the days past due status considering the moratorium period.  
  
The Honorable Supreme Court of India in a public interest litigation, vide an interim order dated 3 September 2020, has directed that accounts which were not declared Non-Performing Assets ('NPA') till 31 August 2020 shall not be declared as NPA till further orders. Basis the said interim order, the Company has not classified any standard account as of 31 August 2020 as per the Indian Accounting Standards, as impaired after 31 August 2020. Pending disposal of the case, the Company has provided for such accounts at Stage 3 provisioning rates in the Statement of Profit & Loss for the nine months ended 31 December 2020.  
  
Further, the Company holds provisions as at 31 December 2020 against the potential impact of COVID-19 based on the information available at this point in time. The extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain. The Company has been duly servicing its debt obligations, maintains a healthy capital adequacy ratio and has adequate capital and financial resources to run its business. The impact of the global health pandemic may be different from that estimated at the date of approval of these consolidated financial results and the Company will continue to closely monitor any material changes to future economic conditions.
- During the quarter ended 31 December 2020, the Company has restructured loan accounts vide Reserve Bank of India circulars on Resolution framework for COVID-19 related stress and restructuring of advances for MSME Sector dated 6 August 2020. The Company has recognized provision on such restructured accounts in accordance with its Expected Credit Loss policy. In addition, the Company holds a management overlay provision to recognize any significant increase in credit risk basis their credit risk assessment of the portfolio.
- The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. The Ministry of Labour and Employment has released draft rules for the Code and has invited suggestions from stakeholders. However, the date on which the Code will come into effect has not been notified. The Company will record any related impact in the period in which the Code becomes effective.

In terms of our report attached  
 For **B S R & Co. LLP**  
 Chartered Accountants  
 ICAI Firms' Registration No: 101248W/W-100022

AKHEEL ABBAS legally represented by  
 MASTER AKHEEL ABBAS  
MEMBER OF ICAI SINCE 1983

**Akeel Master**  
 Partner  
 Membership No: 046768

Date : 1 February 2021  
 Place : Mumbai

By Order of the Board  
 For **HDB Financial Services Limited**

Digitally signed by RAMESH  
 GANESAN  
 Date: 2021.02.01 14:10:16 +05'30'

**Ramesh G.**  
 Managing Director  
 DIN : 05291597



## HDB Financial Services Limited

### Annexure 1

#### Consolidated Segment Reporting

for the quarter and nine months ended 31 December 2020

(Rupees in million)

S.N.	Particulars	Quarter ended	Quarter ended	Quarter ended	Nine months ended	Nine months ended	Year ended
		31-12-2020	30-09-2020	31-12-2019	31-12-2020	31-12-2019	31-03-2020
		Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Audited
<b>1</b>	<b>Segment Revenue</b>						
	Lending business	21,925	21,838	22,156	65,865	64,091	86,433
	BPO Services	4,922	5,078	5,372	14,695	15,488	21,132
	Unallocated	-	-	-	-	-	-
	<b>Income from Operations</b>	<b>26,847</b>	<b>26,916</b>	<b>27,528</b>	<b>80,560</b>	<b>79,579</b>	<b>1,07,565</b>
<b>2</b>	<b>Segment Results</b>						
	Lending business	(2,558)	(1,190)	4,098	(2,431)	10,839	13,670
	BPO Services	248	419	171	890	797	1,043
	Unallocated	182	(366)	234	(240)	(38)	(68)
	<b>Profit before tax</b>	<b>(2,128)</b>	<b>(1,137)</b>	<b>4,503</b>	<b>(1,781)</b>	<b>11,598</b>	<b>14,645</b>
<b>3</b>	<b>Capital Employed</b>						
	<b>Segment assets</b>						
	Lending business	6,07,613	6,01,586	5,92,898	6,07,613	5,92,898	5,99,890
	BPO Services	1,985	2,265	2,245	1,985	2,245	2,167
	Unallocated	6,508	6,579	4,448	6,508	4,448	5,088
	<b>Total Assets</b>	<b>6,16,106</b>	<b>6,10,430</b>	<b>5,99,591</b>	<b>6,16,106</b>	<b>5,99,591</b>	<b>6,07,145</b>
	<b>Segment Liabilities</b>						
	Lending business	5,34,293	5,28,270	5,17,907	5,34,293	5,17,907	5,22,811
	BPO Services	1,117	1,062	1,494	1,117	1,494	2,161
	Unallocated	1,484	1,024	1,819	1,484	1,819	1,995
	<b>Total Liabilities</b>	<b>5,36,894</b>	<b>5,30,356</b>	<b>5,21,220</b>	<b>5,36,894</b>	<b>5,21,220</b>	<b>5,26,967</b>
	<b>Net Segment assets / (liabilities)</b>	<b>79,212</b>	<b>80,074</b>	<b>78,371</b>	<b>79,212</b>	<b>78,371</b>	<b>80,178</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.

#### f) The segment reporting for the quarter and nine months ended 31 December 2020 and quarter ended 30 September 2020 have been subject to a 'Limited Review' by the Statutory Auditors of the Company, however the segment reporting for the quarter and nine months ended 31 December 2019 have been approved by the Board of Directors but have not been subjected to review.