# Deloitte
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**INDEPENDENT AUDITORS' REVIEW REPORT**
**TO THE BOARD OF DIRECTORS OF**
**HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED**

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (the "Corporation"), its subsidiaries and jointly controlled entities (the Corporation, its subsidiaries and jointly controlled entities constitute "the Group") and its share of the profit of its associates for the Quarter and Six Months ended September 30, 2014 ("the Statement"), being submitted by the Corporation pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 8 below. This Statement is the responsibility of the Corporation's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

2. 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 Corporation 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.

3. The Statement includes the results of the following entities:

   **Subsidiaries:** Credila Financial Services Private Limited, GRUH Finance Limited, HDFC Asset Management Company Limited, HDFC Developers Limited, HDFC Education and Development Services Private Limited, HDFC ERGO General Insurance Company Limited, HDFC Holdings Limited, HDFC Investments Limited, HDFC Property Ventures Limited, HDFC Realty Limited, HDFC Sales Private Limited, HDFC Standard Life Insurance Company Limited, HDFC Trustee Company Limited, HDFC Venture Capital Limited, HDFC Ventures Trustee Company Limited, HDFC Pension Management Company Limited, Griha Investments, Griha Pte Limited, HDFC Investment Trust and HDFC Investment Trust - II.

   **Associates:** HDFC Bank Limited and India Value Fund Advisors Private Limited.

4. We did not review the interim financial results of six subsidiaries included in the consolidated financial results, whose interim financial results reflect total assets of ₹ 71,296 crore as at September 30, 2014, total revenues of ₹ 4,481.99 crore and ₹ 7,826.44 crore for the Quarter and Six Months ended September 30, 2014, respectively, and total profit after tax of ₹ 324.70 crore and ₹ 731.62 crore for the Quarter and Six Months ended September 30, 2014, as considered in the consolidated financial results. These interim financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and our report on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

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5. The consolidated financial results also includes the Group's share of profit after tax of ₹ 24 crore and ₹ 42.10 crore for the Quarter and Six Months ended September 30, 2014, respectively, as considered in the consolidated financial results, in respect of four components (two subsidiaries and two associates) of an associate, based on their interim financial results which have not been reviewed by their respective auditors.

6. Based on our review conducted as stated above and based on the consideration of the reports of the other auditors referred to in paragraph 4 above and read together with the matter described in paragraph 5 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the Stock Exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.

7. The actuarial valuation of liabilities for life policies in force and for the policies in respect of which premium has been discontinued but liability exists on the financial statements as at September 30, 2014 in respect of one subsidiary and the estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), included under Claims Outstanding as at September 30, 2014 in respect of one subsidiary has been duly certified by the subsidiary's appointed actuaries respectively, and in their opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority ("IRDA") and the Institute of Actuaries of India in concurrence with the IRDA. The respective auditors of those subsidiaries have relied on the appointed actuaries' certificates in this regard in forming their conclusion on the financial result of the said Subsidiaries.

8. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares in terms of Clause 35 of the Listing Agreements with the Stock Exchanges and the particulars relating to investor complaints disclosed in Part II - Select Information for the Quarter and Six Months Ended September 30, 2014 of the Statement, from the details furnished by the Management. We are informed that there is no promoter or promoter group of the Corporation.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

**MUMBAI**, October 22, 2014
SVP/PG/2014-15

HDFC
With you, right through

# UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER /SIX MONTHS ENDED SEPTEMBER 30, 2014

PART I – STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER / SIX MONTHS ENDED SEPTEMBER 30, 2014

| PARTICULARS | **Quarter ended 30.9.2014** | Quarter ended 30.6.2014 | Quarter ended 30.9.2013 | **Six Months ended 30.9.2014** | Six Months ended 30.9.2013 | Year ended 31.3.2014 |
|---|---|---|---|---|---|---|
| | **Reviewed** | | | | | **Audited** |
| | **₹ in Crore** | | | | | |
| Income from Operations | **7,081.43** | 6,742.94 | 6,279.89 | **13,824.37** | 12,119.83 | 25,583.15 |
| Premium Income from Insurance Business | **3,850.48** | 2,810.40 | 3,274.06 | **6,660.88** | 5,564.59 | 13,539.59 |
| Other Operating Income from Insurance Business | **554.13** | 474.12 | 322.80 | **1,028.25** | 660.64 | 1,336.40 |
| Profit on Sale of Investments | **122.39** | 11.94 | 94.25 | **134.33** | 100.78 | 294.03 |
| **Total Income** | **11,608.43** | 10,039.40 | 9,971.00 | **21,647.83** | 18,445.84 | 40,753.17 |
| Expenses: | | | | | | |
| - Interest and Other Charges | **4,657.41** | 4,496.56 | 4,187.32 | **9,153.97** | 8,071.02 | 16,607.89 |
| - Staff Expenses | **173.58** | 172.80 | 147.01 | **346.38** | 298.84 | 597.24 |
| - Claims paid pertaining to Insurance Business | **2,452.25** | 1,978.73 | 1,265.75 | **4,430.98** | 2,781.71 | 5,969.83 |
| - Commission and Operating Expenses pertaining to Insurance Business | **539.85** | 417.09 | 356.40 | **956.94** | 807.64 | 1,924.34 |
| - Other expenses and appropriations pertaining to Insurance Business | **1,262.87** | 627.56 | 1,776.07 | **1,890.43** | 2,120.14 | 6,103.93 |
| - Provision for Contingencies | **41.05** | 47.83 | 20.51 | **88.88** | 60.39 | 110.42 |
| - Other Expenses | **159.30** | 178.56 | 162.29 | **337.86** | 321.51 | 608.21 |
| - Depreciation and Amortisation | **16.22** | (4.46) | 12.87 | **11.76** | 21.88 | 46.85 |
| **Total Expenditure** | **9,302.53** | 7,914.67 | 7,928.22 | **17,217.20** | 14,483.13 | 31,968.71 |
| Profit from Operations before Other Income | **2,305.90** | 2,124.73 | 2,042.78 | **4,430.63** | 3,962.71 | 8,784.46 |
| Other Income | **35.65** | 16.67 | 11.71 | **52.32** | 19.72 | 61.39 |
| **Profit Before Tax** | **2,341.55** | 2,141.40 | 2,054.49 | **4,482.95** | 3,982.43 | 8,845.85 |
| Tax Expense | **633.83** | 578.65 | 521.95 | **1,212.48** | 1036.30 | 2,358.34 |
| Net Profit before adjustment of Deferred Tax on Special Reserve | **1,707.72** | 1,562.75 | 1,532.54 | **3,270.47** | 2,946.13 | 6,487.51 |
| Deferred Tax Liability on Special Reserve | **87.94** | 78.67 | - | **166.61** | - | - |
| Net Profit (before profit of Associates and adjustment for minority interest) | **1,619.78** | 1,484.08 | 1,532.54 | **3,103.86** | 2,946.13 | 6,487.51 |
| Net share of profit of Associates (Equity Method) | **558.54** | 521.85 | 465.02 | **1,080.39** | 891.82 | 1,915.20 |
| Share of profit of minority shareholders | **(113.96)** | (133.03) | (106.39) | **(246.99)** | (239.68) | (454.89) |
| **Profit After Tax attributable to the Corporation and its Subsidiaries** | **2,064.36** | 1,872.90 | 1,891.17 | **3,937.26** | 3,598.27 | 7,947.82 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Earnings per Share (of ₹2 each)(not annualised) | | | | | | |
| - Basic | **13.16** | 11.99 | 12.14 | **25.15** | 23.16 | 51.01 |
| - Diluted | **13.05** | 11.91 | 12.06 | **24.96** | 22.96 | 50.61 |
| Paid-up Equity Share Capital (Face value ₹ 2) | **313.77** | 313.39 | 311.63 | **313.77** | 311.63 | 312.10 |
| Paid-up Debt Capital | | | | **2,03,049.02** | 1,78,924.65 | 1,90,601.97 |
| Reserves as at March 31 | | | | | | 37,262.51 |

PART II – SELECT INFORMATION FOR THE QUARTER / SIX MONTHS ENDED SEPTEMBER 30, 2014

| **Particulars** | Quarter ended 30.9.2014 | Quarter ended 30.6.2014 | Quarter ended 30.9.2013 | **Six Months ended 30.9.2014** | Six Months ended 30.9.2013 | Year ended 31.3.2014 |
|---|---|---|---|---|---|---|
| **A] PARTICULARS OF SHAREHOLDING** | | | | | | |
| Public Shareholding : | | | | | | |
| - Number of Shares | 156,88,62,770 | 156,69,49,470 | 155,81,60,055 | **156,88,62,770** | 155,81,60,055 | 156,05,32,605 |
| - Percentage of Shareholding | **100** | 100 | 100 | **100** | 100 | 100 |
| Promoters and Promoter Group Shareholding | | | | | | |
| a) Pledged/Encumbered | | | | | | |
| - Number of Shares | - | - | | - | - | - |
| - Percentage of Shares (as a % of the total shareholding of promoter and promoter group) | - | - | | - | - | - |
| - Percentage of Shares (as a % of total share capital of the Corporation) | - | - | | - | - | - |
| b) Non-Encumbered | | | | | | |
| - Number of Shares | - | - | | - | - | - |
| - Percentage of Shares (as a % of the total shareholding of promoter and promoter group) | - | - | | - | - | - |
| - Percentage of Shares (as a % of total share capital of the Corporation) | - | - | | - | - | - |

| **B] INVESTOR COMPLAINTS** | **Quarter ended 30.9.2014** |
|---|---|
| - Pending at the beginning of the quarter | Nil |
| - Received during the quarter | 3 |
| - Disposed off during the quarter | 3 |
| - Remaining unresolved at the end of the quarter | Nil |

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**Notes :**

**1. Statement of Consolidated Assets and Liabilities:** **₹ in crores**

| | PARTICULARS | As At 30.9.2014 Reviewed | As At 31.3.2014 Audited |
|---|---|---|---|
| A | **EQUITY AND LIABILITIES** | | |
| 1 | **Shareholders' Funds** | | |
| | - Share Capital | **313.77** | 312.10 |
| | - Reserves and Surplus | **41,395.67** | 37,262.51 |
| | Sub Total - Shareholders' Funds | **41,709.44** | 37,574.61 |
| 2 | **Minority Interest** | **1,657.27** | 1,423.88 |
| 3 | **Non-current Liabilities** | | |
| | - Policy Liabilities | **52,046.73** | 45,003.25 |
| | - Long-Term Borrowings | **91,790.47** | 91,757.78 |
| | - Deferred Tax Liabilities (Net) | **14.27** | 15.82 |
| | - Other Long-Term Liabilities | **2,220.33** | 2,288.20 |
| | - Long-Term Provisions | **1,892.42** | 1,682.20 |
| | Sub Total – Non-Current Liabilities | **1,47,964.22** | 1,40,747.25 |
| 4 | **Current Liabilities** | | |
| | - Short Term Borrowings | **33,616.42** | 26,012.51 |
| | - Trade Payables | **2,813.54** | 2,803.27 |
| | - Other Current Liabilities : | | |
| | - Policy Liabilities | **5,628.52** | 4,300.42 |
| | - Borrowings | **77,642.13** | 72,831.68 |
| | - Others | **8,556.10** | 7,559.93 |
| | - Short Term Provisions | **1,139.89** | 3,651.10 |
| | Sub Total – Current Liabilities | **1,29,396.60** | 1,17,158.91 |
| | **TOTAL – EQUITY AND LIABILTIES** | **3,20,727.53** | 2,96,904.65 |
| B | **ASSETS** | | |
| 1 | Non-Current Assets | | |
| | - Fixed Assets including Capital Work in Progress | **868.60** | 837.69 |
| | - Goodwill on Consolidation | **187.81** | 185.59 |
| | - Non-Current Investments | **75,805.13** | 65,377.26 |
| | - Deferred Tax Assets (Net) | **512.78** | 663.34 |
| | - Long Term Loans and Advances: | | |
| | - Loans | **1,97,305.85** | 1,83,423.95 |
| | - Others | **3,175.10** | 3,084.79 |
| | - Other Non-Current assets | **1,330.86** | 930.61 |
| | Sub Total – Non Current Assets | **2,79,186.13** | 2,54,503.23 |
| 2 | Current Assets | | |
| | - Current Investments | **9,777.03** | 7,536.95 |
| | - Trade Receivables | **1,726.94** | 377.01 |
| | - Cash and bank balances | **2,266.39** | 8,588.11 |
| | - Short -Term Loans and Advances : | | |
| | - Loans | **24,015.19** | 21,324.43 |
| | - Others | **2,331.74** | 3,259.27 |
| | - Other Current Assets | **1,424.11** | 1,315.65 |
| | Sub Total – Current Assets | **41,541.40** | 42,401.42 |
| | **TOTAL - ASSETS** | **3,20,727.53** | 2,96,904.65 |

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2. The disclosure in terms of Accounting Standard 17 on 'Segment Reporting' as notified under the Companies (Accounting Standards) Rules, 2006

| PARTICULARS | **Quarter ended 30.9.2014** | Quarter ended 30.6.2014 | Quarter ended 30.9.2013 | **Six Months ended 30.9.2014** | Six Months ended 30.9.2013 | Year ended 31.3.2014 |
|---|---|---|---|---|---|---|
| | **Reviewed** | | | | | **Audited** |
| | **₹ in Crore** | | | | | |
| **Segment Revenues** | | | | | | |
| - Loans | **6,980.69** | 6,480.81 | 6,199.07 | **13,461.50** | 11,761.63 | 24,973.38 |
| - Life Insurance | **3,984.31** | 2,882.19 | 3,186.60 | **6,866.50** | 5,409.10 | 13,231.44 |
| - General Insurance | **499.44** | 466.90 | 462.88 | **966.34** | 908.63 | 1,850.86 |
| - Asset Management | **263.93** | 239.51 | 345.75 | **503.44** | 582.66 | 1,007.21 |
| - Others | **57.46** | 50.27 | 56.15 | **107.73** | 112.95 | 232.13 |
| **Total Segment Revenues** | **11,785.83** | 10,119.68 | 10,250.45 | **21,905.51** | 18,774.97 | 41,295.02 |
| Add : Unallocated Revenues | **2.68** | 2.60 | 3.22 | **5.28** | 4.54 | 40.44 |
| Less: Inter-segment Adjustments | **(144.43)** | (66.21) | (270.96) | **(210.64)** | (313.95) | (520.90) |
| **Total Revenues** | **11,644.08** | 10,056.07 | 9,982.71 | **21,700.15** | 18,465.56 | 40,814.56 |
| **Segment Results** | | | | | | |
| - Loans | **2,057.68** | 1,727.31 | 1,776.62 | **3,784.99** | 3,218.82 | 7,491.19 |
| - Life Insurance | **183.74** | 283.51 | 154.20 | **467.25** | 436.03 | 794.11 |
| - General Insurance | **36.27** | 33.70 | 74.81 | **69.97** | 136.25 | 224.31 |
| - Asset Management | **165.94** | 127.18 | 258.45 | **293.12** | 394.87 | 572.71 |
| - Others | **1.33** | (1.33) | 11.93 | **-** | 22.47 | 43.50 |
| **Total Segment Results** | **2,444.96** | 2,170.37 | 2,276.01 | **4,615.33** | 4,208.44 | 9,125.82 |
| Add / (Less) : Unallocated | **2.67** | 2.60 | 3.40 | **5.27** | 4.54 | 40.36 |
| Less: Inter-segment Adjustments | **(106.08)** | (31.57) | (224.92) | **(137.65)** | (230.55) | (320.33) |
| **Profit before Tax** | **2,341.55** | 2,141.40 | 2,054.49 | **4,482.95** | 3,982.43 | 8,845.85 |
| **Capital Employed** | | | | | | |
| - Loans | **20,503.08** | 19,287.36 | 17,292.70 | **20,503.08** | 17,292.70 | 17,637.67 |
| - Life Insurance | **2,177.27** | 2,046.10 | 1,580.91 | **2,177.27** | 1,580.91 | 1,787.82 |
| - General Insurance | **933.69** | 908.73 | 846.00 | **933.69** | 846.00 | 884.65 |
| - Asset Management | **844.56** | 708.24 | 853.68 | **844.56** | 853.68 | 600.69 |
| - Others | **203.96** | 321.25 | 210.93 | **203.96** | 210.93 | 223.69 |
| **Total Segment Capital Employed** | **24,662.56** | 23,271.68 | 20,784.22 | **24,662.56** | 20,784.22 | 21,134.52 |
| Unallocated | **18,704.15** | 15,613.60 | 16,360.91 | **18,704.15** | 16,360.91 | 17,863.97 |
| **Total** | **43,366.71** | 38,885.28 | 37,145.13 | **43,366.71** | 37,145.13 | 38,998.49 |

a) Loans segment mainly comprises of Group's financing activities for housing and also includes financing of commercial real estate and others through the Corporation and its subsidiaries GRUH Finance Limited and Credila Financial Services Private Limited.
b) Asset Management segment includes portfolio management, mutual fund and property investment management.
c) Others include project management, investment consultancy and property related services.
d) The Group does not have any material operations outside India and hence disclosure of geographic segments is not given.

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3. The key data relating to standalone results of Housing Development Finance Corporation Limited is as under:

| PARTICULARS | **Quarter ended 30.9.2014** | Quarter ended 30.6.2014 | Quarter ended 30.9.2013 | **Six Months ended 30.9.2014** | Six Months ended 30.9.2013 | Year ended 31.3.2014 |
|---|---|---|---|---|---|---|
| | **(Reviewed)** | **(Reviewed)** | **(Reviewed)** | **(Reviewed)** | **(Reviewed)** | (Audited) |
| | | | | | | |
| **Total Income** | **6,670.67** | 6,461.24 | 5,953.98 | **13,131.91** | 11,518.92 | **24,197.67** |
| **Profit Before Tax** | **1,981.56** | 1,924.66 | 1,721.33 | **3,906.22** | 3,329.43 | **7,440.24** |
| Tax Expense | **540.73** | 505.56 | 455.00 | **1,046.29** | 890.00 | **2,000.00** |
| **Net Profit before adjustment of Deferred Tax on Special Reserve** | **1,440.83** | 1,419.10 | 1,266.33 | **2,859.93** | 2,439.43 | **5,440.24** |
| Deferred Tax Liability on Special Reserve | **83.27** | 74.44 | - | **157.71** | - | **-** |
| **Net Profit After Tax** | **1,357.56** | 1,344.66 | 1,266.33 | **2,702.22** | 2,439.43 | **5,440.24** |

4. Vide circular NHB(ND)/DRS/Pol. 62/2014 dated May 27, 2014, the National Housing Bank (NHB) had directed Housing Finance Companies (HFCs) to provide for deferred tax liability in respect of the balance in the "Special Reserve" created under section 36(1)(viii) of the Income Tax Act, 1961 and the Corporation acted upon the same in the quarter ended June 30, 2014. However vide circular NHB(ND)/DRS/Pol. 65/2014 dated August 22, 2014, NHB has permitted HFCs to create the Deferred Tax Liability over a period of 3 years, in a phased manner in the ratio of 25:25:50. Accordingly, the Corporation would create 25% of deferred tax liability on accumulated Special Reserve at the end of the year.

   As per above circular, the Corporation has charged its Statement of Profit & Loss for the half year ended September 30, 2014 with deferred tax liability on additional amount expected to be appropriated towards Special Reserve out of profits. To aid comparability, the deferred tax liability charged to the Statement of Profit and Loss has been separately disclosed.

5. During the six months ended September 30, 2014, the Group has reviewed its policy of providing for depreciation on its tangible fixed assets and has also reassessed their useful lives. On and from April 1, 2014, the straight line method is being used to depreciate all classes of tangible fixed assets. The revised useful lives of the assets as assessed by Management, match those specified in Part C of Schedule II to the Companies Act, 2013, for most classes of assets. Management believes that the revised useful lives of the assets reflect the periods over which these assets are expected to be used.

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As a result of the change, the charge on account of Depreciation and Amortisation for the six months ended September 30, 2014, is lower by **₹ 2.73 crore** and for the quarter ended September 30, 2014, is higher by **₹ 4.63 crore** compared to the method used and useful lives estimated in earlier periods.

6. During the six months ended September 30, 2014, the Corporation has reviewed its policy of charging incentive brokerage on deposits. On and from April 1, 2014 incentive brokerage on deposits is being amortised over the period of deposit which earlier, was expensed when incurred. There is no material impact on the Statement of Profit & Loss as a result of this change.

7. The accounts of Grandeur Properties Pvt. Ltd., Winchester Properties Pvt. Ltd., Windermere Properties Pvt. Ltd., Pentagram Properties Pvt. Ltd. and Haddock Properties Pvt. Ltd. have been excluded from consolidation since the Corporation proposes to dispose off these investments in the near future.

8. The Classification of Assets and Liabilities into Current and Non-Current is carried out based on their residual maturity profile.

   The estimates and assumptions regarding prepayments and renewals as prescribed by the National Housing Bank (NHB) (which are taken into account for ALM purpose) are not considered while classifying the assets and liabilities into current and non-current.

9. During the quarter ended September 30, 2014, the Corporation has allotted 19,13,300 equity shares of Rs. 2 each pursuant to exercise of stock options by certain employees/ directors.

10. The standalone financial results are available on the Corporation's website (www.hdfc.com) and on the website of BSE (www.bseindia.com) and NSE (www.nseindia.com).

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

**The above results for the quarter / six months ended September 30, 2014, which have been subject to a Limited Review by the Auditors of the Corporation, were reviewed by the Audit Committee of Directors and subsequently approved by the Board of Directors at its meeting held on October 22, 2014, in terms of Clause 41 of the Listing Agreement.**

Place: Mumbai
Date: October 22, 2014

**Keki M Mistry**
**Vice Chairman & CEO**