

HDB/TROPS/2020/329

July 23, 2020

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 June 30, 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 June 30, 2020 as reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on July 23, 2020.

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 June 30, 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

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

Telephone +91 (22) 4345 5300
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Limited review report on unaudited quarterly 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 30 June 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. Attention is drawn to the fact that the figures for the three months ended 31 March 2020 as reported in the Statement are the balancing figure between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.
5. 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.

B S R & Co (a partnership firm with
Registration No. BA61223) converted into
B S R & Co. LLP (a Limited Liability, Partnership
with LLP Registration No. AAB-8181)
with effect from October 14, 2013

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

Limited review report on unaudited quarterly 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

6. As described in Note 6 to the Statement, in respect of overdue but standard accounts where moratorium benefit has been granted, the staging of those accounts at 30 June 2020 is based on the days past due status as on the date when the moratorium benefit was granted 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, 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 ABBAS
MASTER
Date: 2020.07.23
13:30:47 +05'30'

Akeel Master

Partner

Mumbai
23 July 2020

Membership No: 046768
UDIN: 20046768AAAALB3744

Unaudited Standalone Financial Results for the quarter ended June 30, 2020

(Rupees in million)

| Particulars | Quarter ended | | | Year ended |
|--|---------------|----------------|---------------|----------------|
| | June 30, 2020 | March 31, 2020 | June 30, 2019 | March 31, 2020 |
| | Reviewed | Audited | Reviewed | Audited |
| I Revenue from operations | | | | |
| Interest income | 21,538 | 21,325 | 19,511 | 82,335 |
| Sale of services | 4,695 | 5,644 | 4,864 | 21,132 |
| Other financial charges | 366 | 966 | 932 | 4,083 |
| Net gain on fair value changes | 225 | 83 | 60 | 188 |
| Net loss on derecognised financial instruments | (27) | (32) | (69) | (173) |
| Total Revenue from operations | 26,797 | 27,986 | 25,298 | 107,565 |
| II Expenses | | | | |
| Finance costs | 10,305 | 10,146 | 9,884 | 40,814 |
| Impairment on financial instruments | 6,861 | 5,047 | 3,373 | 14,416 |
| Employee benefits expenses | 7,322 | 8,250 | 7,415 | 31,956 |
| Depreciation, amortization and impairment | 277 | 279 | 258 | 1,097 |
| Others expenses | 547 | 1,217 | 940 | 4,637 |
| Total expenses | 25,312 | 24,939 | 21,870 | 92,920 |
| III Profit before tax (I-II) | 1,485 | 3,047 | 3,428 | 14,645 |
| IV Tax expense: | | | | |
| a. Current tax | 902 | 1,875 | 1,490 | 4,718 |
| b. Deferred tax | (527) | (1,170) | (281) | (121) |
| Total tax expense | 375 | 705 | 1,209 | 4,597 |
| V Net profit for the period (III-IV) | 1,110 | 2,342 | 2,219 | 10,048 |
| VI Other comprehensive income (net of tax) | (399) | (531) | (119) | (550) |
| VII Total comprehensive income (after tax) (V-VI) | 711 | 1,811 | 2,100 | 9,498 |
| VIII Earnings per equity share (Refer Note 8) | | | | |
| a. Basic (in Rupees) | 1.41 | 2.98 | 2.82 | 12.78 |
| b. Diluted (in Rupees) | 1.41 | 2.97 | 2.82 | 12.77 |
| Face value per share (in Rupees) | 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 ended June 30, 2020, which have been subjected to 'Limited Review' by the Statutory Auditors of the Company, were reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on July 22, 2020 and July 23, 2020 respectively, in terms of Regulation 33 of the Securities and Exchange Board of India (Listing and Other Disclosure Requirements) Regulations, 2015.
- 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.
- The financial results for the quarters ended June 30, 2020 and June 30, 2019 have been subject to a 'Limited Review' by the Statutory Auditors of the Company.
- The figures for the preceeding quarter ended March 31, 2020 are the balancing figures between audited figures in respect of the full previous financial year and the unpublished reviewed year-to-date figures upto third quarter of the previous financial year.
- In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020, the staging of accounts, where moratorium benefit has been granted, as at 30 June 2020 is based on the days past due status as on the date when the moratorium benefit was granted. Further, the Company holds provisions as at 30 June 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.
- 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.
- Earnings per share for the quarter ended June 30, 2020, June 30, 2019 and March 31, 2020 have not been annualised.
- 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.
- Pursuant to SEBI Circular No. SEBI/HO/DDHS/CIR/P/2019/115 dated October 22, 2019, the Company has listed Commercial Papers on National Stock Exchange (NSE).

In terms of our report attached
 For **B S R & Co. LLP**
 Chartered Accountants
 ICAI Firms' Registration No: 101248W/W-100022
 Digitally signed by **AKEEL ABBAS MASTER**
 MASTER
 Date: 2020.07.23 13:31:14 +05'30'

Akeel Master
 Partner
 Membership No: 046768
 Mumbai, July 23, 2020

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

RAMESH GANESAN
Digitally signed by RAMESH GANESAN
 DN: cn=, o=HDB Financial Services Limited, postalCode=400015,
 st=Maharashtra, email=RAMESH.GANESAN@HDBFS.COM,
 serialNumber=05a0488b0291a1a705,
 uri=#URI=urn:ietf:params:sp:1.0#urn:ietf:params:sp:1.0#RAMESH.GANESAN,
 Date: 2020.07.23 13:24:41 +05'30'

Ramesh G.
 Managing Director
 DIN : 05291597

HDB Financial Services Limited

Annexure 1

Standalone Segment Reporting

(Rupees in million)

| S.N. | Particulars | Quarter ended | | | Year ended |
|----------|---|------------------|-------------------|------------------|-------------------|
| | | June 30, 2020 | March 31, 2020 | June 30, 2019 | March 31, 2020 |
| | | Reviewed | Unaudited | Unaudited | Audited |
| 1 | Segment Revenue | | | | |
| | Lending business | 22,102 | 22,341 | 20,434 | 86,433 |
| | BPO Services | 4,695 | 5,644 | 4,864 | 21,132 |
| | Unallocated | - | - | - | - |
| | Income from Operations | 26,797 | 27,985 | 25,298 | 107,565 |
| 2 | Segment Results | | | | |
| | Lending business | 1,318 | 2,831 | 3,016 | 13,670 |
| | BPO Services | 223 | 246 | 428 | 1,043 |
| | Unallocated | (56) | (30) | (16) | (68) |
| | Profit before tax | 1,485 | 3,047 | 3,428 | 14,645 |
| 3 | Capital Employed | | | | |
| | Segment assets | | | | |
| | Lending business | 619,594 | 599,890 | 571,045 | 599,890 |
| | BPO Services | 1,723 | 2,167 | 2,382 | 2,167 |
| | Unallocated | 5,886 | 5,088 | 4,781 | 5,088 |
| | Total Assets | 627,203 | 607,145 | 578,208 | 607,145 |
| | Segment Liabilities | | | | |
| | Lending business | 541,812 | 522,811 | 502,579 | 522,811 |
| | BPO Services | 2,480 | 2,161 | 1,442 | 2,161 |
| | Unallocated | 2,007 | 1,995 | 1,822 | 1,995 |
| | Total Liabilities | 546,299 | 526,967 | 505,843 | 526,967 |
| | Net Segment assets / (liabilities) | 80,904 | 80,178 | 72,365 | 80,178 |

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 ended June 30, 2020 have been subject to a 'Limited Review' by the Statutory Auditors of the Company, however the segment reporting for the quarter ended June 30, 2019 and March 31, 2020 have been approved by the Board of Directors but have not been subjected to review.

B S R & Co. LLP

Chartered Accountants

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

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Limited Review Report on unaudited quarterly 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 ended 30 June 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. Attention is drawn to the fact that the figures for the 3 months ended 31 March 2020 as reported in the Statement are the balancing figure between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.
5. 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 quarterly 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

6. The Statement includes the financial results of six 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.
7. As described in Note 6 to the Statement, in respect of overdue but standard accounts where moratorium benefit has been granted, the staging of those accounts at 30 June 2020 is based on the days past due status as on the date when the moratorium benefit was granted 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, 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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MASTER**  Digitally signed by
AKEEL ABBAS
MASTER
Date: 2020.07.23
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Akeel Master

Partner

Mumbai
23 July 2020

Membership No: 046768
UDIN: 20046768AAAALC9463

Unaudited Consolidated Financial Results for the quarter ended June 30, 2020

(Rupees in million)

| Particulars | Quarter ended | | Year ended | |
|--|---------------|----------------|---------------|----------------|
| | June 30, 2020 | March 31, 2020 | June 30, 2019 | March 31, 2020 |
| | Reviewed | Audited | Reviewed | Audited |
| I Revenue from operations | | | | |
| Interest income | 21,538 | 21,325 | 19,511 | 82,335 |
| Sale of services | 4,695 | 5,644 | 4,864 | 21,132 |
| Other financial charges | 366 | 966 | 932 | 4,083 |
| Net gain on fair value changes | 225 | 83 | 60 | 188 |
| Net loss on derecognised financial instruments | (27) | (32) | (69) | (173) |
| Total Revenue from operations | 26,797 | 27,986 | 25,298 | 107,565 |
| II Expenses | | | | |
| Finance costs | 10,305 | 10,146 | 9,884 | 40,814 |
| Impairment on financial instruments | 6,861 | 5,047 | 3,373 | 14,416 |
| Employee benefits expenses | 7,322 | 8,250 | 7,415 | 31,956 |
| Depreciation, amortization and impairment | 277 | 279 | 258 | 1,097 |
| Others expenses | 547 | 1,217 | 940 | 4,637 |
| Total expenses | 25,312 | 24,939 | 21,870 | 92,920 |
| III Profit before tax (I-II) | 1,485 | 3,047 | 3,428 | 14,645 |
| IV Tax expense: | | | | |
| a. Current tax | 902 | 1,875 | 1,490 | 4,718 |
| b. Deferred tax | (527) | (1,170) | (281) | (121) |
| Total tax expense | 375 | 705 | 1,209 | 4,597 |
| V Net profit for the period (III-IV) | 1,110 | 2,342 | 2,218 | 10,048 |
| VI Other comprehensive income (net of tax) | (399) | (531) | (119) | (550) |
| VII Total comprehensive income (after tax) (V-VI) | 711 | 1,811 | 2,100 | 9,498 |
| VIII Net profit for the period attributable to: | | | | |
| a. Owners of the Company | 1,110 | 2,342 | 2,218 | 10,048 |
| b. Non-controlling interests | - | - | - | - |
| | 1,110 | 2,342 | 2,218 | 10,048 |
| IX Total comprehensive income (after tax) attributable to | | | | |
| a. Owners of the Company | 711 | 1,811 | 2,100 | 9,498 |
| b. Non-controlling interests | - | - | - | - |
| | 711 | 1,811 | 2,100 | 9,498 |
| X Earnings per equity share (Refer Note 8) | | | | |
| a. Basic (in Rupees) | 1.41 | 2.98 | 2.82 | 12.78 |
| b. Diluted (in Rupees) | 1.41 | 2.97 | 2.82 | 12.77 |
| Face value per share (in Rupees) | 10 | 10 | 10 | 10 |

Notes:

- HDB Financial Services Limited ('the Parent Company') is a Non-Banking Financial Company registered with the Reserve Bank of India.
- The consolidated financial results for the quarter ended June 30, 2020, which have been subjected to 'Limited Review' by the Statutory Auditors of the Parent Company, were reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on July 22, 2020 and July 23, 2020 respectively, in terms of Regulation 33 of the Securities and Exchange Board of India (Listing and Other Disclosure Requirements) Regulations, 2015.
- The consolidated financial results have 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 the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, and other accounting principles generally accepted in India.
- The financial results for the quarters ended June 30, 2020 and June 30, 2019 have been subject to a 'Limited Review' by the Statutory Auditors of the Parent Company.
- The figures for the preceeding quarter ended March 31, 2020 are the balancing figures between audited figures in respect of the full previous financial year and the unpublished reviewed year-to-date figures upto third quarter of the previous financial year.
- In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020, the staging of accounts, where moratorium benefit has been granted, as at 30 June 2020 is based on the days past due status as on the date when the moratorium benefit was granted. Further, the Parent Company holds provisions as at 30 June 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 Parent 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 Parent Company will continue to closely monitor any material changes to future economic conditions.
- 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 Parent Company by way of hypothecation to the extent of minimum 1.1 times of the amount outstanding.
- Earnings per share for the quarter ended June 30, 2020, June 30, 2019 and March 31, 2020 have not been annualised.
- 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.
- Pursuant to SEBI Circular No. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019, the Parent Company has listed Commercial Papers on National Stock Exchange (NSE).

In terms of our report attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firms' Registration No: 101248W/W-100022

AKEEL ABBAS

Digitally signed by AKEEL ABBAS
MASTER
Date: 2020.07.23 13:32:47 +05'30'

MASTER

Akeel Master

Partner

Membership No: 046768

Mumbai, July 23, 2020

By Order of the Board

For HDB Financial Services Limited

**RAMESH
GANESAN**

Digitally signed by RAMESH GANESAN
DN: cn=R, o=HDB Financial Services Limited, postalCode=380015, st=MAHARASHTRA, serialNumber=08c4e8846291a1e7059a-c8a43248c7f46423701948e0e0621e
c#162CB, cn=RAMESH GANESAN
Date: 2020.07.23 13:06:37 +05'30'

Ramesh G.

Managing Director

DIN : 05291597

HDB Financial Services Limited

Annexure 1

Consolidated Segment Reporting

(Rupees in million)

| S.N. | Particulars | Quarter ended | | | Year ended |
|----------|---|------------------|-------------------|------------------|-------------------|
| | | June 30, 2020 | March 31, 2020 | June 30, 2019 | March 31, 2020 |
| | | Reviewed | Unaudited | Unaudited | Audited |
| 1 | Segment Revenue | | | | |
| | Lending business | 22,102 | 22,341 | 20,434 | 86,433 |
| | BPO Services | 4,695 | 5,644 | 4,864 | 21,132 |
| | Unallocated | - | - | - | - |
| | Income from Operations | 26,797 | 27,985 | 25,298 | 107,565 |
| 2 | Segment Results | | | | |
| | Lending business | 1,318 | 2,831 | 3,016 | 13,670 |
| | BPO Services | 223 | 246 | 428 | 1,043 |
| | Unallocated | (56) | (30) | (16) | (68) |
| | Profit before tax | 1,485 | 3,047 | 3,428 | 14,645 |
| 3 | Capital Employed | | | | |
| | Segment assets | | | | |
| | Lending business | 619,594 | 599,890 | 571,045 | 599,890 |
| | BPO Services | 1,723 | 2,167 | 2,382 | 2,167 |
| | Unallocated | 5,886 | 5,088 | 4,781 | 5,088 |
| | Total Assets | 627,203 | 607,145 | 578,208 | 607,145 |
| | Segment Liabilities | | | | |
| | Lending business | 541,812 | 522,811 | 502,579 | 522,811 |
| | BPO Services | 2,480 | 2,161 | 1,442 | 2,161 |
| | Unallocated | 2,007 | 1,995 | 1,822 | 1,995 |
| | Total Liabilities | 546,299 | 526,967 | 505,843 | 526,967 |
| | Net Segment assets / (liabilities) | 80,904 | 80,178 | 72,365 | 80,178 |

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 ended June 30, 2020 have been subject to a 'Limited Review' by the Statutory Auditors of the Company, however the segment reporting for the quarter ended June 30, 2019 and March 31, 2020 have been approved by the Board of Directors but have not been subjected to review.