# Deloitte
# Haskins & Sells LLP

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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 Standalone Unaudited Financial Results of **HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** (the "Corporation") for the Quarter and Six Months ended September 30, 2014 (the "Statement"), being submitted by the Corporation pursuant to the requirement of Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 4 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. Based on our review conducted as stated 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.

4. 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 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

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

PART I – STATEMENT OF STANDALONE 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 | **6,532.71** | 6,445.91 | 5,859.19 | **12,978.62** | 11,416.13 | 23,894.03 |
| Profit on Sale of Investments | **102.73** | 0.89 | 86.75 | **103.62** | 86.75 | 248.98 |
| **Total Income** | **6,635.44** | 6,446.80 | 5,945.94 | **13,082.24** | 11,502.88 | 24,143.01 |
| Expenditure : | | | | | | |
| - Interest and Other Charges | **4,473.86** | 4,330.51 | 4,045.65 | **8,804.37** | 7,808.98 | 16,029.37 |
| - Staff Expenses | **78.83** | 84.90 | 67.18 | **163.73** | 141.59 | 279.18 |
| - Provision for Contingencies | **35.00** | 35.00 | 15.00 | **70.00** | 45.00 | 100.00 |
| - Other Expenses | **89.82** | 92.75 | 95.33 | **182.57** | 178.89 | 317.01 |
| - Depreciation and Amortisation | **11.60** | (6.58) | 9.49 | **5.02** | 15.03 | 31.87 |
| **Total Expenditure** | **4,689.11** | 4,536.58 | 4,232.65 | **9,225.69** | 8,189.49 | 16,757.43 |
| **Profit from Operations before Other Income** | **1,946.33** | 1,910.22 | 1,713.29 | **3,856.55** | 3,313.39 | 7,385.58 |
| Other Income | **35.23** | 14.44 | 8.04 | **49.67** | 16.04 | 54.66 |
| **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 |
| Earnings per Share - (₹) | | | | | | |
| - Basic | **8.64** | 8.61 | 8.13 | **17.25** | 15.70 | 34.89 |
| - Diluted | **8.58** | 8.55 | 8.07 | **17.13** | 15.56 | 34.62 |
| Debenture Redemption Reserve | | | | - | - | - |
| Debt Equity Ratio | | | | **6.34** | 6.27 | 6.58 |
| Debt Service Coverage Ratio | | | | **0.15** | 0.18 | 0.17 |
| Interest Service Coverage Ratio | | | | **1.44** | 1.43 | 1.46 |
| Paid-up Equity Share Capital (Face value ₹ 2) | **313.77** | 313.39 | 311.63 | **313.77** | 311.63 | 312.10 |
| Paid-up Debt Capital | | | | **1,95,276.19** | 1,73,120.56 | 1,83,973.18 |
| Reserves as at March 31 | | | | | | 27,643.09 |

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| PART II – SELECT INFORMATION FOR THE QUARTER / SIX MONTHS ENDED SEPTEMBER 30, 2014 | | | | | | |
|---|---|---|---|---|---|---|
| **A] PARTICULARS OF SHAREHOLDING** | **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 |
| Public Shareholding :<br>- Number of Shares<br>- Percentage of Shareholding | **1,56,88,62,770**<br>**100** | 1,56,69,49,470<br>100 | 155,81,60,055<br>100 | **1,56,88,62,770**<br>**100** | 155,81,60,055<br>100 | 155,05,32,605<br>100 |
| Promoters and Promoter Group Shareholding | | | | | | |
| a) Pledged/Encumbered | | | | | | |
| - Number of Shares | - | - | - | - | - | - |
| - Percentage of Shares (to total promoter holding) | - | - | - | - | - | - |
| - Percentage of Shares (to total share capital) | - | - | - | - | - | - |
| b) Non-Encumbered | | | | | | |
| - Number of Shares | - | - | - | - | - | - |
| - Percentage of Shares (to total promoter holding) | - | - | - | - | - | - |
| - Percentage of Shares (to total share capital) | - | - | - | - | - | - |

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

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**Notes :**

1) Statement of Standalone Assets and Liabilities:

**₹ in Crore**

| | | As At | |
|---|---|---|---|
| | **PARTICULARS** | **30.9.2014** | 31.3.2014 |
| | | **Standalone** | |
| | | **Reviewed** | **Audited** |
| **A** | **EQUITY AND LIABILITIES** | | |
| 1 | **Shareholders' Funds** | | |
| | - Share Capital | **313.77** | **312.10** |
| | - Reserves and Surplus | **30,479.42** | **27,643.09** |
| | Sub Total - Shareholders' Funds | **30,793.19** | **27,955.19** |
| 2 | **Non-current Liabilities** | | |
| | - Long Term Borrowings | **86,514.09** | **86,881.04** |
| | - Other Long Term Liabilities | **2,150.46** | **2,231.11** |
| | - Long Term Provisions | **1,474.22** | **1,345.63** |
| | Sub Total – Non Current Liabilities | **90,138.77** | **90,457.78** |
| 3 | **Current Liabilities** | | |
| | - Short Term Borrowings | **31,843.30** | **25,317.85** |
| | - Trade Payables | **120.89** | **81.82** |
| | - Other Current Liabilities : | | |
| | - Borrowings | **76,918.80** | **71,774.30** |
| | - Others | **8,368.53** | **7,138.57** |
| | - Short Term Provisions | **179.77** | **2,706.98** |
| | Sub Total – Current Liabilities | **1,17,431.29** | **1,07,019.52** |
| | **TOTAL – EQUITY AND LIABILTIES** | **2,38,363.25** | **2,25,432.49** |
| **B** | **ASSETS** | | |
| 1 | **Non-Current Assets** | | |
| | - Fixed Assets | **312.58** | **280.48** |
| | - Non-Current Investments | **13,469.18** | **13,370.29** |
| | - Deferred Tax Assets (Net) | **481.87** | **629.87** |
| | - Long Term Loans and Advances: | | |
| | - Loans | **1,88,461.20** | **1,75,746.08** |
| | - Others | **2,612.30** | **2,640.32** |
| | - Other Non-Current Assets | **1,239.60** | **914.08** |
| | Sub Total – Non-Current Assets | **2,06,576.73** | **1,93,581.12** |
| 2 | **Current Assets** | | |
| | - Current Investments | **3,318.50** | **542.36** |
| | - Trade Receivables | **1,268.12** | **84.52** |
| | - Cash and cash equivalent | **1,934.20** | **7,715.52** |
| | - Short Term Loans and Advances : | | |
| | - Loans | **23,411.41** | **20,808.31** |
| | - Others | **1,397.46** | **2,303.36** |
| | - Other Current Assets | **456.83** | **397.30** |
| | Sub Total – Current Assets | **31,786.52** | **31,851.37** |
| | **TOTAL – ASSETS** | **2,38,363.25** | **2,25,432.49** |

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2) As at September 30, 2014, the loan book stood at ₹ **2,12,344 crore** as against ₹ 1,84,886 crore in the Previous Year. This is after considering the loans sold during the preceding 12 months amounting to ₹ 7,825 crore.

3) 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.

4) During the six months ended September 30, 2014, the Corporation 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. Previously, the straight line method was used for depreciating Buildings, Computers, Leased Assets and Leasehold Improvements while other tangible fixed assets were being depreciated using the reducing balance method. The revised useful lives, as assessed by Management, match those specified in Part C of Schedule II to the Companies Act, 2013, for all classes of assets other than Computer Hardware and Vehicles. Management believes that the revised useful lives of the assets reflect the periods over which these assets are expected to be used.

   As a result of the change, the charge on account of Depreciation for the six months ended September 30, 2014, is lower by ₹ **13.60 crore** and for the quarter ended September 30, 2014, is higher by ₹ **0.99 crore** compared to the method used and useful lives estimated in earlier periods.

5) 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.

6) 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.

7) The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes, in India. All other activities of the Corporation revolve around the main business. As such, there are no separate reportable segments, as per the Accounting Standard on 'Segment Reporting' (AS 17), notified by the Companies (Accounting Standards) Rules, 2006.

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

9) Definitions for Coverage Ratios are as under:
Interest Service Coverage Ratio = (Profit Before Tax + Interest and Other Charges) / Interest and Other Charges. Debt Service Coverage Ratio = (Profit Before Tax + Interest and Other Charges) / (Interest and Other Charges + Principal Repayment). Debt Equity Ratio = (Long Term Borrowings + Short Term Borrowings + Current Maturities of Long Term Borrowings) / Shareholders' Funds.

10) 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 Agreements.**

Place: Mumbai
Date: October 22, 2014

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