HDB Financial Services Limited
Ground Floor, Zenith House,
Keshavrao Khadye Marg,
Opp. Race Course, Mahalaxmi,
Mumbai - 400034.
Tel : 022 - 49116300
Fax : 022 - 49116666
Web : www.hdbfs.com
CIN : U65993GJ2007PLC051028
Email ID : compliance@hdbfs.com

HDB/SLC/2024/1242

June 5, 2024

To, Listing Compliance Department **BSE Limited** P J Towers, Dalal Street, Mumbai - 400 001	To, Listing Compliance Department **National Stock Exchange of India Limited** Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai– 400051

Sub: Notice of 17th Annual General Meeting and Annual Report for the financial year 2023-24

Dear Sir / Madam,

Pursuant to Regulation 53(2)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Notice convening 17th Annual General Meeting ("**AGM**") and Annual Report of HDB Financial Services Limited ("**Company**") for the financial year 2023-24.

The 17th AGM of the Company will be held on Thursday, June 27, 2024 at 12.00 noon through Video Conferencing / Other Audio Visual Means. The remote e-voting period shall commence from 09.00 a.m. on Monday, June 24, 2024 and ends at 05:00 p.m. on Wednesday, June 26, 2024 (both days inclusive). During this period, Members holding shares as on Thursday, June 20, 2024 i.e. the cut-off date, may cast their vote electronically.

Pursuant to Regulation 50(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015, this is to inform you that the AGM is held inter-alia to consider the following business:

- To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2024 together with the Report of the Board of Directors and Auditors thereon.
- To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2024 together with the Report of Auditors thereon.
- Authority to issue redeemable Non-Convertible Debentures and/or other debt instruments on private placement basis, in one or more tranches, aggregating upto Rs. 38,372.72 Crore.

The Annual Report containing the AGM Notice is also uploaded on the Company's website at https://www.hdbfs.com/investors.

It may be noted that the record date for determining the names of Members eligible for dividend on equity shares, if declared at the AGM, is Thursday, June 20, 2024.

This is for your information and appropriate dissemination.

Thanking you,

For HDB Financial Services Limited

DIPTI KHANDELWAL

Digitally signed by DIPTI KHANDELWAL
DN: c=IN, postalCode=400002, st=MAHARASHTRA, street=MUMBAI, l=MUMBAI, o=Personal, serialNumber=182f8564be816cacd3c45db6ee9c88399fce6c3c06fb46b298295493da9812ac, pseudonym=2492da44b5af493f9cf84eeb015633ab, 2.5.4.20=390c0f054b2c43e2ef08c3e9c738862674827c1dc67e3ab466b1ccd9605d00de, email=DIPTI.KHANDELWAL@HDBFS.COM, cn=DIPTI KHANDELWAL
Date: 2024.06.05 20:49:38 +05'30'

Dipti Khandelwal
Company Secretary
M. No. F11340

Encl: a/a

www.hdbfs.com

EXPANDING HORIZONS.
EMPOWERING LIVES.

Annual Report 2023-24

ACROSS THE PAGES

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to navigate investor-related information

Disclaimer:
This document contains statements about expected future events and financials of HDB Financial Services Limited ('the Company'), which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications, and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

ABOUT THE REPORT

Basis of Reporting

This report offers a comprehensive evaluation of both the financial and non-financial performance of the Company. Additionally, it highlights the significant initiatives undertaken to meet the needs of the wider community.

Approach to Reporting

Through this report, the Company aims to offer stakeholders a comprehensive view of the business' value-creation ability, competitive advantages, operating context, performance highlights, future prospects, risks, opportunities, governance structure, and approach towards long-term sustainability.

Reporting Period, Scope, and Boundary

The reporting period for this Annual Report is April 1, 2023 to March 31, 2024. It provides an overview of the Company's operations and business development activities. The content of this report has been reviewed by the senior management of the Company and reviewed and approved by the Board of Directors to ensure accuracy, completeness, and relevance of the information presented.

Management Assurance

The Board of Directors provides assurance to stakeholders regarding the accuracy and reliability of the information presented in this Annual Report. With a commitment to transparency and accountability, the management affirms that the report reflects the Company's performance, financial position, and strategic endeavours faithfully.


CERTIFIED
GOLD
STANDARD
50g
FINE GOLD
999.9


CREDIT SCORE

HDBFS's strategic approach is driven by both purpose and profit, paving the way for greater access to credit and technological advancements. This empowers individuals and communities, catalysing a thriving and inclusive future.

EXPANDING HORIZONS. EMPOWERING LIVES.

In today's interconnected world, financial institutions go beyond offering traditional banking services. They have the power to drive positive change while expanding their market reach by embracing principles of sustainability and social responsibility. This not only enhances their reputation but also fosters long-term trust and loyalty among stakeholders. By aligning profit motives with societal and environmental well-being, financial institutions can play a major role in shaping a more sustainable future and enabling inclusive growth.

HDBFS's theme for this year 'Expanding Horizons. Empowering Lives.', focuses on broadening the Company's geographical footprint and tapping into new market segments, while ensuring consistent profitability and robust asset quality.

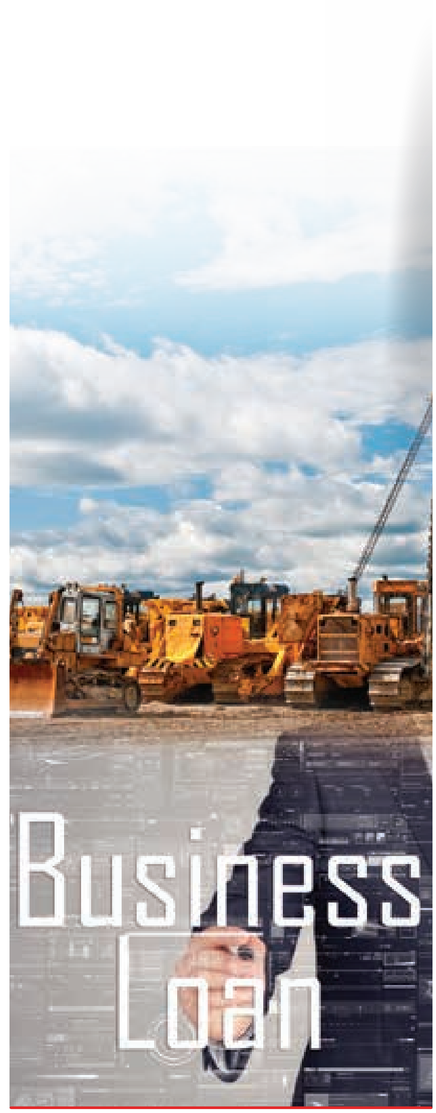
Central to this mission is the empowerment of individuals and businesses through financial inclusion. By enhancing customer experiences and leveraging technology, HDBFS extends credit access to a broader audience, fostering economic and social impact. This approach aligns the Company's growth with its commitment to inclusive development.

A SNAPSHOT OF
OUR BUSINESS

HDB Financial Services ('HDBFS' or 'Company') is a prominent Non-Banking Financial Company (NBFC) in India. Established in 2007, HDBFS has emerged as a leading entity in the non-banking financial sector. The Company is renowned for its proficiency in loan origination, underwriting, and a broad product range. It offers diverse financial products and services, including enterprise lending, asset financing, consumer loans, fee-based products, and business process outsourcing (BPO) services. With a strong financial foundation, the Company is proud to hold the 'CARE AAA/Stable' rating by CARE Ratings Limited and 'CRISIL AAA/Stable' rating by CRISIL Ratings Limited for Long-Term Debt, Bank Facilities, Subordinated Debt and Perpetual Bonds.

Commitment to Inclusive Financial Solutions

- 1,682 branches to cater to underbanked and unbanked populations across the Country
- Goes beyond traditional lending practices to enhance customer experience
- Leverages data and analytics for personalised loan offerings
- Values diversity, creating an inclusive work environment for employee growth
- Emphasis on transparency and ethics as the core values solidifying HDB's reputation as a trusted player in the financial sector



VISION

To be India's most admired NBFC; through great execution, driving simplicity, and developing humility

MISSION

To deliver innovative products and services to cater to the growing needs of an aspirational India, serving both individual and business clients

VALUES

Integrity

We ensure that the highest standard of professional conduct is embedded in every corner of the organisation. It defines how we go about our business and treat our people, customers and stakeholders

- We are transparent and ethical in the way we conduct ourselves
- We are honest and fair and base our conclusions on facts
- We have a strong moral code and take responsibility of our actions

Respect

As we continue to increase our reach in every corner of the country, we value those who work with us and the contributions that they make to our business

- We respect our people's individuality and diversity
- We conduct ourselves in a manner that reflects the spirit of inclusion and humility
- We treat all our customers, employees and stakeholders with respect and empathy

Excellence

In our journey of becoming India's most admired NBFC, we want to excel and set high standards in every aspect

- We aim to execute flawlessly and deliver the highest quality of service and value through simple, relevant solutions
- We challenge ourselves to meet our goals and pursue excellence
- We consistently strive to exceed the expectations of our customers, colleagues and stakeholders

Simplicity

We keep our customers, employees, and stakeholders at the heart of everything we do

- We focus on removing complexities
- We deliver solutions that are simple and relevant
- Our communication, policies and processes are simple to understand and easy to follow

Collaboration

We believe that success is achieved not by any one individual but by teams that work together

- We operate in a spirit of collaboration and teamwork
- We support and encourage people to use their expertise and experience to solve everyday challenges
- We embrace a mindset of openness and trust that helps in breaking silos

Agility

We proactively respond to the changing market environment and evolving needs of our customers

- We strive to deliver the highest sustainable standards through efficient and timely execution
- Our speed of action reflects our readiness to continuously improve and our openness to change and discovery
- We are flexible and constantly look for ways to enhance efficiencies

1,682
Branches

1,148
Branch Locations

AAA/Stable
CARE and CRISIL Ratings for Long-Term Debt and Bank Facilities

A1+
CARE and CRISIL Rating for Commercial Papers

₹ 90,235 Crore
Total AUM

15.5 Mn
Customers

MESSAGE FROM THE CHAIRMAN

> We are confident that our strategic initiatives, combined with the dedication of our exceptional team, will enable us to scale new heights and continue delivering value to all our stakeholders.

Dear Stakeholders,

I am happy to communicate with each of you through our annual report for FY 2023-24. Your continued support and collaboration are invaluable as we navigate another year of growth and opportunities.

Macroeconomic View

With inflation levels moderating worldwide, recovery and optimism have been the central themes defining the year gone by. The global economy is projected to expand at 3.2% in CY 2024 and CY 2025, in line with the same growth levels recorded in CY 2023. However, moderating inflation is likely to boost real wages and consumption. As the world resumes its pre-pandemic trajectory, businesses operating in heavily impacted discretionary sectors are positioned to be the key beneficiaries. The global economic landscape in CY 2023 had been characterised by a gradual recovery from the pandemic's impact, albeit with persistent challenges. Geopolitical tensions, supply chain disruptions, and inflationary pressures have tested the resilience of industries worldwide. However, many sectors have demonstrated remarkable adaptability, leveraging technology and innovation to navigate these uncertainties.

Vast Opportunity in the Indian Market

India's economy continues to remain a silver lining in the global economic context. Despite global headwinds, the country's GDP growth rate has consistently exceeded 7% since FY 2021-22, with projections indicating similar growth for FY 2024-25. Conservative estimates by the International Monetary Fund (IMF) suggest that India will emerge as the world's third-largest economy by 2027. The country is likely to surpass Japan and Germany with its GDP exceeding US$ 5 trillion. Striving to achieve the status of a developed economy by 2047, India has adopted various initiatives within the dynamic framework of 'Viksit Bharat.' Micro, small and medium enterprises (MSMEs) are expected to play a crucial role in fostering jobs, income, capabilities, and ecosystems. MSMEs contribute around 30% to all-India GDP. Additionally, they account for 36% of all-India manufacturing output. MSME-related product exports make up about 45% of all-India exports as of February 2024. Concurrently, the visionary Digital India programme has transformed India from a technology consumer to a global producer. This transformation has fostered innovation and diversification, making India the fastest-growing digital economy in the world, accounting for 11% of the total GDP as of February 2024.

The Role of NBFCs in Today's Landscape

A rapidly growing nation demands a robust financial infrastructure. NBFCs have emerged as one of the key propellers of India's rising aspirations, adding immense value to the country's growing financial landscape. India is one among the few countries in the world with a significant population belonging to lower and middle-income groups. NBFCs, with their unique blend of physical and digitally empowered business models, have extended their reach to the under penetrated regions of the country, empowering many to achieve their aspirations. NBFCs have played a crucial role in extending financial inclusion, bridging the gap between financial institutions and the diverse needs of India's growing population. As of March 2024, the NBFC sector has reached an impressive size of US$ 326 Bn and now have a material share in MSME Loans, Auto Loans, Housing Loans and Gold Loans. NBFCs have thus demonstrated their capacity to compete with larger institutions for customer retention, whilst complementing them in expanding the financial landscape through the country. NBFCs have achieved this through their reach and by adopting digitalisation to increase customer acquisition and engagement whilst enhancing operational efficiency and asset quality.

Achievements in FY 2023-24

Today's rapidly evolving financial services landscape is characterised by increasing financialisation, accelerating digitalisation and shifting demographic patterns. HDBFS has strategically positioned itself to capitalise on these mega trends for sustained growth with profitability, whilst maintaining robust asset quality, customer engagement and operational effectiveness. The focus on digitalisation is towards a twin fold objective, enhancing customer engagement through seamless digital platforms, self-service channels and lifecycle analytics to make insight-driven decisions. It addresses evolving customer needs amidst demographic shifts through product innovation and strategic partnerships, whilst maintaining optimal risk-adjusted returns and regulatory compliance through a sound risk management framework.

Our mobile app, 'HDB on the Go', which enables digital loan journeys and a host of self-service options, has so far seen 8 million downloads. We have also undertaken an initiative called the 'Customer Service Week' to raise awareness among our customers about the Company's self-service tools for managing loan accounts, digital payment options and grievance redressal mechanisms.

The year gone by is a testament to HDBFS's dedication and exceptional performance. We expanded our branch network to over 1,682 branches, enhancing our reach and accessibility to customers across 31 states /UTs. We achieved a healthy 28.75% growth in AUM, a clear indication of the trust and confidence the customers have in our offerings. We maintained our strong credit ratings of AAA/Stable from CRISIL and CARE. This reflects the Company's robust financial position, sound risk management strategies and commitment to maintaining a healthy balance sheet.

At HDBFS, we remain ahead in the pursuit of sustainable growth, driven by our core values of integrity, transparency, and customer-centricity. We are confident that our strategic initiatives, combined with the dedication of our exceptional team, will enable us to scale new heights and continue delivering value to all our stakeholders.

Note of Gratitude

As we bring the curtain down on another remarkable year, I extend my heartfelt appreciation to the regulatory authorities including RBI, IRDAI and SEBI for their invaluable guidance and support. I am also grateful for the dedication, hard work, and commitment of our exceptional team. Their efforts have been instrumental in propelling the evolution and success of the Company. Looking ahead, I am excited about the opportunities and challenges that the future holds for us. With the collective efforts and determination of our team, I am confident that we will continue to expand our horizons and empower more lives, while achieving greater milestones. Thank you all for your dedication, support and continued partnership.

Warm Regards,

Arijit Basu
Chairman

MESSAGE FROM
THE MD & CEO

> HDBFS is inspired by the vibrant spirit of India. We are motivated by the pursuit of fulfilling the financial aspirations of our valued customers. It is a privilege to be a part of their journey, contributing to their dreams and aspirations

Dear Stakeholders,

In a year marked by global economic and geo-political uncertainties, India emerged as a shining example of resilience and adaptability.

Global and Indian Economic View

The global economy witnessed a gradual recovery from the pandemic's aftershock in CY 2023. This was despite some persistent challenges such as rising inflation, geopolitical tensions and supply chain disruptions. Central banks worldwide implemented monetary policy measures to rein in inflation impacting consumer demand and business sentiments. However, the resilience and adaptability of industries paved the way for cautious optimism. On the domestic front, India emerged as a bright spot, exhibiting robust economic growth. This can be attributed to strong domestic demand, policy reforms and an investor-friendly climate. The Government's focus on infrastructure development, manufacturing, and digitalisation further bolstered the country's economic prospects.

Key Financial and Operational Developments during the Year

At HDBFS, FY 2023-24 was a testament to our commitment to excellence. We navigated the year with agility while achieving milestones across our financial and operational landscapes thus strengthening our position as a leading player in the NBFC sector. Our Assets Under Management (AUM) witnessed a healthy growth of 28.75%, reflecting the trust and confidence of customers in our offerings. We expanded our branch network to 1,682 branches across 31 states/ UTs, enhancing our reach and accessibility to cater to the growing demand for our financial services in underserved areas.

Our asset quality remained robust, with a gross non-performing asset (GNPA) ratio of 1.90% and a net non-performing asset (NNPA) ratio of 0.63% as at March 31, 2024. This is an improvement from 2.73% GNPA and 0.95% NNPA as at March 31, 2023, testament to our robust credit risk management practices, including 360-degree credit assessment and hybrid underwriting approach. We also maintained our strong credit ratings from reputed agencies, which is a reaffirmation of our financial stability and prudent risk management practices. Our capital adequacy ratio stood at 19.25%, well above the regulatory requirements, providing a solid foundation for future growth and expansion plans.

Our total revenue grew by 14.26% from ₹ 12,403 Crore in FY 2022-23 to ₹ 14,171 Crore, driven by a healthy increase in our loan book, which can be attributed to our focused efforts on diversified offerings and broadening the customer funnel. This coupled with efficient liability management through optimised borrowing strategies and cost rationalisation aided an increase in operating profit by 25.78% to ₹ 3,305 crore. Profit after tax rose by 25.59% to ₹ 2,461 Crore, compared to ₹ 1,959 Crore in FY 2022-23.

This demonstrates our commitment to delivering sustainable shareholder value, driven by our robust risk management practices, continuous operational improvements, and customer-centric approach. All this further fosters trust and loyalty, positioning us for continued growth and leadership in the NBFC sector.

Technological Integration to Enhance Operating Efficiency

Embracing digital transformation is pivotal for enhancing every aspect of our business value chain - from analytics and customer insight to loan origination and servicing. Digitalisation is central to our strategy and underpins our commitment for better customer engagement and efficient business processes in driving sustainable growth with profitability. This enables us to provide seamless experience and operational efficiency throughout the customer journey. Our ongoing investments in technology have forged a robust digital framework that provides analytical insights enabling tailored financial solutions, efficient loan processing, servicing, and collections.

Understanding the growing preference for mobile based financial solutions, we have rolled out an improved 'HDB on-the-go' mobile app for better customer experience. Till date, over 8 million customers have used the HDB On-The-Go mobile app. Our digital channels, including the WhatsApp bot and Chatbot, handles approximately 50,000 customer queries every month. Our CRM implementation has enabled efficient serving of customer needs. We recognise that customers expect seamless experiences across all touchpoints and by integrating our digital and physical channels, we ensure consistency and continuity in customer engagement. Digitalisation has also enabled us to streamline processes, enhance operational efficiency and drive cost optimisation. We firmly believe that digital transformation is not just about adopting new technologies but also fostering a culture of innovation and customer-centricity throughout the organisation.

Strategic Imperatives

Amidst the volatilities in the current market and interest rate environment, our priorities remain focused on sustainable growth and profitability while maintaining asset quality. Our strategy involves leveraging our diverse product suite and broad geographic presence to expand our customer funnel. Further, by diversifying our borrowing mix and exploring alternative funding sources, we aim to minimise impacts on interest margins while maintaining a healthy capital adequacy ratio. Key business enablers, such as digital transformation will continue to play an important role in analytical insights, improving customer engagement and operational efficiency. A comprehensive risk management framework would continue to govern all aspects of our business.

Future Prospects

The untapped potential of the Indian economy has generated enthusiasm around unexplored possibilities. With a burgeoning middle-class, increasing urbanisation and the Government's thrust on financial inclusion, the demand for credit and financial services is poised to grow exponentially. As India continues its journey towards a thriving financial future, HDBFS is privileged to contribute to empowering the aspirations of a growing nation. Our collective efforts including our diverse offerings, an extensive network of digitally enabled branches across the country and customer-centric approach, help differentiate and position us for sustainable growth.

Concluding Thoughts

As we reflect on our eventful journey, I am filled with immense pride for how far we have come together as an organisation. The milestones achieved are a testament to the collective efforts of our dedicated team and continued support of our stakeholders. HDBFS is inspired by the vibrant spirit of India. We are motivated by the pursuit of fulfilling the financial aspirations of our valued customers. It is a privilege to be a part of their journey, contributing to their dreams and aspirations. As we look ahead, we are excited about the myriad opportunities that unfold before us. The dynamic landscape of the financial industry presents challenges and possibilities and we are eager to capitalise on these moments of growth and innovation.

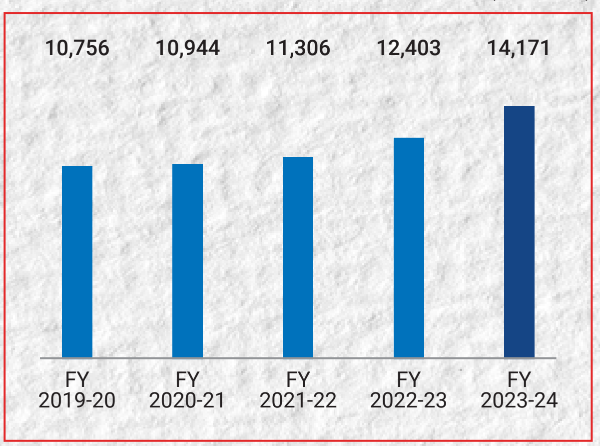
Warm Regards,

Ramesh G.
MD & CEO

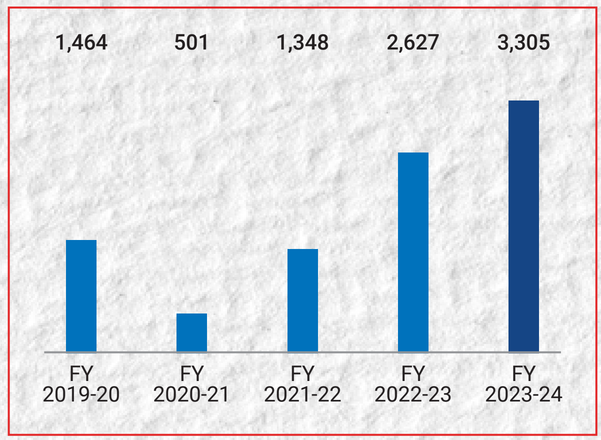
EXPANDING HORIZONS OVER THE LAST FIVE YEARS

Over the years, HDBFS has navigated the ever-evolving financial landscape with consistent growth while maintaining profitability. This is a testament to its resilience and strategic acumen. The Company's focus on maintaining a robust asset quality has been a cornerstone of its success. It has helped provide stability and resilience to its operations. This commitment to excellence has also helped the Company establish itself as a trusted financial partner, poised for continued success and growth in the financial services sector.

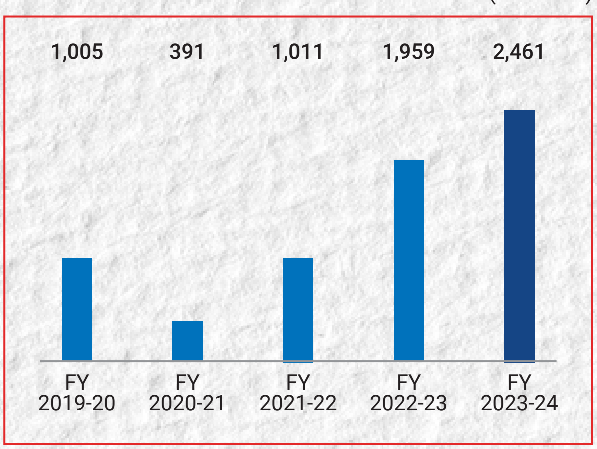
TOTAL REVENUE (₹ in Crore)



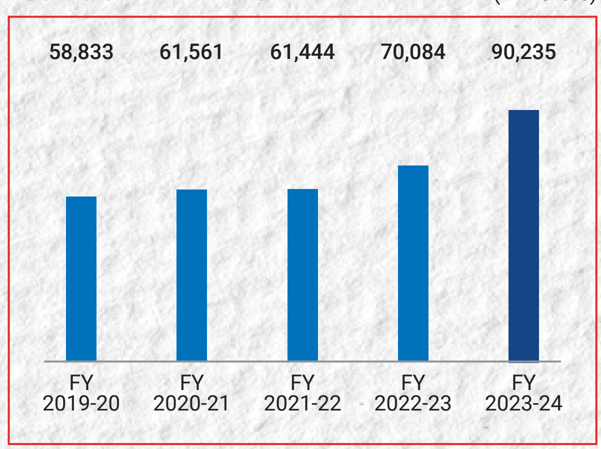
PROFIT BEFORE TAX (₹ in Crore)



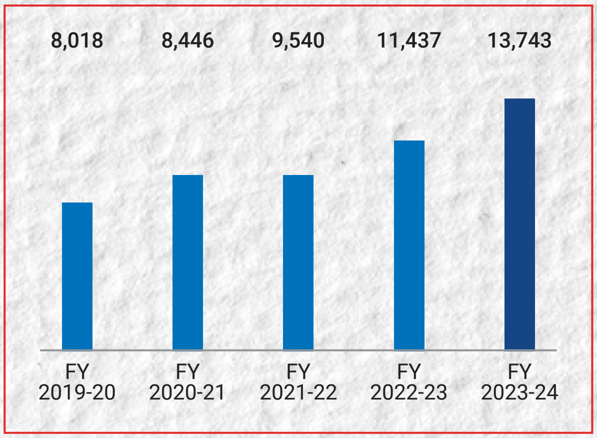
PROFIT AFTER TAX (₹ in Crore)



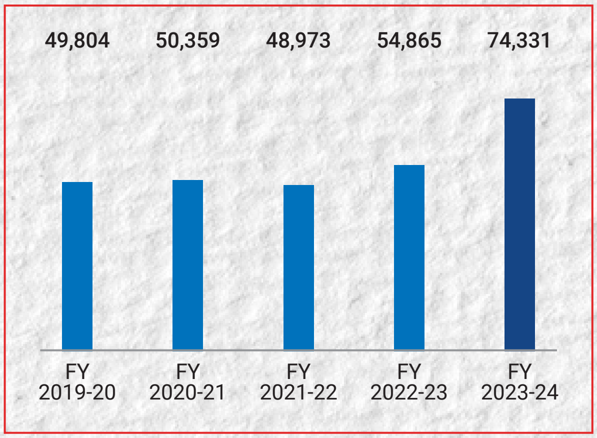
ASSETS UNDER MANAGEMENT (₹ in Crore)



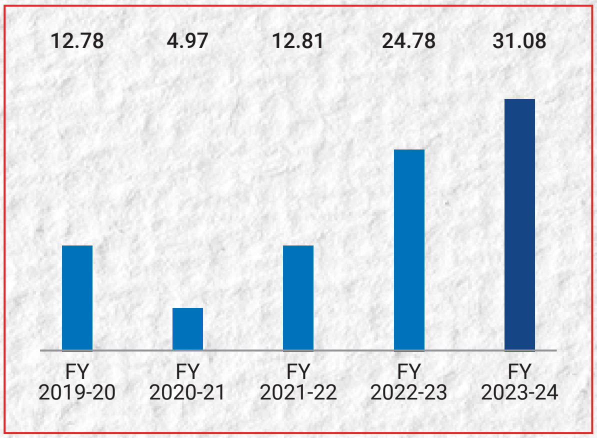
SHAREHOLDER'S FUNDS (₹ in Crore)



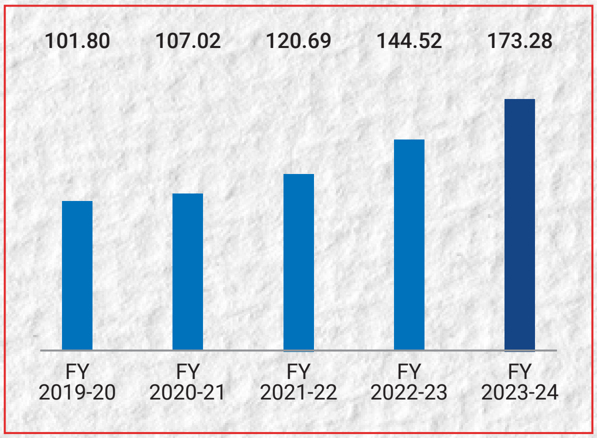
BORROWINGS (₹ in Crore)



EARNINGS PER SHARE (₹)



BOOK VALUE PER SHARE (₹)



EMPOWERING LIVES THROUGH DIVERSE RANGE OF OFFERINGS

As a leading financial institution, HDBFS is dedicated to understanding and meeting the diverse needs of its valued stakeholders. The Company is committed to providing tailored solutions to salaried and self-employed individuals, business owners and entrepreneurs and empower them to achieve their financial goals and aspirations. With a comprehensive range of services and expertise, HDBFS strives to support stakeholders at every stage of their financial journey. Focusing on transparency, integrity and customer-centricity, the Company strives to build long-lasting relationships based on trust and mutual respect.

Consumer Loans

- Consumer Durable Loan
- Digital Product Loan
- Lifestyle Product Loan
- Personal Loan
- Auto Loan
- Two Wheeler Loan
- Gold Loan

Enterprise Loans

- Unsecured Business Loan
- Enterprise Business Loan
- Loan Against Property
- Loan Against Lease Rental
- Loan Against Securities

Asset Finance

- Commercial Vehicle Loan
- Construction Equipment Loan
- Tractor Loan

Micro Lending

Fee-Based Products/ Insurance Services

BPO Services

- Collection Services
- Back Office and Sales Support

CREATING VALUE FOR CUSTOMERS AND EMPOWERING LIVES

INPUTS

FINANCIAL CAPITAL

- Strong Equity Capital
- Robust Assets Base
- Prudent Borrowings Portfolio
- Diversified Lender Base to across Multiple Cities in India

MANUFACTURED CAPITAL

- Widespread Branch Network
- Corporate Office

VALUE CREATION PROCESS

HDBFS's Business Portfolio

- Consumer Loan
- Asset Finance
- Fee-Based Products/Services
- Enterprise Loan
- Micro Lending
- BPO Services

OUTPUT

Financial Capital

- 28.75% AUM Growth
- ₹ 2,461 Crores Net Profit
- ₹ 31.08 EPS
- 3.03% ROA
- 19.55% ROE

Manufactured Capital

- 1,682 Branch Presence
- 31 State/UTs Presence

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

HUMAN CAPITAL

- Dedicated Employee Base
- Employee Benefits
- Learning and Development Opportunities
- Employee Engagement Initiatives

SOCIAL AND RELATIONSHIP CAPITAL

- Expanding Customer Base
- CSR Beneficiaries
- Strategic Partners
- Investors/Lenders/Rating Agencies
- Compliance with Regulatory Framework

HDBFS's Values

Integrity	Excellence	Collaboration
Respect	Simplicity	Agility

Human Capital

- 9.75 per Person Hours Training
- 21% of Women Employees
- 32,45,570 ESOPs Granted

Social and Relationship Capital

- 1,34,000 CSR Beneficiaries
- AAA/Stable
  (CARE and CRISIL Ratings for Long-Term Debt & Bank Facilities)
- A1+
  (CARE and CRISIL Ratings for Commercial Papers)

UNDERSTANDING THE OPERATING

ENVIRONMENT FOR BETTER GROWTH

The financial sector's growth is influenced by various factors. These include demographic shifts, increased access to financial services, and supportive government policies. As HDBFS adapts to these changing dynamics, it faces a mix of challenges and opportunities in the external environment. Understanding these broad trends and aligning them with its strategic goals can help HDBFS leverage the sector's growth potential and contribute to India's economic progress.

Growth and Stability in the NBFC Landscape

The Indian economy was amongst the fastest growing major economies in the world, with the economic indicators posting gradual improvements. Even as the twin deficits, namely current account and fiscal deficits, narrowed, the growth-inflation mix showed a positive and sustainable trend. Despite geopolitical tensions worldwide, India's economy is expected to grow by 7.6% in FY 2023-24. This can be attributed to robust domestic demand and strong growth in the manufacturing and services sectors. As the country progresses, demand for credit is likely to remain strong, especially among MSMEs and retail, projected to grow by 13.5-14.0%.

HDBFS's Approach

As a prominent NBFC, we are positioned to support MSMEs, retail, and underserved populations. The Company's deep understanding of customers' diverse financial needs, vast reach and fast turnaround times enable us to cater to unique borrowing needs effectively. HDBFS strives to enhance service delivery and customer experience by embracing digital transformation and technological capabilities. The Company's mobile apps and online platforms provide seamless credit access promoting financial inclusion. It also ensures prudent lending and asset quality focus by strengthening risk management. The Company is also committed to supporting economic development through accessible financial solutions. HDBFS's customer-centric approach, technological advancements, and strong risk management practices make it a reliable partner for individuals, businesses and communities.

(Source: Economic Times, May 2024)

Technological Prowess

NBFCs are embracing digitalisation to achieve better operational efficiency, provide better customer experience, reduce costs and be compliant to regulatory guidelines. They face tough competition from banks in areas such as customer acquisition. Despite this, NBFCs have been initiators of frugal innovation in digital initiatives and innovations. They have demonstrated the appetite and talent to compete with larger institutions for customer attention. NBFCs are also making use of cutting-edge technologies including cloud, low-code/no-code, data lake and GenAI for application modernisation, super apps, data transparency, and robust information security. All this helps them provide seamless customer and employee experience.

HDBFS's Approach

HDBFS strives to elevate customer experience and operational efficiency through technology. The Company has rolled out an improved mobile app for seamless and personalised customer journey and implemented a robust CRM system to efficiently meet customer requirements. The Company is also driving higher technology adoption across processes through cloud computing, low-code/no-code platforms, and data analytics for streamlined operations and data-driven decisions. All this helps position HDBFS as a leader in delivering exceptional value to customers while driving sustainable growth and profitability.

(Source: KPMG Report on NBFC in India, February 2024)

BPO Services Landscape

The BPO industry in India is poised for significant growth in FY 2023-24. It is estimated to record a 54% increase in revenue with the demand for Indian BPO services growing at an annual rate of 50%. The industry has been a major source of employment, providing jobs for many Indians. India's BPO industry maintains a competitive edge globally, offering cost savings of up to 60% compared to developed countries. The sector has leveraged technology to enhance its services. It is expected that the Government will provide infrastructural support, particularly in Tier 2 and 3 cities, to reach the untapped talent pool and drive economic development across the country.

HDBFS's Approach

HDBFS offers a comprehensive suite of BPO services, including collection services, back-office operations and sales support services. For these services, the Company has a contract with HDFC Bank. HDBFS has established 18 call centres with a capacity of 5,500 seats across the country, employing on-call and field support teams. Additionally, HDBFS provides back office and sales support services to HDFC Bank, such as forms processing, document verification, finance and accounting operations and processing support. Through its nationwide presence and dedicated workforce, we offer cost-effective and efficient BPO services to its client.

(Source: https://www.outsource2india.com/india/bpo-industry-india.asp)

Regulation and Policy Focus

In India, the regulations and policy support for NBFCs have evolved to address their significant role in the economy. The 'Scale Based Regulation' framework, effective from October 2022, categorises NBFCs into four layers based on asset size and risk. This framework aims to align regulations with the changing risk profile of NBFCs, ensuring systemic stability. While the Base Layer faces the least regulation, the Upper Layer is subject to requirements akin to banks. These changes are expected to benefit the sector in the long run.

HDBFS's Approach

At HDBFS, we proactively embrace the evolving regulatory landscape for NBFCs in India. The Company has diligently aligned its operations and risk management practices by implementing robust measures to comply with the corresponding requirements for categorisation. The Company's commitment to adhering to regulatory changes and best practices in governance, risk management and compliance has given it a competitive edge, positioning it as a responsible and trustworthy NBFC.

(Source: KPMG Report on NBFC in India, February 2024)

Opportunities in Aspirational India

As per Census 2011, India's population was approximately 12,500 Lakh, comprising nearly 2,450 Lakh households. CRISIL MI&A projects a 1.1% CAGR increase between CY 2011 and CY 2021, reaching 14,000 Lakhs and 15,200 Lakhs by CY 2031. The number of households is expected to reach approximately 3,760 Lakhs over the same period. In 2022, India had one of the largest young populations globally, with a median age of 28 years. CRISIL MI&A estimates that about 90% of Indians were below 60 years old in 2021, with 63% aged between 15 and 59 years. In comparison, in CY 2020, the United States (US), China and Brazil had 77%, 83%, and 86%, respectively, of their populations below 60 years old.

HDBFS's Approach

The Company has established a strong presence in urban, semi-urban and rural areas of India, enabling it to understand and cater to the diverse needs of its customers. It offers a comprehensive range of tailored financial solutions designed to empower individuals and businesses to realise their potential. The Company's strategies include local outreach through branches, leveraging digital channels for seamless access, customised products, partner integration for innovative offerings. These initiatives aim to promote financial inclusion and empowerment, bridging the gap between institutions and underserved segments, unlocking vast opportunities across the nation.

(Source: CRISIL Report on Financialisation, December 2022)

Improving Asset Quality

The non-performing assets (NPAs) of NBFCs have shown a positive trend, with a decrease across various sectors. Reports indicate that the asset quality of state-owned NBFCs was notably better than their private sector counterparts. The gross NPA ratio was 2.5% for state-owned NBFCs compared to a higher 6.1% for private sector NBFCs in H1 FY 2023-24. Additionally, the asset quality of private NBFCs' industrial advances remained high at 12.5%, constituting 21.6% of the overall gross NPAs for the sector. Furthermore, the overall GNPA ratio of NBFCs has shown improvement, declining from a peak of 7.2% during the second wave of the pandemic to 5.9% in September 2022, nearing pre-pandemic levels. This improvement in asset quality is significant and indicates a positive trend in managing NPAs within the NBFC sector. Moreover, a decline in Stage 3 loans, overdue for more than 90 days, has been observed in major NBFCs, ranging between 3% and 6% compared to higher levels in the past year.

HDBFS's Approach

At HDBFS, there is a sharp focus on supported by stringent underwriting standards. The credit risk framework has played a pivotal role in mitigating risks. Advanced risk assessment models guide the Company's lending decisions. Its effective recovery efforts are driven by analytics embedded in its collection strategies. It remains committed to sustaining robust asset quality through continuous improvements in the credit risk framework, fostering a culture of responsible lending and risk management excellence.

(Source: KPMG Report on NBFC in India, February 2024)

Competitive Strengths

STRENGTHENING CAPABILITIES AND REACH THROUGH COMPETITIVE ADVANTAGES

NBFCs have emerged as a crucial source of finance for a large segment of the population, including SMEs and economically unserved and underserved people. It is imperative for the industry to continually strengthen its capabilities to cater to the needs of an expanding credit landscape. As one of India's leading NBFCs, HDBFS is aware of the dynamic landscape it operates in. The Company strives to differentiate itself through its unique competitive advantages.

84%
Distribution Beyond Top 20 Cities

Strengthening Presence

HDBFS is proud to cater to the needs of aspirational India, making substantial endeavours to expand its reach in these areas. The Company's robust presence in semi-urban and rural regions allows it to comprehend and address the varied needs of its customers effectively. Through a comprehensive suite of solutions, HDBFS aims to empower individuals and businesses, offering them financial support and help them realise their full potential. These financial solutions play a pivotal role in providing the underserved segment with the means to unlock the abundant opportunities presented by our country.

Diversified Product Portfolio

HDBFS stands out for delivering streamlined and effective financial solutions customised to address the distinct needs of its customers and various stakeholders. The Company's extensive range of offerings caters to the diverse requirements of both households and enterprises across India.

360 degree

Credit Assessment

Technical Expertise

HDBFS has implemented automated loan application processes to facilitate informed credit decisions right from the initial stage with the help of tools such as CRM, Rule Engine and Bureau Integration. This approach has increased productivity, reduced overhead costs and expedited processes, ensuring a smooth journey for the customer.

88,824

Employees

Highly Skilled and Committed Workforce

HDBFS's highly skilled and committed workforce is the driving force behind the business. The continuous upskilling initiatives and domain expertise of its employees across functions like credit underwriting, risk management and collections have played a major role in the Company's journey. HDBFS highly values the contributions of its workforce and is dedicated to offering them a supportive and enabling work environment.

1.90%
Gross NPA

0.63%
Net NPA

66.82%
PCR

Robust Asset Quality

HDBFS focuses on maintaining robust asset quality, underpinned by its prudent risk management practices and stringent credit evaluation processes. This encompass a comprehensive 360-degree analysis of borrowers' creditworthiness for effective risk mitigation and informed decision-making. This, coupled with the Company's diversified product portfolio and well-distributed geographic presence across urban, semi-urban, and rural regions, contributes to the overall resilience of HDBFS's asset quality. Moreover, the Company's dedicated team of experienced professionals, complemented by analytical insights and monitoring mechanisms, ensures proactive identification and management of potential risks, safeguarding the quality of its loan portfolio.

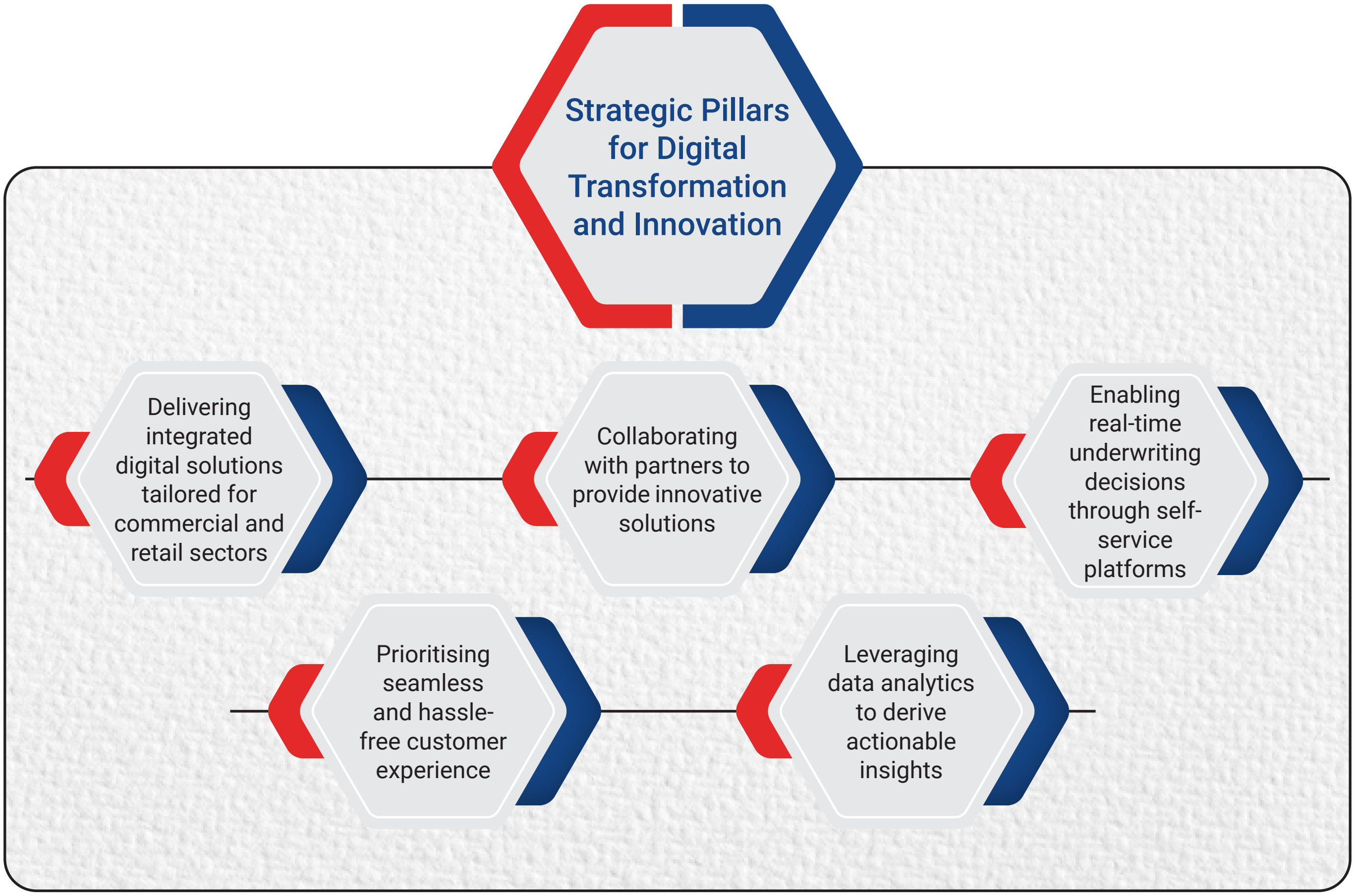
Marketing Initiatives

HDBFS is focusing on enhancing customer experience. The Company is leveraging data-driven marketing techniques such as personalised campaigns based on customer segments and predictive analytics. Its brand building efforts encompass building visibility around its CSR activities aimed at boosting brand perception, PR campaigns showcasing growth strategies, customer newsletters as well as increased visibility via outdoor and in-store branding. The Company is focused on delivering a seamless, unified omni-channel experience across all platforms, whether online, mobile or in physical branches. Collectively, these multi-pronged marketing initiatives aim to expand HDBFS's customer base, increase market share, drive customer satisfaction and foster long-term loyalty in the highly competitive financial services sector.

Digital Transformation

ADDRESSING CUSTOMER NEEDS THROUGH
A DIGITAL RENAISSANCE

HDBFS aims to continually evolve as an organisation, utilising cutting-edge technology to efficiently address customer needs. The emergence of digital banking has not only broadened the Company's reach but also empowered it to serve its customer base with enhanced quality and efficiency. The Company remains committed to delivering innovative solutions and has capitalised on technology to improve its offerings across multiple areas.



Key Initiatives

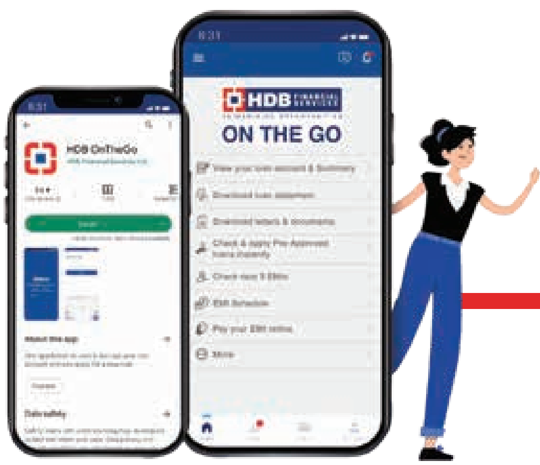
To meet the new and constantly evolving financial credit needs of tech-savvy customers, the Company has invested in digitalising its lending services and solutions. This allows HDBFS to connect and cater to customers in a personalised manner. Several digital offerings have been launched for commercial and retail segments to provide integrated solutions and simplify the borrowing process. These digital offerings include:

97%

Of Applications Processed Digitally

Digital Loans

To offer convenience to the customers, HDBFS has introduced a digital 'Sales App' where a customer can get instant loan approval and quick disbursement. This process also aids in uploading and authenticating documents on real time basis.



HDB On-The-Go App

- View & manage loan accounts and transaction details
- Instant customer support
- Apply for a new loan
- Real-time tracking of loan application
- Pre-approved loans
- Locate nearest HDBFS branches
- Exclusive hot offers

Relationship Managers

Relationship Managers (RM) play a vital role at HDBFS. They are responsible for building and maintaining relationships with select customers, generating new business, managing customer accounts, upselling and cross-selling products and services and providing customer support.

Partner Integration

HDBFS has forged strategic partnerships with various players to offer innovative digital solutions and services. These collaborations have enhanced customer experience by providing convenient digital KYC processes, quick application approvals, and faster disbursal of funds.

Digital Sign and Mandate arrangement

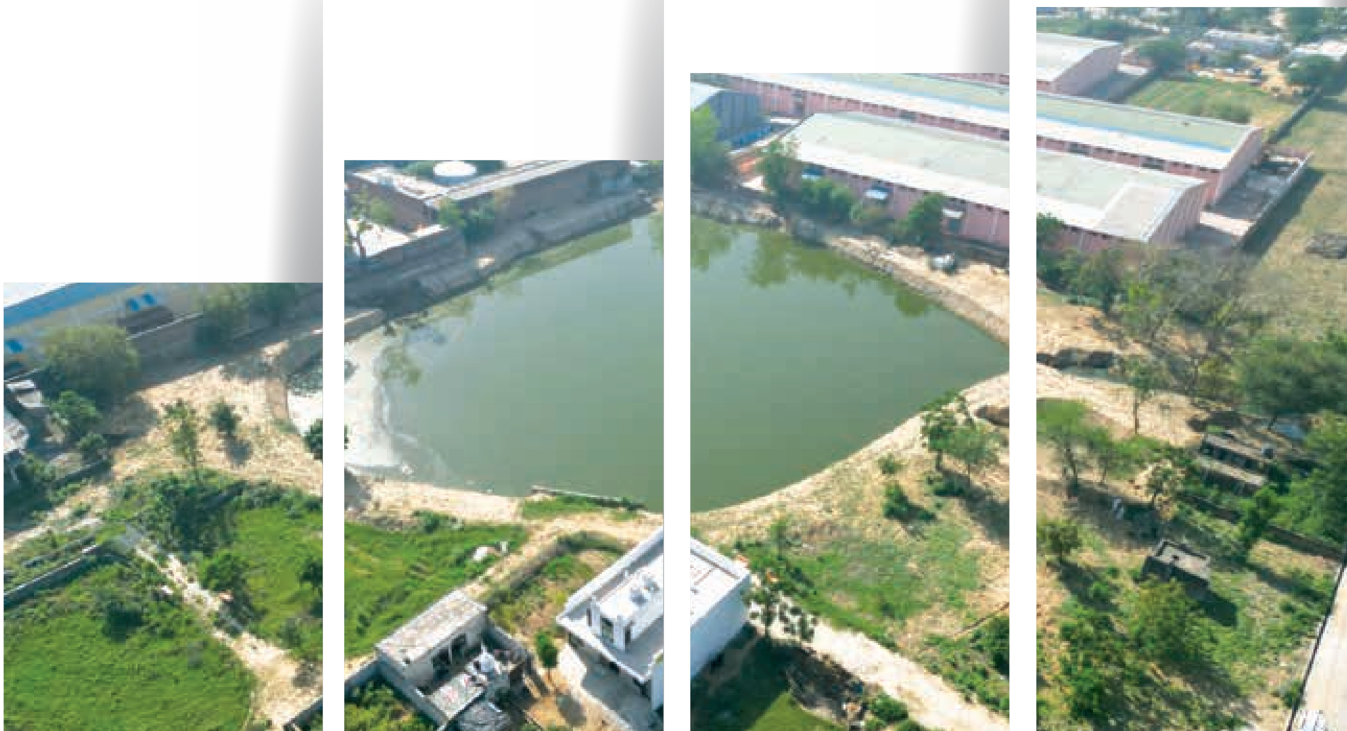
The implementation of digital tools for signing the loan agreement has ensured that customer has a seamless experience that is paperless, fewer errors and quicker disbursals. In addition, customer also gets a copy of loan agreement instantly. All the documents are digitally signed by customers through Aadhaar-based authentication.

In addition to digital signing of loan agreement, customer has option to provide the e-Mandate for repayment of loan. Customer can provide e-Mandate through multiple choices including Aadhaar-based authentication and UPI Mandate.

WhatsApp & Chatbot

The Company's WhatsApp bot and chatbot, #AskPriya, assists customers with loan-related information and the latest offers. Both the bots provides quick and accurate responses to customer queries, thereby enhancing service efficiency. WhatsApp bot and chatbot handles approximately 50,000 customer queries each month.

Environment Stewardship



ENSURING SUSTAINABLE OPERATIONS AND
ENVIRONMENTAL STEWARDSHIP

As a responsible corporate citizen, HDBFS is deeply committed to environmental stewardship through a holistic and sustainable approach. Through its operations, the Company prioritises eco-friendly practices, with the aim of minimising its environmental footprint and paving the way for a greener future. Towards this end, HDBFS undertakes multifaceted efforts from implementing energy-efficient lighting systems and comprehensive waste management initiatives. All this underscores the Company's dedication to fostering an environmentally conscious society for future generations.

Increasing Energy Efficiency

HDBFS is deeply committed to energy efficiency in its operations. To achieve this, LED lights are extensively used across all offices and light sensors are strategically placed to save energy. Moreover, control over power factor is maintained at all premises to minimise energy loss, demonstrating HDBFS's dedication to reducing its environmental impact and promoting sustainable practices. Additionally, the Company periodically replaces assets like air conditioners with more energy-efficient models.

Adhering to Efficient Waste and E-Waste Management Practices

Efficient waste and e-waste management are key priorities for HDBFS. The organisation ensures proper handling of end-of-life electronics, protecting them from the elements and storing them in covered containers. The Company has empanelled an authorised recycler to collect and safely dispose of the e-waste as per the E-Waste Management Rules. These efforts not only prevent pollution but also enhance occupational health and safety management, demonstrating HDBFS's commitment to sustainable practices.

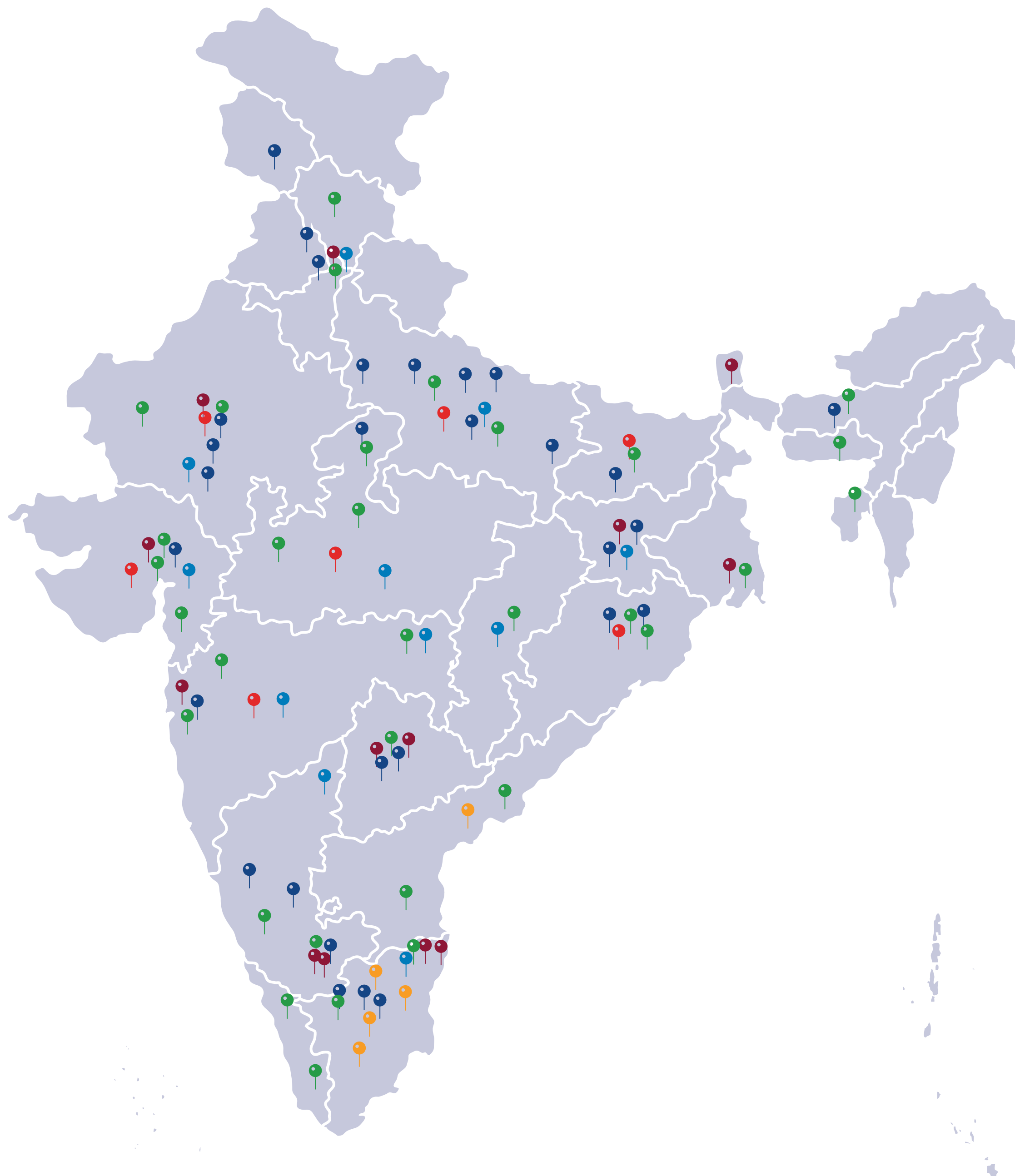
Corporate Social Responsibility




EMPOWERING SOCIETY AS CATALYSTS FOR CHANGE THROUGH CSR

HDBFS is committed to fostering positive change and recognises the important role of businesses in shaping the societal landscape. The Company firmly believes that the true measure of success goes beyond profits. Success is also about contributing meaningfully to the well-being of the communities the Company serves. Through purpose-driven initiatives, HDBFS aims to honour its obligation to the society and achieve prosperity in a sustainable and responsible manner.

In FY 2023-24, HDBFS was engaged in a range of CSR initiatives with the objective of contributing towards building a better India.



Transport Aarogyam Kendra
offering physiotherapy to truck drivers through camps & static clinics

Project SNEHA
reducing prevalence of nutritional anaemia among women and children

Skill Development Center
imparting vocational training to urban / rural youth and adults

WASH Initiative
providing safe sanitation facilities in schools and communities

Water Conservation
ensuring water security through conservation efforts

Mission Million Trees
planting trees for a healthier environment

Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. Our Company does not warrant or represent any kind of connection to its accuracy or completeness.

₹ 31.3 Crore
Investments Towards CSR Programmes

1,34,000
Lives Touched

HDBFS's initiatives were rolled out across 129 districts spanning 22 states and 2 union territories, in partnership with credible CSR partners. These partners are known for their outstanding track record in addressing local community needs. Each CSR initiative is designed with a focus on outcomes. The project performance is closely and rigorously monitored for effectively tackling the challenges and optimising social impact. Highlighted below are the key outcomes of HDBFS's CSR programmes, showcasing the positive changes they have brought to the lives of aspirational citizens.

Transport Aarogyam Kendra Initiative

The Company focussed its initiatives on the welfare of India's truck drivers, prioritising their well-being through its flagship programme Transport Aarogyam Kendras. These dedicated physiotherapy counselling and treatment facilities are tailored to the needs of the trucking community. HDBFS takes pride in pioneering this groundbreaking initiative as the first full-time physiotherapy programme in India explicitly designed to address the unique health concerns of truck drivers.

- Transport Aarogyam Kendras were established in four major transport hubs across the country: Delhi, Namakkal (Tamil Nadu), Kalamboli (Maharashtra) and Ranchi (Jharkhand). During the year, the Company introduced these centres in two new locations namely Ludhiana and Gandhidham to advance its efforts of serving India's highway heroes.
- Through collaborative efforts HDBFS successfully organised week-long physiotherapy camps at major transport hubs in Tier II and III cities. The Company offered these services to truck drivers at zero cost. This impactful initiative was made possible through the combined contributions of transporters, industry associations and NGOs, uniting to support the well-being of our highway heroes.

30,000+
Stakeholders Benefitted

90+
Physio-Camps Held

6
Transport Aarogyam Kendras

SDGs Impacted

3 GOOD HEALTH AND WELL-BEING

Healthcare Initiatives and Community Support

Through FY 2023-24, the Company sustained its partnerships with diverse healthcare organisations to provide accessible healthcare services. It also aimed to contribute to India's initiatives towards strengthening healthcare capacity and infrastructure.

- HDBFS launched Project Sneha, a pioneering initiative aimed at improving the health and nutritional indicators of women in the reproductive age-group in Gujarat and Madhya Pradesh. SNEHA adopts a continuum of care approach to reduce the high prevalence of undernourishment and anaemia cases in these areas.

15,000+ Women Treated for Nutritional Anaemia; Prevalence of Anaemia Reduced in **52** Villages

- HDBFS works closely with local health bodies and village champions. Together, with them, the Company raises awareness about nutritional anaemia by conducting diagnostic camps. These are followed by consultative sessions on dietary habits, with the aim of creating a positive, multi-dimensional impact on the lives of women and their children.

21,000+ Women Across **250** Villages Sensitised

SDGs Impacted

- HDBFS's support for the charitable dialysis centre and mobile health clinics ensures that indigent patients can access outpatient and inpatient services at affordable rates. This ongoing commitment provides vital healthcare support to those who need it the most.

6,000 Individuals Availed OPD Services Through Mobile Clinics

5,500+ Dialysis sessions supported

- In its efforts to promote hygiene among children and adults, the Company supported the development of sanitation facilities in rural schools. It also undertook the refurbishment of community sanitation blocks in urban slums.

19,000+ Individuals have Access to Safe Sanitation in **34** Schools and **20** Communities

Restoring Ecological Balance

The escalating concern of climate change has captured worldwide attention. It has prompted businesses globally to acknowledge the significance of sustainability and the urgent need to mitigate the adverse effects of climate change. Depleting water tables are compelling small and marginal farmer to over pump groundwater, exacerbating the situation. In this regard, HDBFS is dedicated to fostering positive change by proactively leading environmentally sustainable programmes.

HDBFS has been supporting the Integrated Watershed Management Programme for the past few years to mitigate these challenges. This programme aims to conserve soil and moisture in a systematic, scientific and sustained manner in rainfed but water-scarce blocks of rural India.

349 Water Harvesting Structures Developed,
1,000+ Acres of Land Treated

The Company developed and rejuvenated various harvesting structures such as check dams, percolation tanks, farm ponds, bunds and water tanks across farmlands and common lands. These structures are vital for channelising the flow of rainwater, enhancing the recharging process, improving groundwater levels and creating water storage capacity at the surface level.

28 Lakes Restored; **140** Mn Litres of Water Storage Capacity Created

SDGs Impacted

HDBFS has started Mission Million Trees, an afforestation initiative that aims to maintain ecological balance through scientific plantation of saplings. These are carefully chosen to serve as mini carbon sinks in the region. The Company planted these saplings on farmlands of small and marginal farmers, ensuring they are adequately watered and nurtured until maturity.

1,00,000
Trees Planted

~91K tCO_2e Levels can be Potentially Absorbed Over a Period of **25** Years

Literacy and Livelihood Interventions

HDBFS's Livelihoods Initiatives aim to bridge the skill gap between job seekers/wage earners and the industry. They deliver well-curated training programmes in colleges and communities for youth seeking career opportunities in service industries such as beauty and wellness, BFSI, ITeS, FMCG and retail. Through a range of initiatives concentrating on youth training, development, and the creation of nano and micro-enterprises, HDBFS strives to make a positive impact on society.

7,500+
Youth Trained

72% Secured Employment through the Programme

HDBFS's Village Enterprise Development Programme upskills artisans such as potters, bamboo weavers and tailors, equipping them to establish nano/microenterprises. The programme trains artisans on newer designs, techniques and product pricing, ensuring their art remains relevant and they receive fair prices for their artwork.

450+ Artisans were Upskilled

Financial Literacy Clinics

HDBFS runs Community Awareness on Financial Education (HDB CAFE). It is an initiative aimed at enhancing financial literacy and empowering individuals of all age groups to make well-informed financial decisions.

The Company launched 'Soochna Kendras' for people seeking support with respect to change in KYC documents, availing benefits of social security schemes and improved understanding of digital banking products. These are physical spaces where workshops are conducted on a wide range of topics such as digital banking, reporting cybercrime cases, financial planning, insurance, savings, credit and investments.

Financial Literacy Clinics (FLCs) are an extension of the HDB CAFÉ initiative. They are currently implemented in select pockets of Ahmedabad, Gujarat.

1,500+ Individuals Availed the Benefit of Services Offered by the FLCs in Just 3 Months

SDGs Impacted

Celebrating the Nation's Heroes

In FY 2023-24, HDBFS maintained its tradition of commemorating Republic Day in collaboration with the soldiers of the Indian Army and their families. This annual event, organised by the Sri Shanmukhananda Fine Arts and Sangeetha Sabha, brought together Wounded Warriors in the presence of senior dignitaries from both the Indian army and civil society.

With immense gratitude, HDBFS contributed towards the programme, honouring **25 wounded** soldiers for their heroic contributions in protecting our borders in difficult terrains and harsh weather conditions.

Acts of Simple Kindness

Acts of Simple Kindness (ASK) is as an organisation-wide employee volunteering programme meticulously planned and executed by HDBians. Through this initiative, employees warmly embrace the new year with gratitude in their hearts, engaging in voluntary acts of kindness.

The ASK program serves as a platform for employees to express their appreciation and extend a helping hand to various segments of society, encompassing frontline workers, senior citizens, children, adults, animals and even the natural environment. Through this initiative, employees have the opportunity to make a positive impact and foster a sense of unity within the community. HDBians willingly and generously contribute to various ASK activities, such as distributing essential items like blankets, cooked meals, rations, masks, sanitisers, clothing, books, stationery kits, water purifiers and other necessary utilities for those in need.

896
Branches Participated

23,000+
Employees participated

255
Institutions/NGOs Engaged

27,000+
Lives Touched

SDGs Impacted

3 GOOD HEALTH AND WELL-BEING

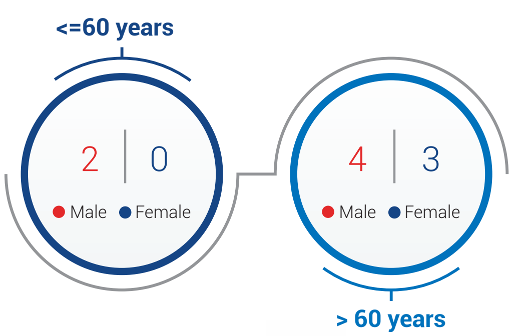

AIM SPOORTHI
HDB
SONA
MASOORI
RICE ECO

BOARD OF
DIRECTORS

HDBFS prioritises the implementation of robust governance practices. The Company is dedicated to maintaining high standards of excellence in internal protocols. In the dynamic and tightly regulated financial services sector, effective governance is paramount for fostering trust and assurance among stakeholders.

The Company benefits from a distinguished Board of Directors who offer invaluable guidance, enabling it to navigate diverse challenges and capitalise on opportunities for growth.

Board Diversity by Age and Gender



MR. ARIJIT BASU

Part Time Non-Executive Chairman and Independent Director

MR. RAMESH G.

Managing Director and Chief Executive Officer

MR. VENKATRAMAN SRINIVASAN

Independent Director

MR. JIMMY TATA

Non-Executive Director (Non-Independent)

MR. ADAYAPALAM VISWANATHAN

Independent Director

MR. JAYESH CHAKRAVARTHI

Independent Director

3
WOMEN DIRECTORS ON BOARD

MS. SMITA AFFINWALLA

Independent Director

DR. AMLA SAMANTA

Independent Director

MS. ARUNDHATI MECH

Independent Director

SENIOR
MANAGEMENT TEAM

MR. RAMESH G.
Managing Director and Chief Executive Officer

MR. KARTHIK SRINIVASAN
Chief Business Officer

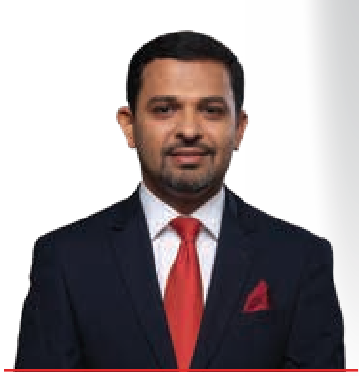
MR. SARABJEET SINGH
Chief Business Officer

MR. ROHIT PATWARDHAN
Chief Credit Officer

MR. MANISH TIWARI
Head – CE and Micro Lending

MR. VENKATA SWAMY
Chief Digital and Marketing Officer

MR. JAYKUMAR SHAH
Chief Financial Officer



MR. ASHISH GHATNEKAR
Chief - People & Operations

MR. MATHEW PANAT
Chief Technology Officer

MR. HARISH VENUGOPAL
Chief Risk Officer

MR. PREMAL BRAHMBHATT
Head – Internal Audit

MR. ARJUN DUTTA
Chief Compliance Officer

MS. DIPTI KHANDELWAL
Head Legal & Company Secretary

AWARDS AND ACCOLADES

Over the years, HDBFS has navigated the ever-evolving financial landscape with consistent growth while maintaining profitability. This is a testament to its resilience and strategic acumen. The Company's focus on maintaining a robust asset quality has been a cornerstone of its success. It has helped provide stability and resilience to its operations. This commitment to excellence has also helped the Company establish itself as a trusted financial partner, poised for continued success and growth in the financial services sector.

Great Place To Work Certification - Jan'24-Jan'25

HDBFS was certified as a Great Place to Work in January 2024. This certification recognises organisations that excel in creating a positive and supportive work environment for their employees.

Featured in India's Best Workplaces in BFSI 2024

HDBFS has been recognised as India's Best Workplaces in BFSI. The cumulative score of Trust Index and Culture Audit determined our inclusion in India's Best Workplaces in BFSI 2024.

Ambition Box Employee Choice Award 2024

For the third consecutive year, HDBFS has been honoured with the ABECA 2024 – Ambition Box Employee Choice Award as one of the Top Rated Financial Services Companies.

Notice

HDB FINANCIAL SERVICES LIMITED

Corporate Identity Number: U65993GJ2007PLC051028

Registered Office: Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad - 380 009

Corporate Office: Ground Floor, Zenith House, Keshavrao Khadye Marg, Mahalaxmi, Mumbai - 400 034

Tel: +91 22 49116300; **Fax:** +91 22 49116666, **Website:** www.hdbfs.com **Email:** compliance@hdbfs.com

NOTICE OF 17th ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventeenth Annual General Meeting of HDB Financial Services Limited will be held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") on Thursday, 27th day of June, 2024 at 12:00 noon to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2024 together with the Report of the Board of Directors and Auditors thereon.

2. To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2024 together with the Report of the Auditors thereon.

3. To declare final dividend @10% i.e. Re. 1/- (One Rupee only) on each Equity Share for the financial year ended March 31, 2024.

4. To appoint a director in place of Mr. Jimmy Tata (DIN: 06888364), who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint Joint Statutory Auditors of the Company and to fix their overall audit fees and in this regard to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Circular issued by Reserve Bank of India vide no. RBI/2021-22/25 Ref. No.Dos.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 ('RBI Guidelines'), and any other applicable laws issued from time to time, including any amendments, modifications, variations or re-enactments thereof M/s. Kalyaniwala & Mistry LLP (ICAI Firm Registration No.10467W/ LLP W100166) and M/s. G D Apte & Co. (ICAI Firm Registration No. 100515W) who have offered themselves for appointment and have confirmed their eligibility to be appointed as joint statutory auditors in terms of Section 141 of the Companies Act, 2013 and applicable rules thereunder and RBI guidelines, be and are hereby appointed as Joint Statutory Auditors of the Company, to act as the Joint Statutory Auditors of the Company in terms of the RBI guidelines, to hold office for a continuous period of three years until the conclusion of 20th Annual General Meeting of the Company to be held in the year 2027;

   RESOLVED FURTHER THAT the Board and Audit Committee thereof, be and are hereby severally authorised to decide and finalise the terms and conditions of appointment, including the overall audit fees of the Joint Statutory Auditors;

   RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board (including the Audit Committee of the Board or any other person(s) authorised by the Board or the Audit Committee in this regard), be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to implementation of the resolution including but not limited to determination of roles and responsibilities/ scope of work of the respective Joint Statutory Auditors, negotiating, finalising, amending, signing, delivering, executing, the terms of appointment including any contracts or documents in this regard, without being required to seek any further consent or approval of the Members of the Company."

SPECIAL BUSINESS:

6. To approve the re-appointment of Mr. Adayapalam Kumaraswamy (AK) Viswanathan (DIN: 08518003) as an Independent Director of the Company, and in this regard, to consider and if thought fit, to pass the following

resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and any other applicable rules made thereunder as amended (collectively referred to as the "Companies Act"), Regulation 17, Regulation 25(2A) and any other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), relevant circulars issued by the Reserve Bank of India ("RBI") from time to time, including any amendments, modifications, variations or re-enactments thereof, pursuant to the provisions of the Articles of Association of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors of the Company ("Board"), Mr. A K Viswanathan (DIN: 08518003), whose term of office as an Independent Director is expiring on July 23, 2024 and who has provided his consent in Form DIR - 2 for re-appointment as an Independent Director of the Company and submitted a declaration that he satisfies the criteria for appointment as an Independent Director under the Companies Act and SEBI Listing Regulations, in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director and who is eligible for re-appointment as an Independent Director of the Company, be and is hereby re-appointed as an Independent (Non-Executive) Director of the Company for a period of 3 (three) consecutive years commencing from July 24, 2024 up to July 23, 2027 (both days inclusive) AND THAT he shall not be liable to retire by rotation and that he will be entitled to sitting fees for attending Board and Committee meetings of the Company, reimbursement of expenses for attending Board and Committee meetings as applicable and profit related commission;

RESOLVED FURTHER THAT the Board (which term shall include any Committee thereof) be and is hereby authorised to do all such acts, deeds, matters and things and to execute any agreements, documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the said appointment as it may in its sole discretion deem fit and to delegate all or any of its powers conferred herein to any Director(s) and/ or Officer(s) of the Company to give effect to this resolution."

7. To approve selling, assignment, securitisation of receivables/ book debts of the Company upto ₹ 9,000 Crore, and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 180(1)(a), all other applicable provisions, if any, of the Companies Act, 2013, read with the Rules made thereunder (including any statutory amendments, modifications, variations or re-enactments thereof for the time being in force) and the relevant provisions of the Memorandum of Association and the Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "Board" which term shall be deemed to include any Committee constituted/ to be constituted by the Board from time to time to exercise its powers conferred by this resolution) to sell / assign / securitise substantial assets including present and /or future receivables / book debts of the Company in favour of banks / financial institutions, other investing agencies, asset reconstruction companies and trustees for the holders of Debentures /Bonds /Pass Through Certificates / Security Receipts and other instruments and also to issue covenants for negative pledges /negative liens in respect of the said assets and properties in such form and manner as the Board may deem fit and for the said purpose, to do and perform all such acts, deeds, matters and things as may be necessary, desirable or expedient and also to execute the required documents including power of attorney in favour of all or any of the persons, firms, bodies corporate, banks, financial institutions, trustees etc., from time to time, provided that the aggregate amount of such transactions shall not exceed ₹ 9,000 Crore (Rupees Nine Thousand Crore Only);

RESOLVED FURTHER THAT the Board be and is hereby severally authorised to negotiate, finalise and execute with the Lender(s)/ Debenture Trustee(s)/ Financial Institution(s)/ Asset Reconstruction Companies such documents/ agreements/ undertakings/ indemnities/ guarantees as may be required and to propose/ accept any modifications to the terms and conditions thereto and to do all such acts, deeds and things as may be required, with power to settle all questions, difficulties or doubts that may arise in this regard, as it may in its sole

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and absolute discretion deem fit and to delegate all or any of their powers herein conferred to any Committee and/ or Director(s) and/ or Officer(s) of the Company, to give effect to this resolution."

8. Authority to issue redeemable non-convertible debentures and/ or other debt instruments on private placement basis, and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 42, 71 and all other applicable provisions, if any of the Companies Act, 2013 ("Act"), read with the Companies (Share Capital and Debentures) Rules, 2014, and Companies (Prospectus and Allotment of Securities) Rules, 2014, Master Direction - Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 dated October 19, 2023 ("RBI Master Direction"), the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with the Securities and Exchange Board of India's Master Circular for Issue and Listing of Non-Convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the relevant provisions of the Memorandum of Association and the Articles of Association of the Company, any other laws, rules, guidelines, regulations for the time being in force and any other circulars, notifications and /or clarifications issued by any relevant authority (including any statutory modifications or re-enactments thereof for the time being in force) and subject to such terms, conditions and modifications as may be considered necessary and proper by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee of the Board constituted/to be constituted by the Board, from time to time, to exercise its powers conferred by this resolution), the consent of the Members be and is hereby accorded to the Board to offer and/or invite for issue of non-convertible securities whether secured or unsecured, listed / unlisted, fixed rate or market / benchmark linked and /or any other debt instruments (not in the nature of equity shares) including but not limited to Subordinated Bonds, Perpetual Debt Instruments which may or may not be classified as being additional Tier I or Tier II capital under the provisions of the RBI Master Directions, on a private placement basis (collectively "Debentures"/"Instruments"), in one or more tranches /series, with the consent being valid for a period of 1 (one) year from the date hereof, on such terms and conditions including the price, coupon, premium /discount, tenor etc., as may be determined by the Board (or any other person so authorised by the Board), based on the prevailing market condition;

RESOLVED FURTHER THAT the aggregate amount to be raised through the issuance of Debentures /Instruments pursuant to the authority under this Resolution shall be aggregating up to ₹ 38,372.72 Crore (Rupees Thirty Eight Thousand Three Hundred Seventy Two Crores and Seventy Two Lakhs Only) under one or more general information document(s) read with the relevant key information document(s) and private placement offer letter(s) as may be issued by the Company and in one or more tranches /series as the Board may decide;

RESOLVED FURTHER THAT the Board be and is hereby severally authorised to do all such acts, deeds, matters and things and to negotiate, finalise, amend, execute all such agreements, documents, instruments, applications etc. as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the aforesaid Resolution as it may in its sole discretion deem fit and to delegate all or any of their powers herein conferred to any Committee and/ or Director(s) and/ or Officer(s) of the Company, to give effect to this Resolution."

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

Sd/-
Dipti Khandelwal
Company Secretary
FCS No.: F11340

Registered Office:
Radhika, 2nd Floor,
Law Garden Road, Navrangpura,
Ahmedabad - 380 009

Place: Mumbai
Date: May 17, 2024

Notes:

1. The Explanatory Statements pursuant to the provisions of Section 102 of the Companies Act, 2013 ("Act"), as amended, read with the relevant rules made thereunder, the Secretarial Standard No. 2 ("SS-2") on General Meetings issued by the Institute of Company Secretaries of India, setting out the material facts and reasons, in respect of Item Nos. 6 to 8 of this Notice are annexed herewith. Additional Information, pursuant to SS-2 issued, in respect of re-appointment of Director at the 17th Annual General Meeting ("AGM") is also annexed herewith.

2. In accordance with the Ministry of Corporate Affairs, Government of India vide General Circular No. 20/2020 dated May 05, 2020 read with General Circular No. 21/2021 dated December 14, 2021, General Circular No. 2/2022 dated May 05, 2022, General Circular No. 10/2022 dated December 28, 2022 and General Circular No. 9/2023 dated September 25, 2023 ("MCA Circulars"), electronic copies of the Annual Report for Financial Year ("FY") 2023-24 and AGM Notice, inter-alia, indicating the process and manner of e-Voting along with instructions to attend the AGM through Video-Conferencing / Other Audio-Visual means ("VC/OAVM") are being sent by email to those members, trustees for the debenture-holder of any debentures issued by the Company, holders of Non-Convertible Securities and to all other persons so entitled whose email IDs have been made available to the Company / Registrar and Transfer Agent ("RTA") i.e. Link Intime India Private Limited or with Depository Participants ("DP") unless the Member has specifically requested for a hard copy of the Annual Report. Members may note that the Annual Report for the FY 2023-24 and the AGM Notice will also be available on the Company's website at https://www.hdbfs.com/investors and on the website of BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com The Notice is also available on the website of the e-Voting service provider engaged by the Company viz. National Securities Depository Limited ("NSDL") at https://www.evoting.nsdl.com.

3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

4. Corporate Members are required to send a duly certified copy of their Board Resolution authorising their representatives to attend the AGM by email to mitesh@mjshah.com with a copy marked to evoting@nsdl.com

5. In case of joint holders, only such joint holder who is first in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM provided the votes are not already cast by remote e-Voting by the first holder.

6. Members seeking any information with regard to the accounts or any matter to be placed at the AGM are requested to submit their questions in advance from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number via email at compliance@hdbfs.com, on or before Tuesday, June 25, 2024. The same will be replied by the Company suitably.

7. The Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum for the AGM under Section 103 of the Act.

8. The venue of the AGM shall be deemed to be the Corporate Office of the Company at Ground Floor, Zenith House, Keshavrao Khadye Marg, Mahalaxmi, Mumbai 400 034.

9. The Members desiring to inspect the documents referred to in this Notice and other statutory registers are requested to send an email to dipti.khandelwal@hdbfs.com with a copy marked to compliance@hdbfs.com mentioning their name, folio no. / client ID and DP ID, and the documents they wish to inspect, with a self-attested copy of their PAN card. An extract of such documents would be sent to the Members on their registered email address.

10. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

11. **Dividend Related Information**

    The record date for determining the names of Members eligible for dividend on Equity Shares, if declared at the AGM, is **Thursday, June 20, 2024.**

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The final dividend, as recommended by the Board of Directors, if approved at the AGM, will be paid on or after Friday, June 28, 2024 to the Members, after deduction of Tax Deduction at Source (TDS), as applicable. In respect of the shares held in dematerialised mode, the dividend will be paid on the basis of beneficial ownership details to be received from National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL') for this purpose.

Members holding shares in dematerialised form are requested to intimate any change in their address or bank account details (including 9 digit MICR no., 11 digit IFSC code and core banking account number) to their respective Depository Participants with whom they are maintaining demat accounts on or before Thursday, June 20, 2024.

In case, the Company is unable to pay the dividend to any Member by the electronic mode, due to non-availability of the details of the bank account, the Company shall dispatch the dividend warrant/demand draft to such Member by post.

Members may note that as per the Income Tax Act, 1961 ("IT Act"), as amended by the Finance Act, 2020, dividends paid or distributed by the Company after April 01, 2020, shall be taxable in the hands of the Members and the Company shall be required to deduct TDS at the prescribed rates from the dividend to be paid to Members, subject to approval of dividend by the Members in the ensuing AGM. The TDS rate would vary depending on the residential status of the Member and the documents submitted by them and accepted by the Company. In order to enable the Company to determine the appropriate TDS rate as applicable, Members are requested to submit relevant documents, as specified in the below paragraphs, in accordance with the provisions of the IT Act.

a. **For Resident Shareholders,** TDS is required to be deducted at the rate of 10% under Section 194 of the IT Act on the amount of dividend declared and paid by the Company in the FY 2024-25 provided valid PAN is registered by the Members. If the valid PAN is not registered or linked to Aadhar, the TDS is required to be deducted at the rate of 20% under Section 206AA of the IT Act.

However, no tax shall be deducted on the dividend paid to resident individuals if aggregate dividend distributed or likely to be distributed during the FY 2024-25 does not exceed ₹ 5,000. Even in the cases where the members provide valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income), no TDS shall be deducted.

NIL / lower tax shall be deducted on the dividend payable to following resident shareholders on submission of self-declaration as listed below:

i. **Insurance companies:** Declaration by shareholder qualifying as Insurer as per section 2(7A) of the Insurance Act, 1938 along with self-attested copy of PAN card;

ii. **Mutual Funds:** Declaration by Mutual Fund shareholder eligible for exemption u/s 10(23D) of the IT Act along with self-attested copies of registration documents and PAN card;

iii. **Alternative Investment Fund (AIF) established in India:** Declaration that the shareholder is eligible for exemption under section 10(23FBA) of the IT Act and they are established as Category I or Category II AIF under the SEBI regulations. Copy of self-attested registration documents and PAN card should be provided.

iv. **New Pension System Trust:** Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.

v. **Other shareholders:** Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.

vi. Shareholders who have provided a valid certificate issued under Section 197 of the IT Act for lower / nil rate of deduction or an exemption certificate issued by the income tax authorities along with Declaration.

For Non-Resident Shareholders, (including Foreign Portfolio Investors) Tax is required to be withheld in accordance with the provisions of Section 195 and Section 196D of the IT Act at applicable rates in force. As per the relevant provisions of the IT Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, as per

Section 90 of the Act, a Non-Resident Shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if they are more beneficial to the shareholder. For this purpose, i.e. to avail the tax treaty benefits, the non-resident shareholder will have to provide the following:

a) Self-attested copy of PAN card, if any, allotted by the Indian income tax authorities;

b) Self-attested copy of Tax Residency Certificate ("TRC") obtained from the tax authorities of the country of which the shareholder is resident;

c) Self-declaration in Form 10F, needs to be submitted online on the income tax portal as required in terms of Notification No 03/2022. Form 10F submitted online along with the acknowledgment generated from the income tax portal shall be submitted. Forms submitted in any other format will be considered as invalid;

d) Self-declaration by the non-resident shareholder of meeting treaty eligibility requirement and satisfying beneficial ownership requirement (Non-resident having Permanent Establishment ("PE") in India would need to comply with provisions of section 206AB of the IT Act);

e) In case of Foreign Institutional Investors and Foreign Portfolio Investors, self-attested copy of SEBI registration certificate;

f) In case of shareholder being tax resident of Singapore, please furnish the letter issued by the competent authority or any other evidences demonstrating the non-applicability of Article 24 - Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA).

Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/ withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non-Resident Shareholder.

Accordingly, in order to enable the Company to determine the appropriate TDS / withholding tax rate applicable, we request the members to provide these details and documents as mentioned above on or before Thursday, June 20, 2024.

The Company shall arrange to email the soft copy of TDS certificate at the registered email ID of Members post payment of the dividend.

Section 206AB of the IT Act:

Rate of TDS @10% u/s 194 of the IT Act is subject to provisions of section 206AB of IT Act (effective from July 01, 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in section 206AB, tax is required to be deducted at higher of following rates in case of payments to specified persons:

- at twice the rate specified in the relevant provision of the Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

Where sections 206AA and 206AB are applicable i.e. the specified person has not submitted the PAN as well as not filed the return; the tax shall be deducted at the higher of the two rates prescribed in these two sections.

The term 'specified person' is defined in sub section (3) of section 206AB who satisfies the following conditions:

- A person who has not filed the income tax return for previous year immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing of return of income under section 139(1) of the IT Act has expired; and
- The aggregate of TDS and TCS in his case is ₹ 50,000 or more in previous year.

The non-resident who does not have the permanent establishment is excluded from the scope of a specified person.

Members are requested to inform us well in advance and before cut-off date if you are covered under the definition of 'specified person' as provided in section 206AB of the IT Act. The Company reserves its right to recover any demand raised subsequently on the Company for not informing the Company or providing wrong information about applicability of Section 206AB in your case.

Members are requested to upload the relevant documents on the link: https://liiplweb.linkintime.co.in/formsreg/submission-of-form-15g-15h.html on or before Thursday, June 20, 2024. in order to enable the

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Company to determine and deduct TDS at applicable rates. Failure to do so, will attract higher TDS rates as mentioned in the above paragraphs. Incomplete and/or unsigned forms and declarations will not be considered by the Company. No communication on the tax determination/ deduction received after Thursday, June 20, 2024 shall be considered for payment of dividend for FY 2023-24, if approved, at the ensuing AGM.

It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details / documents from the members, there would still be an option available with members to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.

12. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and SS-2 issued by the Institute of Company Secretaries of India, the Company is providing remote e-Voting facility to all its Members to enable them to cast their vote on the matters listed in the Notice by electronics means and business may be transacted through the e-Voting services. For this purpose, the Company has engaged services of NSDL for providing e-Voting services.

    - Remote e-Voting facility will be available from 09:00 a.m. on Monday, June 24, 2024 and ends at 05:00 p.m. on Wednesday, June 26, 2024, after which the facility will be disabled by NSDL and remote e-Voting shall not be allowed beyond the said date and time. During this period Members of the Company, holding shares in dematerialised form, as on the cut-off date i.e. Thursday, June 20, 2024 may cast their vote electronically.
    - Instructions for e-Voting are given at point no.15.
    - The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. Thursday, June 20, 2024.

    The facility for voting, through electronic voting system shall also be made available at the AGM for Members who have not already cast their vote prior to the AGM by remote e-Voting.

13. The Members, who have cast their vote prior to the AGM by remote e-Voting may also attend the AGM but shall not be entitled to vote again at the meeting. Once a vote is cast by a Member, he shall not be allowed to alter it subsequently.

14. **Procedure for registration of email address:** The Members who have not yet registered their email address are requested to get their email addresses registered by following the procedure given below:

    i. Members who have not registered their email IDs, are requested to kindly register the same on the website of the Company's R&T agent at the link https://linkintime.co.in/emailreg/email_register.html as physical copies of AGM Notice as well as the other documents will not be sent to them in physical mode and will be sent only by email, in accordance with the MCA Circulars. Post successful registration of the email, the Member would get soft copy of the AGM Notice and the procedure for e-Voting along with the User ID and Password to enable e-Voting for this AGM. In case of any queries, Member may write to rnt.helpdesk@linkintime.co.in.

    ii. It is clarified that for permanent registration of email address, the members are requested to register their email address, by contacting Depository Participants and registering email ID and mobile number in demat account, as per the process advised by the Depository Participants.

15. **Instructions for Voting through electronic means ('e-Voting'):**

The details of the process and manner for remote e-Voting are explained herein below:

Step 1: Access to NSDL e-Voting system

Step 2: Cast your vote electronically and join virtual meeting on NSDL e-Voting system.

Details on Step 1 are mentioned below:

A. Login method for remote e-Voting and joining virtual meeting for Individual Members holding securities in demat mode.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play

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Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) can login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Members holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

B. Login method for e-Voting and joining virtual meeting for Members other than Individual Members holding securities in demat mode

How to Log-in to NSDL e-Voting website?

1) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile.
2) Once the home page of e-Voting system is launched, click on the icon "Login" which is available under "Shareholders / Member" section.
3) A new screen will open. You will have to enter your User ID, your Password / OTP and a Verification Code as shown on the screen.
4) Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. cast your vote electronically.
5) Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************

6) Your password details are given below:
   a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
   b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you by NSDL. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   c. How to retrieve your 'initial password'?
      i. If your email address is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email address. Trace the email sent to you from NSDL in your mailbox from evoting@nsdl.com. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account. The .pdf file contains your 'User ID' and your 'initial password'.
      ii. In case you have not registered your email address with the Company/ Depository, please follow instructions mentioned above in this notice.
7) If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:
   a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) If you are still unable to get the password by aforesaid option, you can send a request at evoting@nsdl.com mentioning your demat account number, your PAN, your name and your registered address.
   c) Members can also use the one-time password (OTP) based login for casting the votes on the e-Voting system of NSDL.

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8) After entering your password, click on Agree to "Terms and Conditions" by selecting on the check box.

9) Now, you will have to click on "Login" button.

10) After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 are mentioned below:

How to cast your vote electronically on NSDL e-Voting system and join Annual General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and Annual General Meeting is in active status.

2. Select the EVEN for the Company which is 128711. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify / modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for those Members whose email address are not registered with the depositories for procuring User ID and password and registration of email address for e-Voting for the resolutions set out in this notice:

1. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16-digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to compliance@hdbfs.com. If you are an Individual Members holding securities in demat mode, you are requested to refer to the login method explained at step 1 i.e. Login method for e-Voting for Individual Members holding securities in demat mode.

2. Alternatively, Members may send a request to evoting@nsdl.com for procuring User ID and password for e-Voting by providing above mentioned documents.

General Guidelines for shareholders

1. Institutional / Corporate Members (i.e. other than individuals, HUF, NRI, etc.) are required to upload their Board Resolution / Power of Attorney / Authority Letter by clicking on **"Upload Board Resolution / Authority Letter"** displayed under **"e-Voting"** tab or send a scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc., with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser by email to mitesh@mjshah.com with a copy marked to evoting@nsdl.com.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/ Password" option available on https://www.evoting.nsdl.com to reset the password.

3. In case of any queries relating to e-Voting you may refer to the Frequently Asked Questions ("FAQs") for Shareholders and e-Voting user manual for Shareholders available at the download section of https://www.evoting.nsdl.com or call on toll free no.: 022 - 4886 7000 and 022 - 2499 7000 or send a request at evoting@nsdl.com.

4. In case of any grievances connected with facility for e-Voting, please contact Ms. Pallavi Mhatre, Senior Manager, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. Email: evoting@nsdl.com 022 - 4886 7000 and 022 - 2499 7000.

5. In case of any other queries shareholder can contact: M/s. Link Intime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai - 400 083, Tel No: +91 22 49186000, Fax No: +91 22 49186060, Email: rnt.helpdesk@linkintime.co.in.

16. **Instructions for members for attending the AGM through VC / OAVM are as under:**

    1. Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM provided by NSDL at https://www.evoting.nsdl.com by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join meeting"** tab. You are requested to click on VC/ OAVM link placed under Join Meeting tab.

    2. The link for VC/ OAVM will be available in "shareholders/ members" login where the EVEN of Company will be displayed.

    3. Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the Notice.

    4. Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis. Further, a facility will be provided to the Members attending the meeting through VC/OAVM whereby they can pose questions concurrently, during the preceding of the meeting.

    5. Please note that Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches. Members are also encouraged to join the meeting through Laptops for better experience.

    6. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.com 022 - 4886 7000 and 022 - 2499 7000 or contact Mr. Amit Vishal, Assistant Vice President or Mr. Abhijeet Gunjal, Assistant Manager - NSDL at evoting@nsdl.com 022 - 4886 7000 and 022 - 2499 7000.

    7. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker shareholder by sending their request from their registered email address mentioning their name, DP ID and Client ID, PAN, mobile number at compliance@hdbfs.com from Monday, June 17, 2024 (09:00 a.m. IST) to Saturday, June 22, 2024 (05:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

17. **Instruction for e-Voting during the AGM**

    The members present, who have not cast their vote on resolutions through remote e-Voting can cast their vote through e-Voting during the AGM by following the instruction as mentioned in point 15 above. The e-Voting facility will be enabled during the AGM on Thursday, June 27, 2024 at 12:00 noon till the conclusion of the AGM.

18. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. Thursday, June 20, 2024, may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system. However, if he/she is already registered with NSDL for remote e-Voting then he/she can use his/her existing User ID and password for casting the vote.

19. The Board of Directors of the Company has appointed Mr. Mitesh Shah, proprietor of M/s. Mitesh J. Shah & Associates, Practicing Company Secretary, Mumbai, to act as the Scrutiniser to scrutinise the e-Voting process in a fair and transparent manner.

20. The Scrutinisers shall submit a consolidated report of the total votes cast in favour or against, if any, on each of the resolutions set out in this Notice, not later than three days from the conclusion of the AGM to the Chairman. The result of the voting will be announced within three days after the conclusion of the AGM at the Company's website at www.hdbfs.com.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 6

The Board of Directors of the Company, based on recommendation of Nomination and remuneration Committee Meeting, had approved the appointment of Mr. A K Viswanathan as an Independent Director of the Company with effect from July 24, 2019. His appointment was approved by the Members at their meeting held on June 30, 2020 for 5 (Five) consecutive years for a term up to July 23, 2024. The tenure of Mr. A K Viswanathan is due to expire on July 23, 2024.

Further, Nomination and Remuneration Committee in its meeting held on May 17, 2024 had undertaken the due diligence process and based on the report of performance evaluation, recommended re-appointment of Mr. A K Viswanathan as an Independent Director of the Company. The Board of Directors of the Company at its meeting held on May 17, 2024, on recommendation of the Nomination and Remuneration Committee, had approved the re-appointment of Mr. A K Viswanathan as an Independent Director of the Company to hold office for a further period of three (3) consecutive years commencing from July 24, 2024 to July 23, 2027 (both days inclusive) subject to approval of the Members at the ensuing Annual General Meeting. Pursuant to the provisions of Section 149 of Companies Act, 2013 and pursuant to provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, an Independent Director can be appointed for second term by passing a Special Resolution.

The Company has received declaration from Mr. A K Viswanathan to the effect that he continue to fulfils all criteria for independence under the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and in the opinion of the Board of Directors of the Company, Mr. A K Viswanathan is independent of the management of the Company and fulfils the conditions specified in the Companies Act, 2013, the rules made thereunder and SEBI Listing Regulations for re-appointment as an Independent Director. Further, the Board of Directors of the Company is of the opinion that Mr. A K Viswanathan is a person of integrity and has relevant experience and expertise to be re-appointed as an Independent Director of the Company for the period of three consecutive years. Mr. A K Viswanathan satisfies the fit and proper criteria as prescribed under the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.

The Company has also received a notice under Section 160 of the Companies Act, 2013 from a member proposing the candidature of Mr. A K Viswanathan for re-appointment as an Independent Director of the Company.

Brief Profile of Mr. A K Viswanathan:

Mr. A K Viswanathan is a Retired Partner of Deloitte Touche Tohmatsu India LLP. He holds a bachelor degree in commerce. He is a member of Institute of Chartered Accountants of India (ICAI), American Institute of Certified Public Accountants (AICPA) and Information Systems Audit & Controls Association (ISACA). He has experience of over 43 years. At Deloitte, he led relationship for Risk advisory services for Tata Group, Cyber Security Services for Financial Service Industry (FSI) in India and India relationship for Barclays India. He is a Certified Coach in Marshall Goldsmith Stakeholders Centered Coaching, Member of Institute of Directors, India and Governing Council Member, Learning & Organisation Development Roundtable.

Additional Information of Director as required under Clause 1.2.5 of the Secretarial Standard on General Meetings (SS-2) is given hereunder:

Name of Director	**Mr. Adayapalam Kumaraswamy Viswanathan**
DIN	**08518003**
Age	**66 years**
A brief resume, Qualification(s), Experience, Skills, Capabilities and Expertise in specific functional areas, Recognition or awards	**As mentioned in explanatory statement above**
Terms and conditions of appointment/ re-appointment	**As mentioned in explanatory statement above**
Remuneration last drawn and sought to be paid	**Sitting fees for attending Board and Committee meetings of the Company, reimbursement of expenses for attending Board and Committee meetings as applicable and profit related commission**
Date of first appointment on the Board	**July 24, 2019**
Shareholding in the Company	**Nil**
Relationship with other Directors, Manager and other Key Managerial Personnel	**None**
The number of Meetings of the Board attended during financial year 2023-24	**During the year, seven meetings of the Board were held and he attended six of them.**
Other Directorships (excluding HDB Financial Services Limited)	**Nil**
Membership / Chairmanship of Committees of other Board	**Nil**

Accordingly, the approval of the Members is being sought for the re-appointment of Mr. A K Viswanathan as an Independent Director of the Company for a period of 3 (three) consecutive years commencing from July 24, 2024 up to July 23, 2027 (both days inclusive), pursuant to the provisions of Sections 149, 152 and Schedule IV of the Companies Act 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 and any other applicable rules and shall not be liable to retire by rotation.

The Board recommends the resolution as set out at Item No. 6 of the accompanying Notice for the approval of the Members.

Except Mr. A K Viswanathan, being an appointee and his relatives, to the extent of their shareholding interest, if any, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said resolution.

Item No. 7

The Members of the Company at the 16th Annual General Meeting held on June 30, 2023 had granted their approval by way of Special Resolution to the Board of Directors of the Company to sell /assign /securitise substantial assets including present and /or future receivables /book debts of the Company to the holders of Debentures/Bonds/ Pass Through Certificates and other instruments for an aggregate amount not exceeding ₹ 7,500 Crore (Rupees Seven Thousand Five Hundred Crore Only).

Members of the Company are requested to note that Company may raise funds by way of sell/ direct assignment/ securitisation of the present and /or future receivables/ book debts of the Company to any Bank or Financial Institution or Asset Reconstruction Companies as per the terms approved by the Board of Directors.

The sell/ assignment/ securitisation of the present and /or future receivables /book debts of the Company may result into disposal of undertaking as defined in the explanation to Section 180(1)(a) of the Companies Act, 2013. As per the provisions of Section 180(1)(a) of the Companies Act, 2013, the Board of Directors of the Company shall not sell, assign or securitise the receivables/ book debts of the Company without the consent of the Members of the Company, accorded at the Annual General Meeting by means of a Special Resolution.

Notice (Contd.)

In view of the aforesaid, the Board of Directors at its meeting held on May 17, 2024 has, subject to the approval of the Members, approved to sell /assign /securitise present and / or future receivables/ book debts of the Company within overall limits as approved by the Members of the Company pursuant to Section 180(1)(a) of the Act.

Accordingly, the approval of the Members is being sought by way of Special Resolution, authorising the Board of Directors to sell /assign /securitise substantial assets including present and /or future receivables /book debts of the Company, to the holders of Debentures /Bonds /Pass Through Certificates / Security Receipts and other instruments for an aggregate amount not exceeding ₹ 9,000 Crore (Rupees Nine Thousand Crore Only).

The Board recommends the resolution as set out at Item No. 7 of the accompanying Notice for the approval of the Members.

Save and except for the shareholding interest, if any, held by them, none of the Directors or Key Managerial Personnel of the Company or their relatives, are in any way, concerned or interested, financially or otherwise, in the said resolution.

Item No. 8

The Company has been raising funds by offer and/or invite for issuing non-convertible debentures, secured or unsecured, listed/unlisted, fixed rate or market /bench mark linked and /or any other debt instruments (not in the nature of equity shares) including but not limited to Subordinated Bonds, Perpetual Debt Instruments which may or may not be classified as being additional Tier I or Tier II capital (hereinafter referred to as "Debt Securities") on private placement basis, from time to time.

In terms of Section 71 which deals with the issue of debentures read with Section 42 of the Companies Act, 2013, which deals with the offer or invitation for subscription of debentures of the Company on private placement basis read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a company can make private placement of its debentures only after receipt of prior approval of its Members by way of a special resolution. The Companies (Prospectus and Allotment of Securities) Rules, 2014 further provides that the said special resolution must be passed in respect of all offers/invitations for the debentures to be issued during a year and such a special resolution is required to be passed every year.

Accordingly, the shareholders at the 16th Annual General Meeting held on June 30, 2023 and vide postal ballot dated February 28, 2024 had accorded their approval to the Company for issuance of Debt Securities as mentioned below:

A. Non-Convertible Debentures (NCDs) up to a limit of ₹ 30,697.22 Crore (Rupees Thirty Thousand Six Hundred and Ninety Seven Crore and Twenty Two Lakhs Only). During the year ended March 31, 2024, the Company had raised NCDs of ₹ 16,324.50 Crore (Rupees Sixteen Thousand Three Hundred and Twenty Four Crore and Fifty Lakhs Only) and the unutilised limit of ₹ 14,372.72 Crore (Rupees Fourteen Thousand Three Hundred and Seventy Two Crore and Seventy Two Lakhs Only) is available for issuance of NCDs.

B. Subordinated Bonds (Sub Debts) up to a limit of ₹ 3,500 Crore (Rupees Three Thousand and Five Hundred Crore Only) which included existing limit of ₹ 500 Crore (Rupees Five Hundred Crore Only) and new limit of ₹ 3,000 Crore (Rupees Three Thousand Crore Only) (which was approved vide postal ballot on February 28, 2024). During the year ended March 31, 2024 the Company had raised Sub Debts of ₹ 2,000 Crore (Rupees Two Thousand Crore Only). The unutilised limit of ₹ 1,500 Crore (Rupees Fifteen Hundred Crore Only) is available for issuance of Sub Debts.

C. Perpetual Debt Instruments (PDIs) up to a limit of ₹ 850 Crore (Rupees Eight Hundred and Fifty Crore Only) which included existing limit of ₹ 350 Crore (Rupees Three Hundred and Fifty Crore Only) and new limit of ₹ 500 Crore (Rupees Five Hundred Crore Only) (which was approved vide postal ballot on February 28, 2024). During the year ended March 31, 2024 the Company had raised PDIs of ₹ 350 Crore (Rupees Three Hundred and Fifty Crore Only). The unutilised limit of ₹ 500 Crore (Rupees Five Hundred Crore Only) is available for issuance of PDIs.

The Board, at its meeting held on April 16, 2024, has approved issuance of NCDs, Sub Debts and PDIs from the above unutilised limit of Debt Securities and in addition to the above limit, has also approved new limit for issuance of NCDs of ₹ 10,000 Crores, subject to the approval of the

Members. Further, the Board at its meeting held on May 17, 2024 has approved additional new limit for issuance of NCDs of ₹ 12,000 Crore (in addition to the new limit of ₹ 10,000 crores approved in April 16, 2024, the revised new limit would sum up to ₹ 22,000 crores) within the overall limit of borrowing as approved by the members pursuant to Section 180 (1)(c) of the Companies Act, 2013, from time to time, on the date of issue. Thus, the approved limit of NCDs, Sub Debts and PDIs for Issuance is ₹ 36,372.72 Crores, ₹ 1,500 Crores and ₹ 500 Crores respectively.

In terms of the requirements of Resource Planning Policy of the Company and business planning for the FY 2024-25, it is expected that the Company will issue Debt Securities which shall not exceed the aforesaid limit. The Debt Securities proposed to be issued by the Company will be issued for cash either at par or premium or at a discount to face value depending upon the prevailing market conditions.

Pursuant Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 certain disclosures are required to be made in the explanatory statement annexed to the notice for Members approval under Section 42 of the Companies Act, 2013.

The disclosures required pursuant to Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 are set out herein below:

a) Particulars of the offer including date of passing of board resolution: This special resolution is being passed in terms of the third proviso to Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 for the issuance of Debt Securities, from time to time, for the period of 1(one) year from the date hereof and accordingly this question is not applicable at present. The particulars of each offer shall be determined by the Board (including any Authorised Signatory authorised by the Board or any committee duly authorised by the Board thereof), from time to time;

b) Kinds of securities offered and price at which security is being offered: This special resolution is restricted to the private placement issuance of Debt Securities, with the terms of each issuance being determined by the Board (including any Authorised Signatory authorised by the Board or any committee duly authorised by the Board thereof), from time to time, for each issuance;

c) Basis or justification for the price (including premium, if any) at which offer or invitation is being made: Not applicable at this stage. This will be determined by the Board (including any Authorised Signatory authorised by the Board or any committee duly authorised by the Board thereof), from time to time, for each issuance;

d) Name and address of valuer who performed valuation: Not applicable;

e) Amount which the Company intends to raise by way of such securities: As may be determined by the Board of Directors from time to time but subject to the limits approved under Section 42 of the Companies Act, 2013 of up to ₹ 38,372.72 Crore (Rupees Thirty Eight Thousand Three Hundred Seventy Two Crores and Seventy Two Lakhs Only);

f) Material terms of raising such securities, proposed time schedule, purposes or objects of offer, contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects; principle terms of assets charged as securities: This special resolution is being passed in terms of the third proviso to Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 for the issuance of Debt Securities, from time to time, for a period of 1 (one) year from the date hereof and accordingly this question is not applicable at present. The particulars of each offer shall be determined by the Board (including any Authorised Signatory authorised by the Board or any committee duly authorised by the Board thereof), from time to time and shall be specified in the relevant transaction documents.

In view of the aforesaid, the Board of Directors at their meetings held on April 16, 2024 and May 17, 2024, has approved issuance of Debt securities in one or more tranches, on private placement basis and within the overall borrowing limit of ₹ 1,25,000 Crore (Rupees One Lakh Twenty Five Thousand Crore Only).

Accordingly, the approval of the Members is being sought by way of special resolution as set out at Item No. 8 of this Notice authorising the Board to issue Debt Securities and /or any other debt instruments (not in the nature of equity Shares) which may or may not be classified as being Tier I or Tier II capital under the provisions of the RBI

Notice (Contd.)

Master Directions, for an aggregate amount not exceeding ₹ 38,372.72 Crore (Rupees Thirty Eight Thousand Three Hundred Seventy Two Crores and Seventy Two Lakhs Only) on a private placement basis during a period of one year from the date of passing of the resolution.

The Board, accordingly, recommends the passing of the Special Resolution as set out at Item No. 8 of this Notice, for the approval of the Members.

None of the Directors and / or Key Managerial Personnel and / or their relatives are in any way concerned or interested, financially or otherwise in the said resolution, except to the extent of Debt Securities that may be subscribed by companies/firms in which they are interested.

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

Sd/-
Dipti Khandelwal
Company Secretary
FCS No.: F11340

Registered Office:
Radhika, 2nd Floor,
Law Garden Road, Navrangpura,
Ahmedabad - 380 009

Place: Mumbai
Date: May 17, 2024

Directors' Report

Dear Members,

Your Directors take pleasure in presenting the Seventeenth Annual Report on the business and financial operations of your Company together with the audited accounts for the financial year ended March 31, 2024.

SUMMARY OF FINANCIAL PERFORMANCE

(₹ in Crore)

Particulars	FY 2023-24	FY 2022-23
Total Income	14,171.12	12,402.88
Total Expenditure (excluding depreciation)	10,721.31	9,663.64
Profit/(Loss) before Depreciation & Tax	3,449.81	2,739.24
Less: Depreciation	145.14	111.84
Profit before Tax	3,304.67	2,627.40
Tax Expense	843.83	668.05
Profit after Tax	2,460.84	1,959.35
Other Comprehensive Income (net of tax)	(36.40)	10.56
Total Comprehensive Income after tax	2,424.44	1,969.91
Appropriations from Profit after Tax:		
Transfer to Reserve Fund under Section 45-IC of the RBI Act, 1934	492.17	391.87
Dividend Paid	245.38	150.24
Dividend Tax thereon	0.00	0.00
Balance carried forward to Balance Sheet	1,723.29	1,417.24

Your Company posted total income and net profit of ₹ 14,171.12 Crore and ₹ 2,460.84 Crore, respectively, for the financial year ended March 31, 2024, as against ₹ 12,402.88 Crore and ₹ 1,959.35 Crore respectively, in the previous financial year. Your Company has transferred an amount of ₹ 492.17 Crore to Reserve Fund under Section 45-IC of the RBI Act, 1934.

DIVIDEND & DIVIDEND DISTRIBUTION POLICY

The Board of Directors of the Company, at its meeting held on April 16, 2024, has recommended a final dividend of ₹ 1/- (Rupee One only) per equity share i.e. 10% (Ten percent) on each equity share of face value of ₹ 10 (Rupees Ten only) entailing a total payout of ₹ 79.31 Crore. The proposal is subject to the approval of the shareholders at the ensuing Annual General Meeting (AGM) to be held on June 27, 2024. During the year, the Company has paid an Interim Dividend of ₹ 2/- (Rupees Two Only) per equity share i.e. 20% on each equity share of face value of ₹ 10 (Rupees Ten only), aggregating to ₹ 158.33 Crore.

The Company has formulated a Dividend Distribution Policy, with an objective to provide the dividend distribution framework to the Stakeholders of the Company. The policy sets out various internal and external factors, which shall be considered by the Board in determining the dividend pay-out. The policy is available on the website of the Company and can be accessed at https://www.hdbfs.com/investors.

Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

CAPITAL STRUCTURE

As at March 31, 2024, the issued, subscribed and paid-up share capital of your Company was ₹ 7,93,07,45,660 (Rupees Seven Hundred Ninety-Three Crore Seven Lakhs Forty-Five Thousand Six Hundred Sixty Only) comprising of 79,30,74,566 (Seventy-Nine Crore Thirty Lakhs Seventy-Four Thousand Five Hundred Sixty-Six) equity shares of ₹ 10 each.

Directors' Report (Contd.)

During the year, your Company has issued 16,75,483 equity shares. The details of which are provided below:

No. of fully paid up equity shares	Date of allotment	Purpose
2,51,984	July 27, 2023	Shares were issued to employees under the Employees Stock Option Scheme
6,06,877	December 07, 2023	Shares were issued to employees under the Employees Stock Option Scheme
8,16,622	February 21, 2024	Shares were issued to employees under the Employees Stock Option Scheme

CAPITAL ADEQUACY

Capital adequacy as at March 31, 2024 under Ind-AS stood at 19.25% which is well above the minimum regulatory norms for non-deposit accepting NBFCs.

RATINGS

The CARE Ratings Limited (CARE) and CRISIL Ratings Limited (CRISIL) have reaffirmed highest ratings for the various facilities availed by the Company, details of which are given below:

Facility	CARE	Amount (₹ in Crore)	CRISIL	Amount (₹ in Crore)
Bank Facilities	CARE AAA; Stable	40,000.00	CRISIL AAA/Stable	40,000.00
Short Term Debt Program	CARE A1+	5,000.00	CRISIL A1+	5,000.00
Non-Convertible Debentures	CARE AAA; Stable	52,500.00	CRISIL AAA/Stable	49,036.82
Market Linked Debentures*	CARE PP-MLD AAA; Stable	Nil	CRISIL PP-MLD AAA/Stable	Nil
Subordinated Bonds	CARE AAA; Stable	5,900.00	CRISIL AAA/Stable	5,250.00
Perpetual Bonds	CARE AAA; Stable	1,500.00	CRISIL AAA/Stable	1,500.00

*During the year Market Linked Debentures redeemed fully and ratings are withdrawn.

All of the above ratings indicate a high degree of safety with regard to timely payment of interest and principal amount.

BORROWINGS

Your Company has diversified funding sources from Public Sector, Private Sector, Foreign Banks, Mutual Funds, Insurance Companies, Pension Funds, Financial Institutions etc. Funds were raised in line with Company's Resource Planning Policy through Term Loans, Non-Convertible Debentures ("NCDs"), Subordinated Bonds, Perpetual Bonds and Commercial Papers Instruments. The details of funds raised during the year are as below:

#	Borrowings / Security type	Credit rating		Amount raised (₹ In Crore)
		CARE	CRISIL	
1	Term Loans from Banks and Financial Institutions*	CARE AAA; Stable	CRISIL AAA/Stable	20,494.50
2	Secured Redeemable Non-Convertible Debentures	CARE AAA; Stable	CRISIL AAA/Stable	16,324.50
3	Commercial Paper	CARE A1+	CRISIL A1+	6,250
4	Market Linked Debentures	CARE PP-MLD AAA; Stable	CRISIL PP-MLD AAA/Stable	Nil
5	Subordinated Bonds	CARE AAA; Stable	CRISIL AAA/Stable	2,000
6	Perpetual Bonds	CARE AAA; Stable	CRISIL AAA/Stable	350
	Grand Total			**45,420**

*Includes ECB and excludes WCDL/CC

No interest payment or principal repayment of the Term Loans was due and unpaid as on March 31, 2024. The assets of the Company which are available by way of security are sufficient to discharge the claims of the banks and financial institutions as and when they become due.

Secured Redeemable Non-Convertible Debentures, Unsecured Redeemable Subordinated Bonds, Unsecured Perpetual Debt Instruments are issued by your Company on private placement basis and the rating for various facilities indicates the highest degree of safety with regard to timely servicing of financial obligations.

Perpetual Debt Securities are 8.06% of Tier I capital of the Company. An amount of ₹ 1,000 Crore are outstanding as on March 31, 2024. During the year Company had raised ₹ 350 Crore through Perpetual Debt Securities.

NCDs were issued with maturity period ranging from 15 to 75 months. The interest payable on all the debt securities is either annually or quarterly or on maturity. No interest was due and unpaid as on March 31, 2024. The Company had received one grievance from the debt security holder on tax deduction on payment of interest, the same was resolved within the regulatory timelines. The assets of the Company which are available by way of security are sufficient to discharge the claims of the debt security holders as and when they become due.

The above mentioned Debt securities are listed on Wholesale Debt Market (WDM) segment of the BSE Limited and Commercial Papers were listed on National Stock Exchanges of India Limited.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company believes that CSR is a way of creating shared value and contributing to social and environmental good. Our endeavor is to mainstream economically, physically and socially challenged groups and to draw them into the cycle of growth, development and empowerment. To achieve this, your Company collaborates with development-focused NGOs, involves local communities in the development process and works with systems & frontline staff to achieve desirable social outcomes in a sustainable manner.

The Company's CSR interventions are designed to strengthen the healthcare infrastructure & services, empower youth through skill development and education initiatives, and support environmentally sustainable programs. All CSR initiatives are implemented in accordance with the Schedule VII of the Companies Act, 2013 (**"Act"**).

The brief outline of CSR Policy, including overview of the program proposed to be undertaken, the composition of the CSR Committee, average net profits of the Company for the past three financial years, prescribed CSR expenditure and details of amount spent on CSR activities during the financial year have been disclosed in **"Annexure A"** to this report, as mandated under the said Rules. Further, the Corporate Social Responsibility Policy of the Company as approved by the Board has been hosted on the website of the Company at https://www.hdbfs.com/investors.

As per Section 135 of the Act, the Company was required to spend an amount of ₹ 29.97 Crore equivalent to 2% of the 'average net profits' of the last three (3) financial years. After adjusting the excess spend of ₹ 0.76 Crores for FY 2022-23, the total CSR obligation of the Company was ₹ 29.21 Crore. During the FY 2023-24, the Company has disbursed and utilised an amount of ₹ 31.30 Crore on CSR activities as against total CSR obligation of ₹ 29.21 Crore.

BOARD OF DIRECTORS

As on March 31, 2024, the Board comprised of nine members consisting of one Executive Director, one Part-Time Non-Executive Chairman & Independent Director, one Non-Executive Director and six Non-Executive Independent Directors including three Women Directors. Changes in Directors during the financial year 2023-24 are given below:

Name of the Director/ KMP	Nature of change	With effect from
Mr. Arijit Basu (DIN: 06907779)	Cessation from the position of Chairman and Non-Executive Director (Non-Independent)	May 31, 2023
Mr. Arijit Basu (DIN: 06907779)	Appointment as a Part-Time Non-Executive Chairman and Independent Director for a period of three years	May 31, 2023
Mr. Jimmy Tata (DIN: 06888364)	Appointment as a Non-Executive Director (Non-Independent) for a period of three years	July 15, 2023
Mr.Jayesh Chakravarthy (DIN: 08345495)	Appointment as a Non-Executive Independent Director for a period of three years	January 25, 2024
Dr. Amla Samanta (DIN: 00758883)	Re-appointment as an Non-Executive Independent Director for a period of three years	May 01, 2024

Directors' Report (Contd.)

Board at its meeting held on May 17, 2024 approved re-appointment of Mr. A K Viswanathan (DIN: 08518003) as an Independent Director, for a further period of three consecutive years commencing from July 24, 2024 till July 23, 2027 (both days inclusive) subject to approval of the Members of the Company.

KEY MANAGERIAL PERSONNEL

Mr. Ramesh G, Managing Director & Chief Executive Officer; Mr. Jaykumar Shah, Chief Financial Officer and Ms. Dipti Khandelwal, Company Secretary are 'Key Managerial Personnel' of the Company under the provisions of Section 203 of the Companies Act, 2013. No change in Key Managerial Personnel took place during the year under review.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declarations/ disclosures from each Independent Director of the Company under Section 149(7) of the Act and Regulation 25(8) of the SEBI Listing Regulations that they fulfill the criteria of Independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations, and have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

The Independent Directors have also confirmed compliance with the provisions of Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, relating to inclusion of their name in the databank of Independent Directors.

Further, based on these disclosures and confirmations, the Board is of the opinion that the Directors of the Company are distinguished persons with integrity and have necessary expertise and experience to continue to discharge their responsibilities as the Director of the Company.

DIRECTORS & OFFICERS LIABILITY INSURANCE

The Company has taken Directors & Officers Liability Insurance for all its Board of Directors and members of Senior Management for such quantum and risks as determined by the Board.

MEETINGS

During the year, seven Board Meetings were convened and held, the details of which are given in the report on Corporate Governance, which is forming a part of this Directors' Report. The intervening gap between the said Board Meetings was within the period prescribed under the Act. The details of the Board and Committee Meetings, and the attendance of Directors thereat, forms part of the Corporate Governance Report, which is annexed to this Directors' Report.

BOARD COMMITTEES

Your Company has seven Board Level Committees - Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility & ESG Committee, Risk Management Committee, Information Technology Strategy Committee and Customer Service Review Committee.

The details of the role and composition of these Committees, including the number of Meetings held during the financial year and attendance at these Meetings are provided in the Corporate Governance Section of the Annual Report. Further, the functions, roles & responsibilities and terms of reference of these committees are included in the Corporate Governance Code available on the Company's website at https://www.hdbfs.com/investors

PERFORMANCE EVALUATION

Pursuant to the provisions of the Act and SEBI Listing Regulations, the Annual Performance Evaluation of the Board, its Committees and each Director has been carried out for the year under review. The details of evaluation process of the Board, its Committees and individual Directors have been disclosed in the Corporate Governance Report forming part of this Annual Report.

The evaluations of the Individual Performance of Directors (including Independent Directors), the Board, the Committees and the Chairman of the Board were undertaken through circulation of seven questionnaires each for the Individual Performance of Directors, the Board, the Committees and the Chairman of the Board. The performance of the Board was assessed on selected parameters related to Board Composition & Quality, Board Meetings and Procedures, Board Development, Board Strategy and Risk Management, Board and Management Relations, Stakeholder value and responsibility. The evaluation criterions for the Individual Performance of Directors were based on their Knowledge, Diligence & Participation, Leadership, Personal Attributes etc. The evaluation criteria for the Committees related to its Function and Duties, Management Relations, Committee Meetings and Procedures. The evaluation criteria for the Chairman of the Board besides the general criteria adopted for assessment of all Directors, Participation at Board/ Committee Meetings, Managing Relationship, Knowledge and Skill, Personal Attributes, Independence and Leadership. The evaluation criteria for the Managing Director was based on Leadership, Strategy Formulation and execution, Financial planning/ performance, Relationships with the Board, External Relations, Human Resource Management/Relations, Succession and Product/Service Knowledge.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with Secretarial Standard on Meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Act:

i. that in preparation of the annual financial statements for the year ended March 31, 2024, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii. that appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2024 and of the profits of the Company for the said year;

iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. that the annual accounts have been prepared on a going concern basis;

v. that the Company had laid down internal financial controls to be followed and that such internal financial controls are adequate and were operating effectively; and

vi. that systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

As per the provisions of Section 177(9) of the Act and Regulation 22 of the SEBI Listing Regulations, the Company is required to establish an effective Vigil Mechanism for Directors and employees to report genuine concerns. The Company as part of the 'vigil mechanism' has in place a Board approved 'Whistle Blower Policy' to deal with instances of fraud and mismanagement, if any. The Whistle Blower Policy has been placed on the website of the Company and can be accessed at https://www.hdbfs.com/investors.

This vigil mechanism of the Company is overseen by the Audit Committee and provides adequate safeguard against victimisation of employees and directors and also provides direct access to the Chairman of the Audit Committee in exceptional circumstances. The whistle blower complaints are reviewed by the Audit Committee on a quarterly basis.

During the year under review, one complaint was received by the Company. The said complaint was investigated and addressed as per the policy and there was no outstanding complaint as on March 31, 2024. One pending complaint as on March 31, 2023 was closed during the FY 2023-24. None of the personnel of your Company were denied access to the Audit Committee.

DISCLOSURES PURSUANT TO THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 your Company has adopted a Policy on Prevention of Sexual Harassment at Workplace and Rules framed thereunder. The said policy is uploaded on the website of the Company which can be accessed at https://www.hdbfs.com/policies. Your Company has complied with the provisions relating to the constitution of Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, the Company has received Thirty-Nine complaints of which Twenty-Eight complaints were investigated and addressed as per the policy and Eleven complaints were under investigation as on March 31, 2024. All Five open complaints during the previous year ending March

31, 2023 were closed in the reporting year. These Complaints are reviewed by the Board of Directors on quarterly basis.

STATUTORY AUDITORS AND THEIR REPORT

Pursuant to the provisions of Sections 139 and 141 of the Act and Rules made thereunder, the Shareholders in the 15th Annual General Meeting had ratified the appointment of M/s. KKC & Associates LLP (formerly Khimji Kunverji & Co. LLP) and M/s. B. K. Khare & Co. Chartered Accountants as the Joint Statutory Auditors of the Company, to hold office for a continuous period of three years until the conclusion of the 17th Annual General Meeting of the Company.

Further, the Auditors' Report "with an unmodified opinion", given by the Statutory Auditors on the Financial Statements of the Company for FY 2023-24 is disclosed in the Financial Statements forming part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Statutory Auditor in their Report for the year under review.

One instance of fraud (identified by Company) in terms of the provisions of section 143(12) of the Act have been reported by the Statutory Auditors in their report for the FY 2023-24.

The Board of Directors in its meeting held on April 16, 2024 recommended the appointment of M/s. Kalyaniwalla & Mistry LLP (ICAI Firm Registration No. 104607W/ W100166) and M/s. G D Apte & Co. (ICAI Firm Registration No. 100515W) as Joint Statutory Auditors of the Company, in terms of the RBI guidelines, to hold office for a continuous period of three years until the conclusion of 20th Annual General Meeting of the Company to be held in the year 2027, to the shareholders for approval.

SECRETARIAL AUDITORS AND THEIR REPORT

Pursuant to the provisions of Section 204 of the Act and Rules thereunder and Regulation 24A of the SEBI Listing Regulations, M/s. Mehta & Mehta, Practicing Company Secretaries were appointed as the Secretarial Auditor of the Company, to conduct Secretarial Audit for FY 2023-24.

The Report of the Secretarial Auditor in Form MR-3 is annexed as **'Annexure B'**. There has been no qualification, reservation, adverse remark or disclaimer given by the Secretarial Auditor in its Report for the year under review.

MAINTENANCE OF COST RECORDS

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of section 148(1) of the Act are not applicable for the business activities carried out by the Company as the Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for the services rendered by the Company.

NOMINATION AND REMUNERATION POLICY

Pursuant to the provisions of Section 178(3) of the Act and Regulation 19 of the SEBI Listing Regulations, the Board has formulated Nomination and Remuneration Policy of the Company which inter alia, includes the criteria for determining qualifications, positive attributes and independence of Directors, identification of persons who are qualified to become Directors, Key Managerial Personnel and Senior Management. The Nomination and Remuneration Policy also covers the Remuneration of the Directors, Key Managerial Personnel, Senior Management and other employees of the Company. The Nomination and Remuneration Policy is available on the website of the Company at https://www.hdbfs.com/investors.

EMPLOYEES STOCK OPTION SCHEME (ESOS)

The information pertaining to ESOS in terms of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 is given in **'Annexure C'**.

STATUTORY DISCLOSURES

i. Pursuant to the provisions of Sections 134(3)(a) and 92(3) of the Act and Regulation 62(1)(k) of the SEBI Listing Regulations, the Annual Return of the Company as on March 31, 2024 in the prescribed Form MGT-7 is available on the website of the Company at https://www.hdbfs.com/investors.

ii. Disclosures in terms of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **'Annexure D'**. Further, the statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in an Annexure and forms part of this report. In terms of Section 136(1) of the Act, the annual report and the financial statements are being sent to the Members excluding the aforesaid Annexure. The Annexure is available for inspection and any Member interested in obtaining a copy of the Annexure may write to the Company Secretary of the Company.

iii. There has been no change in the nature of business of the Company during the year under review.

RELATED PARTY TRANSACTIONS

All the related party transactions that were entered into during the financial year were on arm's length basis and in ordinary course of business. Pursuant to the provisions of Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, particulars of the contracts or arrangements with related parties referred to in section 188(1) in Form AOC-2 is annexed as **'Annexure E'**. The Related Party Transactions Policy has been hosted on the website of the Company at https://www.hdbfs.com/investors.

CORPORATE GOVERNANCE REPORT

Your Company is committed to maintain the highest standards of Corporate Governance and adheres to the Corporate Governance requirements set out by SEBI. The report on Corporate Governance of the Company forms part of the Annual Report.

All Board members and senior management personnel have affirmed compliance with the Company's code of conduct for FY 2023-24. A declaration to this effect signed by the Managing Director is included in Corporate Governance Report forming part of this Annual Report.

A certificate from Practicing Company Secretary regarding compliance of conditions of corporate governance is annexed as **'Annexure F'** to this Report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND THE COMPANY'S OPERATIONS IN FUTURE

There are no significant and material orders passed by the regulators or courts or tribunals that would impact the going concern status of the Company and its future operations.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to section 186(11) of the Act, the provisions related to loans made, guarantees given and securities provided do not apply to the Company.

As regards investments made by the Company, the details of the same are provided in note no. 9 to the financial statements of the Company for the year ended March 31, 2024.

SUBSIDIARIES, JOINT VENTURES, ASSOCIATE COMPANIES

During the year under review, your Company had no subsidiary, joint venture or associate company. Also, the Company did not become a part of any joint venture during the year.

Accordingly, as at the end of the year under review and also as on the date of this Report, your Company does not have any subsidiary or associate Company and your Company is not a part of any joint venture.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company has been increasingly using information technology in its operations and promotes conservation of resources. The details of foreign exchange earnings and foreign exchange expenditures are as below:

(₹ in Crore)

#	Particulars	FY 2023-24	FY 2022-23
1	Foreign exchange earnings	Nil	Nil
2	Foreign exchange expenditures	5.85	4.21

FIXED DEPOSITS

Your Company is a non-deposit taking Company. The Company has not accepted any fixed deposit during the FY 2023-24.

RBI GUIDELINES

Reserve Bank of India ("RBI") granted the Certificate of Registration to the Company in December 2007 vide Registration No. N.01.00477, to commence the business of a Non-Banking Financial Institution without accepting deposits. Your Company is a Non-Banking Financial Company - Upper Layer (NBFC - UL). Your Company has complied with and continues to comply with RBI Scale Based Regulations and other applicable regulations.

Management Discussion and Analysis

GLOBAL ECONOMIC OVERVIEW

In Calendar Year (CY) 2023, the global economy showcased remarkable resilience, with projections indicating continued stability. Global growth is expected to remain at 3.2% in CY 2024, and to be stable in CY 2024 & CY 2025. This upturn is propelled by robust government and private expenditures, buoyed by real disposable income gains, lowering fuel prices and fading supply chain pressures.

The US Federal Reserve, through the Federal Open Market Committee (FOMC), announced its interest rate decision in March 2024, opting to maintain the interest rates unchanged at 5.25-5.50% for the fifth consecutive time. Since March 2022, the US Central Bank has increased rates 11 times, aiming to mitigate the fastest inflation rate seen in decades.

Global headline inflation is expected to decline to 5.8% in CY 2024, followed by a further drop to 4.4% in 2025, a downward revision from previous forecasts. This decline is attributed to the alleviation of supply-side constraints and the implementation of restrictive monetary policies, leading to a faster-than-anticipated recession in most regions. However, economic activity is being impeded by elevated central bank rates and diminished government spending due to high debt levels. Despite these challenges, many economists remain optimistic about the prospects for economic recovery. High-frequency activity indicators generally suggest a continuation of recent moderate growth. India shows clear signs of strong near-term momentum, while Europe exhibits relative weakness, and most other major economies indicate mild near-term growth.

The latter part of CY 2023 witnessed economic expansion surpassing expectations, particularly in the United States and several key emerging markets and developing economies. Growth in advanced economies stood at 1.6 % in CY 2023 and is anticipated to marginally increase at 1.7% in CY 2024, further improving to 1.8% in CY 2025. Additionally, emerging and developing markets are anticipated to remain stable at 4.2% in CY 2024 and CY 2025.

(Source: OECD Economic Outlook, Interim Report April 2024)

World Economic Outlook Growth Projections

GDP (In %)

	Year-on-Year		
	Estimate	Projections	
	2023	2024	2025
World	3.2%	3.2%	3.2%
Advanced Economies	1.6%	1.7%	1.8%
Emerging Market and Developing Economies	4.3%	4.2%	4.2%

(Source: World Economic Outlook, International Monetary Fund, April 2024)

INDIAN ECONOMY

According to the International Monetary Fund (IMF), India's growth forecast has been revised upwards due to better-than-expected resilience in its domestic demand. As per the WEO Report published in April 2024, the IMF expects India's GDP to grow by 7.8% in FY 2023-24, up from the 6.3% forecast made on October 31, 2023. Resilience in domestic demand, government initiatives, and structural reforms is driving growth in India, with its GDP projected to remain strong at 6.5% in both FY 2023-24 and FY 2024-25.

The RBI's Monetary Policy Committee (RBI MPC) in April 2024 opted for a cautious approach, keeping the repo rate unchanged at 6.5% for the seventh consecutive time. This decision came after a period of tightening in early 2023. Prior to that, the RBI had been actively raising rates, implementing a series of hikes totalling 250 basis points between May 2022 and February 2023. This latest decision suggests the MPC is carefully evaluating the impact of previous rate adjustments before potentially considering further action.

The RBI's decision was influenced by the strengthening of domestic economic activity, with real gross domestic product (GDP) expected to grow by 7.3% year-on-year in FY 2023-24, supported by robust investment activity. Gross value added (GVA) expanded by 6.9% in FY 2023-24, driven by the manufacturing and services sectors. Looking ahead, the outlook is positive, supported by expectations of a healthy Rabi harvest, sustained manufacturing profitability, and a resilient service sector. Household consumption is anticipated to rise, and prospects for fixed investment are strong, driven by an upturn in private capital expenditure, improved business sentiment, healthy bank and corporate balance sheets, and the Government's emphasis on capital expenditure. Improvements in global trade and increased integration in the global supply chain are also expected to bolster economic activity further in FY 2024-25.

(Source: International Monetary Fund, RBI, Department of Economic Affairs Report on Monthly Economy Review, January 2024)

OUTLOOK

The global economic outlook for CY 2024 and CY 2025 presents a mixed picture. While growth is projected to remain stable, supported by government spending across the globe and lower fuel prices, there is a potential downside. Raising interest rates as a measure to combat inflation presents a complex situation. While it can help curb price increases, there is a risk of triggering recessions. Recent instances, such as the UK and Japan entering technical recessions in late 2023, exemplify this dilemma. The risk is further exacerbated by external factors like geopolitical tensions and volatility in energy prices. Additionally, unsustainable government debt and political instability can weaken economies, making them more vulnerable to downturns. This demonstrates the importance of adopting a nuanced approach to controlling inflation without inadvertently pushing economies into recession.

However, a bright spot emerges in India. The IMF has revised its growth forecast upwards to 7.8% for FY 2023-24, citing the country's resilient domestic demand. Additionally, the RBI's decision to sustain interest rates allows the Indian economy to maintain its strong momentum. While India's central bank acknowledges inflation concerns, it is taking a multifaceted approach – a combination of monetary and fiscal measures, including interest rate adjustments and export restrictions – to navigate these challenges and manage inflationary pressures effectively.

(Source: RBI, India Today)

INDUSTRY OVERVIEW

India's NBFC sector has emerged as a powerful financial inclusion and economic growth driver. Key segments like housing finance, microfinance, and consumer finance have fuelled its impressive expansion to a US$ 326 Bn industry by FY 2023-24. This growth can be attributed to a rising middle class, supportive Government policies that promote financial inclusion, and a stable macroeconomic environment.

Furthermore, NBFCs have leveraged digitalisation to offer faster, more efficient loan options, particularly to the underserved MSME sector. This digital transformation is a game-changer, and NBFCs are increasingly using super apps to reach and partner with customers, creating a superior customer experience. Technology, data, and analytics are poised to play an even greater role across the NBFC value chain, impacting credit assessment, collections, fraud management, and cyber security.

However, the sector's rapid growth has necessitated a stricter regulatory approach. Earlier, NBFCs were categorised as Systemically Important (SI) or Non-Systemically Important (NSI) based on the total risk and economic significance of their operations. According to the Master Direction, NBFCs with asset sizes up to ₹ 500 Crore were classified as NSI, while those with over ₹ 500 Crore were classified as SI.

Recognising the evolving risk profile, the RBI implemented a 'Scale Based Regulation'(SBR) framework in FY 2021-22. This framework categorises NBFCs into tiers based on size, activity, and risk, ensuring targeted regulations that maintain financial system stability.

RBI's digital lending guidelines, released on September 2, 2022, focused on customer protection, transparency in loan terms, and inclusive lending practices. These guidelines aim to promote innovation while safeguarding customer interests.

On June 8, 2023, RBI issued guidelines on Default Loss Guarantee in Digital Lending (DLG guidelines) to provide a framework for recognising NPAs and disclosing loan loss provisions. These measures aim to support fintech lending and expand formal credit to underserved segments, but they also require existing agreements to be re-evaluated and may lead to consolidation in the fintech sector.

India's robust domestic demand and strong manufacturing and service sectors are expected to propel the economy forward in the year ahead. This economic momentum translates to a continued strong demand for credit, especially among MSMEs and the retail segment. NBFCs are well positioned to meet these credit needs, having established themselves as a crucial source of financing for underserved populations. Their efficient reach, understanding of diverse financial needs, and swift turnaround times make them key players in financial inclusion.

The Government's commitment to strengthening the MSME and retail credit sectors through initiatives like the Pradhan Mantri Mudra Yojana (PMMY) and Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) further complements the role of NBFCs.

(Source: RBI, KPMG report on NBFCs in India: Growth and stability, February 2024)

OPPORTUNITIES AND THREATS

The NBFC sector in India has been experiencing significant growth and transformation in recent years, driven by favourable regulatory policies and increasing demand for credit from underserved segments of the population. The Reserve Bank of India (RBI) has introduced various policies & framework to strengthen the supervision and governance of NBFCs. It provides a clear roadmap for the sector, it also presents challenges, such as increased compliance costs and operational challenges for NBFCs, especially smaller players. Additionally, the sector faces competition from traditional banks and new fintech players entering the market. To maintain their competitive edge, NBFCs will need to innovate and differentiate themselves.

Overall, while the NBFC sector in India presents significant opportunities for growth, it also faces challenges that need to be addressed. Effective risk management, innovation, and compliance with regulations will be key for NBFCs to capitalise on opportunities and navigate potential threats, ensuring their continued role as a vital source of financing for underserved populations and a driver of economic growth. Despite the challenges, the sector's ability to adapt and embrace change will be critical for its sustained success in the evolving financial landscape.

(Source: RBI, KPMG report on NBFCs in India: Growth and stability, February 2024)

COMPANY OVERVIEW

HDB Financial Services ('HDBFS' or 'The Company') is a prominent Non-Banking Financial Company (NBFC) in India. Established in 2007, the Company offers a diverse range of financial products and services, encompassing enterprise lending, asset financing, and consumer loans. Building a strong financial foundation is paramount, and HDBFS is proud to hold the highest ratings from rating agencies for its debt programmes.

The Company's approach to customer-centricity goes beyond traditional lending practices, adopting a highly personalised strategy, by harnessing the power of data and analytics.

Rooted firmly in the principles of transparency and ethical behaviour, the Company is committed to offering a broad spectrum of financial services. Thus reinforcing HDBFS's position as a reputable and trusted player in the Indian financial services sector.

PRODUCTS AND SERVICES

Loans

The Company offers a comprehensive bouquet of products and service offerings that are tailor-made to suit its customers' requirements, including first-time borrowers and the under-served segments. The Company is engaged in the business of Loans, Fee based products and BPO services.

Consumer Loans

The Company provides a diverse set of loan options to individuals to meet their personal or household short-to medium-term financial needs. The Consumer Loans portfolio of HDBFS includes:

- **Consumer Durable Loans:** These loans are designed to help individuals purchase consumer durables and household appliances such as air conditioners, washing machines, televisions, refrigerators, and more. These loans allow customers to make such purchases without straining their finances.
- **Digital Product Loans:** The Company provides loans for a wide range of digital products, encompassing everything from essential gadgets to premium devices. Through these loans, customers have the opportunity to buy smartphones, laptops, tablets, and various electronic gadgets. These loans empower individuals to access the newest technological advancements without the burden of significant upfront investment.

- **Lifestyle Product Loans:** The Company's lifestyle product loans provide its customers the opportunity to upgrade their lifestyle by purchasing high-end furniture, premium home appliances, luxury items, and more. These loans allow customers to enhance their living standards without compromising their financial goals.
- **Personal Loans:** The Company provides personal loans to salaried and self-employed individuals for various needs. Whether it is funding a wedding, taking an unplanned vacation, or renovating a home, these loans offer financial assistance for urgent/immediate needs. The amount of the loan, the duration for repayment, and the interest rates are tailored according to the borrower's financial situation.
- **Auto Loans:** The Company provides tailored auto loans that help customers make informed decisions when purchasing a new or used car. These loans cover a wide range of vehicles. The loan terms are flexible, with competitive interest rates and repayment options to suit the borrowers' budget.
- **Two-Wheeler Loans:** The Company provides loans for individuals looking to purchase two-wheelers. These loans offer a convenient and affordable way to own a bike or scooter, with flexible repayment options and competitive interest rates.
- **Gold Loans:** The Company offers quick loans against the security of gold jewellery. It gives borrowers the ability to fulfil their immediate financial needs by pledging their gold assets. These loans are processed quickly, with minimal documentation, making them ideal for emergencies or urgent financial requirements.

Enterprise Loans

The Company provides loans to Small and Micro Enterprises for their growth and working capital requirements. The various loan offered to Enterprises include :

- **Unsecured Business Loan:** This loan is tailored for small businesses and does not require any collateral. It helps businesses meet various financial needs, such as purchasing new machinery, stocking up inventory, procuring working capital, or renovating business premises. The loan amount and terms are customised based on the business's financial standing and requirements.
- **Enterprise Business Loan:** The Company offers enterprise business loans designed for self-employed individuals, professionals, private companies, and partnership firms. These loans are aimed at boosting business operations and facilitating growth. It provides the necessary funds for business expansion, equipment purchase, working capital, or any other business-related expenses. The loan terms are flexible, with competitive interest rates and repayment options.
- **Loan Against Property:** This loan allows businesses to leverage their property to obtain funds for expansion or working capital needs. The loan amount is determined based on the value of the property being pledged. The funds can be used for various purposes, including business expansion, debt consolidation, or meeting other financial obligations. These loans generally have interest rates lower than unsecured loans due to the collateral involved.
- **Loan Against Lease Rental:** Businesses can benefit from this loan by pledging their rental income from leased properties. The loan amount is determined based on the rental income and is provided to meet immediate financial needs. This type of loan offers businesses the flexibility to use their rental income to address cash flow challenges or fund business expansion plans.
- **Loan Against Securities:** This loan allows customers to meet their immediate cash requirements by pledging their investments or securities, such as insurance policies, debt instruments, and bonds, without having to liquidate them. The loan amount is determined based on the value of the securities pledged. This type of loan provides businesses with quick access to funds while allowing them to retain ownership of their investments.

Asset Finance

The Company provides specialised loans under Asset Finance to help customers acquire new and used vehicles and equipment, enhancing their income generation capabilities. These offerings include:

- **Commercial Vehicle Loans:** The Company offers financing solutions for purchasing new and used commercial vehicles. Customers can also opt for refinancing options to leverage their vehicles for working capital needs. These loans cater to businesses looking to expand their fleet or replace existing vehicles.

- **Construction Equipment Loans:** Designed for the construction industry, these loans facilitate the acquisition of new and used construction equipment. Customers can also opt for refinancing options for their existing equipment. This offering supports construction businesses in acquiring the necessary machinery for their projects.
- **Tractor Loans:** The Company provides customised loans to purchase tractors or tractor-related implements. These loans cater to agricultural and commercial needs, enabling customers to acquire essential equipment for their farming or commercial operations.

Micro-Lending

The Company provides micro-loans to borrowers through the Joint Liability Groups (JLG) framework, aiming to empower and promote financial inclusion for sustainable development. These loans were initiated in 2019 and are currently available in seven states including Maharashtra, Bihar, Rajasthan, Gujarat, Madhya Pradesh, Uttar Pradesh and Odisha, covering 114 districts with more than 200 operational branches.

Fee-Based Products/Insurance Services

The Company holds a license from the Insurance Regulatory & Development Authority of India (IRDAI) and is a registered Corporate Insurance Agent authorised to sell both Life and General (Non-Life) insurance products. The Company has tie-ups with HDFC Life Insurance Co. Limited and Aditya Birla Sun Life Insurance Co. Limited for life insurance products. For general insurance products, the Company has partnered with HDFC Ergo General Insurance Co. Limited and Tata AIG General Insurance Co. Limited.

BPO Services

The Company provides a range of BPO services, including collection call centres, sales support services, back-office operations, and processing support services. Here's a detailed breakdown of its offerings:

- **Collection Services:** The Company runs collection call centres for HDFC Bank, providing collection services for the bank's entire range of retail lending products. These services are offered across 700 locations through on-call and field support teams. The Company has established 18 call centres with a capacity of 5,500 seats nationwide, ensuring comprehensive end-to-end collection services.
- **Back Office and Sales Support:** The Company offers sales support and back-office services to HDFC Bank. These include services such as forms processing, document verification, finance and accounting operations, and processing support. The services help HDFC Bank streamline its operations and enhance customer service.

DIGITAL JOURNEY

The digital vision of HDBFS is to adopt a first principles thinking that has a fair overlay of theory of constraints, given the regulated environment that the Company operates in. Digital investments would be a way of:

- Ensuring that systems are built with customer centric propositions
- Operating significantly at higher efficiencies and scale with a strong security underpinning
- Driving continuous innovations that are agile and modular to deliver

Towards achieving this vision, the Company has following platform categorisation approach and necessary investments have been made on these enabling levers.

- **Systems of Innovation:** This is the layer where maximum investments been made over the past two years, as it is expected to become the backbone of the Company's differentiating strategy:
    - **Purpose-built LOS:** Ensuring that the Company has a best-in-class loan origination platform that is highly contextual to the product allows the Company to create business differentiators which could be taken to the market;
    - **CRM:** An industry standard CRM solution forms the omni-channel backbone for sales and customer service interactions with the leads, prospects & customers;
    - **Data Lake & Analytics:** Single repository of timely and consistent data for democratised data access basis allocated access rights for driving an information driven decision;
    - **Digital solutions:** New age technologies such as Low-Code/No-Code, and RPA that provide value added services such as CKYC, eNACH, UPI 2.0 are brought on-board as reusable components for organisation-wide usage;

- **Systems of Engagement:** This is the API layer where all channels (D2C and Assisted digital) engage with the Company's systems for acquisition and servicing needs. The channel layer is being built keeping in mind current models of engagement such as API, IVR, Contact Centre, Mobile Apps, Email, SMS, Web properties, ChatBots, Social Platforms, DSA, Aggregators, Fintechs, and possible future models of engagements like Generative AI.
    - **Mobile App:** A reworked Flutter based native mobile app along with its PWA mechanism for customers, that becomes a super app equivalent for the Company's prospects, customers and alumni to avail its offerings;
    - An Assisted Digital mobile app for Sales, Credit & Collection team to provide assisted journeys to HDBFS's customers
    - **API Gateway:** A new-age API gateway with a developer and partner portal for self-service and an Open API philosophy is being put in place for faster on-boarding and secure API servicing;
    - **DIY platform:** A new low-code platform has been put in place for on-boarding customers via an unassisted mechanism;
    - **Account Aggregators:** A new regulatory approved mechanism to facilitate complete digital on boarding of customers is the account aggregator model. This will allow us to pre-populate customer/ prospect data and credit decisions, leading to a frictionless customer journey;
    - **Gateways:** Standardised EMAIL, SMS, WhatsApp, Contact Center, and BOT solutions that are hooked up to the CRM solution to provide an omni-channel experience;

DIGITAL CUSTOMER SERVICE CHANNELS

The Company has implemented several digital channels to enhance customer service and provide a seamless experience for its customers:

- **HDB On-the-Go App:** The Company launched an updated version of its mobile app, HDB On-The-Go, equipped with enhanced features and an improved user interface for an optimal experience for both Android and iOS users. Additionally, a web version of the app is available on the Company's website, offering customers convenient access to their loan account details and services;
- **WhatsApp Account Management:** Customers can now send a 'Hi' to the Company's WhatsApp number, 73049 26929, to receive real-time information about their loan account. This feature allows customers to conveniently access account details and updates through the popular messaging platform;
- **Customer Service Bot:** The Company's virtual assistant and chatbot, #AskPriya, assists customers with loan-related information and the latest offers. This AI-powered chatbot provides quick and accurate responses to customer queries, enhancing customer service efficiency;
- **Missed Call Service:** The Missed Call Service enables the customers to receive all their loan-related information via SMS. This can be done by giving a missed call from their registered mobile number to 044 4560 2401. This service provides customers with a simple and convenient way to access account information without internet connectivity;
- **Customer Portal:** The Company's customer portal allows customers to manage their loan accounts and access all loan-related information quickly and efficiently. This self-service portal empowers customers to perform various account management tasks, such as checking loan status, making payments, and updating personal information, at their convenience.

OTHER KEY INITIATIVES

- **Customer Service Week:** The Company has launched an innovative initiative called 'Customer Service Week'. This initiative aims to create awareness among walk-in customers on HDBFS's various self-service tools that customers can use to manage their loan account or apply for a new loan, the digital payment options available, the grievance mechanism in place and RBI's Ombudsman Scheme. A customer feedback is also taken to gauge the quality of service provided and expected, bringing in continual improvement.
- **Relationship Management (RM) and Virtual Relationship Management (VRM):** HDBFS reaches out to select customers through relationship managers to address

their financial requirements and offer them additional products. For other customers, VRM is used to cater to their needs, providing personalised assistance and support.

- **Aabhaar Card (Loyalty Card):** The Company offers loyalty cards to provide customers with easy documentation, pre-approved loan eligibility, and a range of other benefits. These cards which are currently available in five variants enhance customer experience and loyalty.

SEGMENT-WISE PERFORMANCE

Revenue from the lending business of the Company grew to ₹ 12,221.57 Crore in FY 2023-24 from ₹ 9,768.95 Crore in FY 2022-23. Revenue from the BPO services division declined to ₹ 1,949.55 Crore in FY 2023-24 from ₹ 2,633.93 Crore in FY 2022-23.

GEOGRAPHICAL PRESENCE

The Company boasts a significant presence at the pan-India level, with a network of 1,682 branches (as of March 31, 2024) spread across 1,148 cities. This includes a strong focus on rural areas, with 80% of its distribution network lying beyond the top 20 cities. The Company's data centres are located in Bengaluru and Mumbai, while centralised operations are managed from Hyderabad, Chennai, and Noida. HDBFS has been taking proactive steps to enhance its internal processes by introducing a specialised quality management system designed specifically for its centralised operations. This system aims to streamline processes, improve efficiency, and ensure consistent quality across all the branches.

OUTLOOK

The Company with its diverse product suite, wide distribution and focus on enhancing its internal processes, is expected to drive continued growth. With a commitment to sound risk management practices and a comfortable capital structure, HDBFS is well positioned to navigate the evolving market landscape. With the economy projected to continue growing, the Company, with its diversified product portfolio, broad reach through its network of branches across the country, and its digital infrastructure, is cautiously optimistic in its outlook for FY 2024-25.

RISK MANAGEMENT

Operating in the financial services sector, the Company faces various risks such as credit, operational, liquidity, digital lending, and information security risks. To manage these risks effectively, a robust risk management framework is in place. The Board of Directors oversees all risks and has established specific committees for focussed oversight. HDBFS constantly upgrades its security measures, including cyber security, to avoid and mitigate risks. Regular stress tests are conducted to ensure resilience and identify vulnerabilities. These tests provide valuable insights for the management to quantify potential risks and develop mitigating actions.

The Company's commitment to sound risk management practices has helped it navigate market turbulence in the past two years. As risk management remains a priority, HDBFS is confident in its ability to protect its financial strength, operations, and reputation.

RISK	MITIGATION
Credit Risk, including Credit Concentration Risk	The Company has implemented robust policies, procedures, and systems to manage credit risk effectively. It continuously monitors credit quality and mitigates losses from defaults by establishing and monitoring credit parameters and exposures against approved limits. Furthermore, the Company monitors credit concentration closely to prevent unacceptable risk concentrations.
Digital Lending Risk	The Company has automated its loan application process, leveraging tools like CRM, rule engines, and bureau integration. This automation aims to enhance productivity and create a seamless customer journey. Additionally, the Company has implemented controls and established analytics and reporting systems for collection and recovery, ensuring the maintenance of healthy asset quality.

RISK	MITIGATION
Business/Strategic Risk	The Company actively pursues diversification across products, customer segments, and geographies to mitigate business and strategic risks. This approach is complemented by a balanced growth strategy, ensuring a healthy asset-liability mix and adherence to prudent provisioning policies.
Reputation Risk	The Company manages reputation risk by enforcing a Code of Conduct for employees, implementing strong governance policies, and establishing a customer grievance mechanism. Regular engagement with stakeholders helps address their concerns and expectations.
Technology Risk	The Company uses technology to enhance customer experiences, increase productivity, and manage risks effectively. The Company continuously improves its processes and controls to mitigate cyber threats, employing a Cyber Resilience Framework and a cutting-edge Security Operations Centre. Its strong technology and cybersecurity architecture include Disaster Recovery and Business Continuity Plans and access control mechanisms, all regularly monitored through third-party assurance. To maintain readiness, all employees receive annual cybersecurity and compliance training and periodic simulation exercises to stay informed about evolving cybersecurity trends. This proactive approach enables the Company to continually strengthen its cybersecurity resilience.
Compliance Risk	The Company effectively manages and monitors compliance risks by implementing a Compliance Policy overseen by the Chief Compliance Officer and a dedicated team. This team regularly reviews products and processes to ensure compliance with regulations and updates internal policies to minimise legal or regulatory risks.
Liquidity Risk	The Company's Asset Liability Committee (ALCO) oversees liquidity risk management and ensures sufficient levels of liquidity and effective interest rate risk management. The Company monitors various metrics such as Net Interest Margins (NIM), maturity profiles, stock ratios, and asset-liability mix. The ALCO also ensures the availability of unencumbered High-Quality Liquid Assets (HQLA) to meet short-term obligations by monitoring the Liquidity Coverage Ratio (LCR) daily. Additionally, the Company has a robust liquidity risk framework monitored by both the ALCO and the Risk Management Committee.
Interest Rate Risk	The Company's Asset Liability Committee (ALCO) oversees the balance sheet planning for risk return and the strategic management of interest rate and liquidity risks. The Company uses traditional gap analysis to assess its sensitivity to interest rate movements, identifying and mitigating potential risks. The Advances Book and Funding strategy are structured to counterbalance the repricing of borrowings with the repricing of loans.
Operational Risk	Operational risk is the risk of financial loss due to inadequate internal processes, human resources, technology systems, or external events, excluding strategic and reputational risks. The Company has a robust operational risk framework overseen by the Board of Directors, the Risk Management Committee, and the Operational Risk Management Committee (ORMC). This framework includes a three-tiered defense mechanism involving business units, the operational risk team, and the internal audit team, supported by well-defined policies, procedures, and robust internal controls. The ORMC also evaluates the outsourcing policy and oversees outsourced activities.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the Company's financial results and its controlled entities, forming the Group. Control over an entity is established when the Group can influence the returns from its involvement with the investee. The Group uses consistent accounting policies for similar transactions and events across all entities in the consolidation. If any entity within the Group applies different accounting policies, adjustments are made to ensure uniformity in the consolidated financial statements.

INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT

The Company has established a robust internal control system to ensure efficient operations, legal compliance, and reliable financial reporting. The Internal Audit Department (IAD) plays a pivotal role in ensuring Governance, Risk and Compliance (GRC). Their independent and objective evaluations contribute to transparency, accountability, and trust within the organisation. The internal audit is undertaken based on a robust internal audit charter and a risk-based internal audit policy, outlining the audit purpose, role, structure, authority and responsibilities of the IAD.

The IAD adopts a risk-based approach to its evaluations. By prioritising areas with high and medium risk exposure, ensuring resources are allocated effectively to address potential vulnerabilities. The Risk-Based Internal Audit framework provides independent assurance to the Audit Committee of the Board. This framework is tailored to the business's size, scale, and complexity, with the audit plan based on activity risk profiles. The Audit Committee of the Board approves the plan annually and reviews the IAD's observations and performance. In order to improve audit quality, enhance efficiency and ensure maximum data coverage, the IAD uses a data analytics tool. Furthermore, in response to evolving industry dynamics, Information Systems (IS) audits have gained prominence within the IAD scope.

This holistic approach to auditing not only enhances risk management practices but also strengthens the organisation's resilience in the face of technological challenges.

HUMAN RESOURCES

Our People:

At HDBFS, we recognise the contribution of our people in driving business growth and operational excellence. Our constant endeavour is to create an enabling environment that encourages all employees to pursue their professional and personal goals. We are committed to building workspaces that are safe, inclusive and supportive and have the ability to inspire all employees to develop a positive and growth mind-set.

Our Culture:

At HDBFS, we strive to uphold our Core Values of Integrity, Collaboration, Agility, Respect, Excellence & Simplicity. These values form the foundation of everything we do, from how our people interact with each other within the organization as well as how we serve our customers, treat suppliers and other stakeholder groups. By fostering these Core Values among our people through regular workshops for existing staff and new recruits, we aspire to steadily move towards realising our Company's Vision of becoming "India's most admired NBFC".

Diversity and Inclusion:

The Company is committed to creating a working environment where all individuals and employees feel welcome, valued and respected regardless of their background and identities.

The Company fosters merit-based selection criteria based on skill sets, competency-level, years of work experience among other criteria. The Company's promotion and role elevation practices are transparent, based on performance and merit. Measures ensuring equal opportunity, equitable compensation and supportive people policies are some of our initiatives that have gone a long way in fostering an inclusive work environment.

The Company recruits differently-abled individuals in roles that enable them to be gainfully employed. These recruits are deployed in offices that are easy to access, conducive for their mobility and are given the required training support to perform and contribute positively to the roles that they have been hired for.

Lastly, employees are periodically educated on policies and processes that promote a respectful and inclusive work environment.

Building Future Leaders:

At HDBFS, our talent pool is one of our key success drivers. We continue to invest in our people by providing them with ample opportunities for development and growth through our structured Learning & Development, Skill Building and Talent Management initiatives for people across roles and ranks.

Our instructor-led interventions and e-learning courses are designed to help our employees enrich their technical job knowledge, acquire new skills sets and stay up to date with Industry trends. Our Talent Management Programs prepare first line managers for destination roles.

Our Management Development Programs are highly customised and business contextualised and aimed at helping high performing individuals to adapt to changing business environment, explore new market opportunities to scale up business as well as enhance one’s skill sets to deliver superior results.

The Leadership Development Programs help us identify and develop future leaders within the organisation through holistic development of our senior managers and leaders. Another intervention is Leadership Coaching which is a developmental journey focused on preparing the identified talent for critical roles. The program has been key in producing leaders to take over larger leadership roles swiftly and effectively.

Over 70% of our resources in middle management roles and above have grown internally. Holding to our philosophy, this has been one of the most differentiating factor for us in the NBFC sector. We understand that providing only vertical growth will limit us, hence our approach is also focussed in actively encouraging movements across functions, verticals and geographies.

Employee Well-Being and Rewards & Recognition:

People are at the core of our business, and the Company recognises its responsibility towards ensuring the physical safety and emotional well-being of its employees.

Round the year, the Company organises several activities such as free health check-ups, yoga & meditation workshops, sports tournaments, talent shows, commemorative days and festival celebrations, community outreach activities and many other engaging sessions. These initiatives help boost productivity, uplift individual morale, promote work-life balance, improve teamwork and help enhance the employee happiness quotient.

Our Reward & Recognition Programs recognise extraordinary efforts of our people and encourages them to pursue excellence and consistent growth.

Digital HR:

To meet the ever evolving requirements of our human capital and in anticipation of the organisation’s future needs, our HR tech teams are continuously striving to enhance employee digital experience, automate existing HR processes and offer new, innovative, user-friendly digital solutions that enables our HR teams to focus more on high impact initiatives.

At HDBFS we rely on analytics to take informed data-backed decisions on policies and processes, draw out action plans and chalk out future strategies. While we continue to lay emphasis on building interpersonal relationships and nurturing human connect to feel the pulse of our employees, HR analytics allows us to allocate & optimize resources, manage talent, track and review performance and predict workforce requirements.

Awards & Accolades:

We are proud to have been certified as ‘Great Place to Work’ and to have been honoured as ‘India’s Best Workplaces in BFSI 2024’. These recognitions are a testament to the incredible dedication and hard work that each of our employees bring to the organisation every day.

CSR ACTIVITIES

As a responsible corporate citizen, HDBFS is dedicated to making a positive impact on the communities where it operates through comprehensive Corporate Social Responsibility (CSR) initiatives. Over the year, the Company has expanded its CSR footprint by investing in areas that promote affordable healthcare, safe hygiene, education, livelihoods, and environmental sustainability. It has disbursed ₹ 29.41 crore to CSR programmes and activities in underserved regions across 129 districts in 22 states and 2 union territories. Through 35 focussed interventions, implemented in collaboration with grassroots organisations, over 1,34,000 individuals have directly benefitted, driving transformative change and fostering a resilient society.

ACKNOWLEDGEMENT

The Directors are grateful to the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI) and the Government of India (GOI) for their continued co-operation, support and advice. The Directors would also like to take this opportunity to express their sincere thanks to all the customers, shareholders, employees, bankers and distributors for reposing their trust and confidence in the Company. The Directors also express their gratitude for the advice, guidance and support received from time to time, from the auditors and statutory authorities.

For and on behalf of the Board of Directors

Sd/-
Arijit Basu
Part Time Chairman and Independent Director
DIN: 06907779

Place: Mumbai
Date: May 17, 2024

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY

The CSR Policy of the Company is the guiding document to optimally allocate, manage and supervise prescribed CSR funds of the Company. The document spells out the Company's CSR mission of contributing towards social and economic development of the community, and the strategy to work towards its mission statement.

The Company has adopted seven development areas that are in line with Schedule VII, and further defines the nature of CSR initiatives to be undertaken. The policy document highlights the role of the CSR & ESG Committee members too. The CSR Policy of the Company is line with Section 135 of the Companies Act, 2013, CSR Rules and Schedule VII of the Companies Act, 2013.

2. COMPOSITION OF THE CSR & ESG COMMITTEE

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR & ESG Committee held during the year	Number of meetings of CSR & ESG Committee attended during the year
1	Dr. Amla Samanta	Chairperson, Independent Director	2	2
2	Ms. Smita Affinwalla	Member, Independent Director	2	2
3	Mr. Venkatraman Srinivasan*	Member, Independent Director	-	-
4	Mr. Ramesh G.	Member, Managing Director & CEO	2	2

*Mr. Venkatraman Srinivasan was inducted as a member of the Committee w.e.f. October 14, 2023

3. PROVIDE THE WEB-LINK WHERE COMPOSITION OF CSR & ESG COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY

Composition of CSR & ESG Committee can be viewed at: https://www.hdbfs.com/investors CSR Policy can be accessed at: https://www.hdbfs.com/sites/default/files/policies/Corporate-Social-Responsibility-Policy-23.pdf

List of active CSR projects approved by the Board can be accessed at: https://www.hdbfs.com/sites/default/files/hdbfs-pdf/CSR-Partners-Projects-For-Website.pdf

4. PROVIDE THE EXECUTIVE SUMMARY ALONG WITH THE WEB-LINK(S) OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF 8, IF APPLICABLE.

The Company identified projects that were due for impact assessment in FY 2023-24. An independent agency was assigned to conduct impact assessment for projects with an outlay of ₹ 1 Crore and above. The assessment exercise has been conducted for eleven projects and detailed assessment reports have been presented to the CSR & ESG Committee and the Board of Directors of the Company.

The executive summary along with detailed assessment reports are uploaded on the Company website at: https://www.hdbfs.com/corporate-social-responsibility

5.

a. Average net profit of the Company as per sub-section (5) of section 135 = ₹ 1,498.35 Crore

b. Two percent of average net profit of the Company as per sub-section (5) of section 135 = ₹ 29.97 Crore

c. Surplus arising out of the CSR projects or programmes or activities of the previous financial years = NIL

d. Amount required to be set off for the financial year, if any = ₹ 0.76 Crore

e. Total CSR obligation for the financial year [(b)+(c)-(d)] = ₹ 29.21 Crore

6.

a. Amount spent on CSR projects (both Ongoing Project and other than Ongoing Project) = ₹ 29.41 Crore

b. Amount spent in Administrative Overheads = ₹ 1.56 Crore

c. Amount spent on Impact Assessment, if applicable = ₹ 0.33 Crore

d. Total amount spent for Financial Year 2023-24 [(a)+(b)+(c)] = ₹ 31.30 Crore

e. CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (₹ in Crore)	Amount Unspent (₹ in Crore)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of Section 135.		Amount transferred to any fund specified under Schedule VII as per second provision to sub-section (5) of section 135.		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
31.30	NIL	Not Applicable	Not Applicable	NIL	Not Applicable

f. Excess amount for set off, if any:

Sl. No.	Particular	Amount (₹ in Crore)
(1)	(2)	(3)
(i)	Two percent of average net profit of the Company as per section 135	29.97
(ii)	Total amount spent for the Financial Year	31.30
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	2.09
(iv)	Surplus arising out of CSR projects or programmes or activities of the previous Financial Years, if any	-
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	2.09

Note:

The Company had ₹ 0.76 Crore as amount available for set-off against prescribed CSR expenditure of ₹ 29.97 Crore for Financial Year 2023 - 24. During the year, the Company spent ₹ 31.30 Crore against the total CSR obligation of ₹ 29.21 Crore (₹ 29.97 Crore - 0.76 Crore) leading to an excess spend of ₹ 2.09 Crore towards approved CSR programmes.

7. DETAILS OF UNSPENT CORPORATE SOCIAL RESPONSIBILITY AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS:

Sr. No.	Preceding financial year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (₹ in Crore)	Balance amount in Unspent CSR Account under sub-section (6) of section 135 (₹ in Crore)	Amount Spent in the financial year (₹ in Crore)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding Financial year(s) (₹ in Crore)	Deficiency, if any
					Amount (₹ in Crore)	Date of transfer		
1.	2023-24	NIL	NIL	NIL	Not Applicable	Not Applicable	NIL	NIL
2.	2022-23	NIL	2.28	2.28	Not Applicable	Not Applicable	NIL	NIL
3.	2021-22	NIL	7.31	5.03	Not Applicable	Not Applicable	2.28	2.28

8. WHETHER ANY CAPITAL ASSETS HAVE BEEN CREATED OR ACQUIRED THROUGH CORPORATE SOCIAL RESPONSIBILITY AMOUNT SPENT IN THE FINANCIAL YEAR: No

- If Yes, enter the number of Capital assets created/ acquired - NA
- Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year - NA

9. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SECTION 135(5): Not Applicable

Sd/-
Amla Samanta
Chairperson, CSR & ESG Committee
DIN - 00758883

Sd/-
Ramesh G.
Managing Director & CEO
DIN - 05291597

Place: Mumbai
Date: May 17, 2024

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE YEAR ENDED MARCH 31, 2024

{Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

To,
The Members,
HDB FINANCIAL SERVICES LIMITED
Radhika, 2nd Floor, Law Garden Road,
Navrangpura, Ahmedabad GJ 380009.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HDB Financial Services Limited** (hereinafter called "the Company"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliance and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024, complied with the statutory provisions listed here under and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2024, according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws Framed there under **(during the period under review not applicable to the company);**

(iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(during the period under review FEMA Regulations for Foreign Direct Investment and Overseas Direct Investment were not applicable to the company)**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(during the period under review not applicable to the company);**

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(during the period under review not applicable to the company);**

(d) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

(e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 **(during the period under review not applicable to the Company);**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(during the period under review not applicable to the Company);**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(during the period under review not applicable to the Company);**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(during the period under review not applicable to the Company);**

(i) The Securities and Exchange Board of India (Debenture Trustee) Regulations, 2021;

(vi) Non-Banking Financial Company – Systemically Important Non - Deposit taking Company (Reserve Bank) Directions, 2016 (up to the period it was effective);

(vii) Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;

(viii) Master Direction – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;

(ix) Master Direction – Information Technology Framework for the NBFC Sector;

(x) Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;

(xi) Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023

We have examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by the Institute of Company Secretaries of India;

(ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of Act, Rules, Regulations, Guidelines etc.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of the Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices are given to all Directors to schedule the Board / Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance to all the Directors. Meetings held at shorter notice are in compliance with the provisions of the Act and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company passed the following special / ordinary resolutions which are having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

a. The members of the Company passed a resolution at its 16th Annual General Meeting to declare final dividend @ 11% i.e. ₹ 1.10/- on each equity share for the financial year ended March 31, 2023.

b. Appointment of Mr. Arijit Basu as a part time non-executive chairman and Independent Director of the company.

c. Issuance of redeemable non-convertible debentures (NCDs) on private placement basis.

d. Approval of selling, assignment, securitisation of receivables/book debts of the Company upto ₹ 7,500 Crore.

e. Alteration of Articles of Association (AOA) of the Company.

f. Approval of amendment in Employee Stock Option Scheme 2017 and Employee Stock Option Scheme 2022 for eligible employees of HDB Financial Services Limited.

g. Issuance and Allotment of Subordinated Bonds on Private Placement basis.

h. Issuance and allotment of Perpetual Debt Instruments on Private Placement basis.

i. Approval of Material Related Party Transactions with HDFC Bank Limited for Financial Year 2024-25.

j. Approval of Material Related Party Transactions with HDFC Life Insurance Company Limited for Financial Year 2024-25.

k. Increase in borrowing limits of the company from ₹ 80,000 Crore to ₹ 1,25,000 Crore.

l. Approval of increase in limits for creation of charge on the assets of the Company upto an amount of ₹ 1,25,000 Crore to secure its borrowings.

m. Re-appointment of Dr. Amla Samanta (DIN: 00758883) as an Independent Director of the Company.

n. Appointment of Mr. Jayesh Chakravarthi (DIN: 08345495) as an Independent Director of the Company.

o. Appointment of Mr. Jimmy Tata (DIN: 06888364) as a Non-Executive Director of the Company.

We further report that during the audit period the Company has transacted the following activities through the approval of the Board / Committee resolutions which are having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

a. The Company has under various Employee stock option scheme issued and allotted 16,75,483 (Sixteen Lakhs Seventy Five Thousand Four Hundred Eighty Three) Equity Shares of ₹ 10/- each to employees of the Company.

b. The Company has issued and allotted ₹ 16,324.50 Crore (Rupees Sixteen Thousand Three Hundred Twenty Four Crore and Fifty Lakh Only) Secured Redeemable Non-Convertible Debentures of ₹ 10 Lakh each (Rupees Ten Lakh Only) & ₹ 1 Lakh each (Rupees One Lakh Only) in various tranches on private placement basis, which were duly listed on BSE Limited.

c. The Company has issued and allotted ₹ 2,000 Crore (Rupees Two Thousand Crore Only) Unsecured Redeemable Non-Convertible Subordinated Bonds of ₹ 1 Lakh each (Rupees One Lakh Only) in various tranches on private placement basis, which were duly listed on BSE Limited.

d. The Company has issued and allotted ₹ 350 Crore (Rupees Three Hundred Fifty Crore Only) Unsecured Redeemable Non-Convertible Perpetual Debt Instruments of ₹ 1 Crore each (Rupees One Crore Only) in various tranches on private placement basis, which were duly listed on BSE Limited.

e. The Company has issued / allotted ₹ 6,250 Crore (Rupees Six Thousand Two Hundred Fifty Crore Only) Commercial Papers with face value of ₹ 5 Lakh (Rupees Five Lakh Only) each in the reporting year;

f. The Company has redeemed ₹ 9,674.10 Crore (Rupees Nine Thousand Six Hundred Seventy Four Crore and Ten Lakhs Only) Secured Redeemable Non-Convertible Debentures in various tranches during the year.

g. The Company has redeemed ₹ 230 Crore (Rupees Two Hundred Thirty Crore Only) Unsecured Redeemable Non-Convertible Subordinated Bonds in various tranches during the year.

h. The Company has redeemed ₹ 5,075 Crore (Rupees Five Thousand and Seventy Five Crore Only) Lakhs Commercial Papers during the year.

i. The Board of Directors of the Company has declared Interim dividend ₹ 2/- (Rupees Two Only) per equity share (i.e. 20 % on face value of each equity shares) during the year

For **Mehta & Mehta,**
Company Secretaries
(ICSI Unique Code P1996MH007500)

Sd/-
Aditi Patnaik
Partner
ACS No:45308
CP No: 18186
PR No: 3686/2023
Place: Mumbai
Date: April 16, 2024
UDIN: A045308F000145705

Note: This report is to be read with our letter of even date which is annexed as **'Annexure a'** and forms an integral part of this report.

To,
The Members,
HDB FINANCIAL SERVICES LIMITED
Radhika, 2nd Floor, Law Garden Road,
Navrangpura, Ahmedabad GJ 380009.

Our report of even date is to be read along with this letter.

1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5) The compliance of the provisions of corporate laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6) As regard the books, papers, forms, reports and returns filed by the Company under the provisions referred to in points (vi) to (x) of our Secretarial Audit Report in Form MR-3 the adherence and compliance to the requirements of the said regulations is the responsibility of management. Our examination was limited to checking the execution and timeliness of the filing of various forms, reports, returns and documents that need to be filed by the Company with various authorities under the said regulations. We have not verified the correctness and coverage of the contents of such forms, reports, returns and documents.

7) The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Mehta & Mehta,**
Company Secretaries
(ICSI Unique Code P1996MH007500)

Sd/-
Aditi Patnaik
Partner
ACS No:45308
CP No: 18186
PR No: 3686/2023
Place: Mumbai
Date: April 16, 2024
UDIN: A045308F000145705

DETAILS OF EMPLOYEES' STOCK OPTION SCHEME PURSUANT TO THE PROVISIONS OF RULE 12(9) OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014 FOR THE YEAR ENDED MARCH 31, 2024

ESOP Schemes	Options granted during the year	Options vested	Options exercised	Total number of shares arising as a result of exercise of option	Options lapsed / forfeited	Exercise price (in ₹)	Money realized by exercise of options (in ₹)	Total number of options in force as at March 31, 2024	Options exercisable, end of year
ESOP-10	-	-	-	-	-	213	-	42,000	42,000
ESOP-11	-	-	54,000	54,000	3,870	274	1,47,96,000	16,150	16,150
ESOP-12	-	-	1,12,583	1,12,583	7,990	300	3,37,74,900	1,57,517	1,57,517
ESOP-13	-	3,87,700	3,28,030	3,28,030	16,770	348	11,41,54,440	3,22,595	3,22,595
ESOP-13A	-	15,000	14,000	14,000	-	409	57,26,000	23,000	3,000
ESOP-14	-	6,11,475	5,28,264	5,28,264	61,325	433	22,87,38,312	12,10,134	4,14,902
ESOP-15A	-	3,54,942	1,47,750	1,47,750	-	457	6,75,21,750	10,35,390	2,07,192
ESOP-15B	-	10,03,763	4,90,856	4,90,856	2,76,492	509	24,98,45,704	27,30,822	5,12,907
ESOP-16A	13,79,770	-	-	-	35,000	424	-	13,44,770	-
ESOP-16B	4,36,400	-	-	-	9,380	533	-	4,27,020	-
ESOP-16C	14,29,400	-	-	-	10,000	533	-	14,19,400	-

During the FY 2023-24, the Company amended Employee Stock Option Scheme 2017 and Employee Stock Option Scheme 2022 to include the Malus and Clawback provisions. The approval of shareholders of the Company was obtained through Postal Ballot Resolution passed on August 26, 2023.

i. Employee wise details of options granted to Key Managerial Personnel is given below:

Sr. No.	Name	Designation	Grant during FY 2023-24
1	Mr. Ramesh G.	Managing Director & CEO	3,81,300
2	Mr. Jaykumar Shah	Chief Financial Officer	1,27,000
3	Ms. Dipti Khandelwal	Company Secretary	15,730

ii. Other employees who receive a grant of option in any one year of option amounting to 5 % or more of options granted during that year: None

iii. Identified employees who were granted option, during, any one year, equal to or exceeding 1 percent of the issued capital (excluding outstanding warrants and conversions): None

Annexure D

DISCLOSURES IN TERMS OF SECTION 197(12) READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. The ratio of the remuneration of each Director to the median remuneration of employees of the Company for the financial year as below:

Name and Designation	Ratio
Mr. Arijit Basu, Part Time Chairman and Independent Director	1:18
Mr. Venkatraman Srinivasan, Independent Director	1:14
Ms. Smita Affinwalla, Independent Director	1:13
Dr. Amla Samanta, Independent Director	1:11
Mr. Adayapalam Kumaraswamy (A K) Viswanathan, Independent Director	1:14
Ms. Arundhati Mech, Independent Director	1:13
Mr. Jayesh Chakravarthi, Independent Director	1:0.37
Mr. Jimmy Tata, Non-Independent Director	-
Mr. Ramesh G., Managing Director & Chief Executive Officer	1:236

2. Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any in the financial year:

Designation	Percentage Increase
Managing Director & Chief Executive Officer	15%
Chief Financial Officer	13%
Company Secretary	22%

3. During the year under review there was 9.74% increase in the median remuneration of the employees of your Company.

4. As on March 31, 2024 there were 88,824 employees on the rolls of your Company including 1,423 apprentice.

5. It is hereby affirmed that the remuneration paid during the year was as per the Remuneration policy of the Company.

6. Average percentage increase in the salaries of employees other than the managerial personnel in the last financial year was 17.61% whereas the increase in the managerial remuneration was 15%.

RELATED PARTY TRANSACTION DISCLOSURE AS PER SECTION 188 OF THE COMPANIES ACT, 2013

Form No. AOC - 2

(Pursuant to clause (h) of sub - section (3) of section 134 of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub - section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: **Nil**

2. Details of material contracts or arrangement or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board, if any	Amount paid as advances, if any
HDFC Bank Limited (Holding Company)	Providing sales support services	April 2023-March 2024	The Company has a contract with the HDFC Bank for providing sales support services. Income from sales support services is ₹ 1,140.05 Crore.	It is specialized service provided by the Company to HDFC Bank at cost plus mark up as per the terms agreed between parties	NA	Nil
HDFC Bank Limited (Holding Company	Term Loans availed	April 2023-March 2024	The terms and rates are determined as per prevailing market rates. Term loan availed is ₹ 9,402.96 Crore. Repaid is ₹ 6,759.04 Crore.	This is in furtherance of the fund raising activities of the Company		Nil

The details of the other related party transactions including amount has been mentioned in the notes forming part of financial statement at Note no.37

The above mentioned material related party transactions was entered into by the Company in the ordinary course of business and at arm's length basis duly approved by the Audit Committee of the Company. The materiality threshold is as prescribed in Rule 15 (3) the Companies (Meetings of Board and its Powers) Rules, 2014.

Annexure F

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
HDB Financial Services Limited

We have examined the compliance of conditions of Corporate Governance by **HDB Financial Services Limited** (hereinafter referred as "Company") for the Financial year ended March 31, 2024 as prescribed under Regulations 17 to 27 and paras C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations").

We state that compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to our examination of the relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as prescribed under Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This certificate is issued solely for the purposes of complying with Listing Regulations and may not be suitable for any other purpose.

For **Mehta & Mehta,**
Company Secretaries
(ICSI Unique Code P1996MH007500)

Sd/-
Aditi Patnaik
Partner
ACS No: 45308
CP No.: 18186
PR No.: 3686/2023
Place: Mumbai
Date: April 16, 2024
UDIN: A045308F000145782

Report on Corporate Governance

CORPORATE GOVERNANCE PHILOSOPHY

The Company's philosophy on Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and meeting its obligations to stakeholders and is guided by a strong emphasis on transparency, accountability and integrity. The governance practices and processes ensure that the interest of all stakeholders are taken into account in a transparent manner and are firmly embedded into the culture of the organisation.

The Company has fair, transparent and ethical governance practices, essential for augmenting long- term shareholder value and retaining investor trust. This has been possible through continued efforts and commitment to the highest standards of corporate conduct.

The Company has a dynamic, experienced and well-informed Board. The Board along with its Committees, with the Corporate Governance mechanism in place, undertakes its fiduciary duties towards all its stakeholders. The Company has adopted a Board approved Corporate Governance Code which will help the Company in attaining its objectives/goals, since it encompasses every sphere of operations, management, action plans, internal controls, performance measurement and regulatory disclosure. The said Corporate Governance Code has been uploaded on the Company's website and can be accessed at https://www.hdbfs.com/investors.

BOARD OF DIRECTORS

The Board of Directors (**"Board"**) is at the core of the corporate governance system of the Company. The Board is committed towards compliance of sound principles of corporate governance and plays a crucial role in overseeing how the management serves the short and long term interests of the members and other stakeholders. This belief is reflected in the governance practices of the Company, under which it strives to maintain an effective, informed and independent Board.

The Company strives to maintain an appropriate balance of skills and experience within the organisation and the Board in an endeavour to introduce new perspectives while maintaining experience and continuity.

Committees of the Board handling specific responsibilities mentioned under the applicable laws viz. Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Information Technology Strategy Committee, Corporate Social Responsibility and ESG Committee and Stakeholders Relationship Committee empower the functioning of the Board through flow of information amongst each other and by delivering a focused approach and expedient resolution of diverse matters.

In compliance with the provisions of the Companies Act, 2013 (**"Act"**), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"SEBI Listing Regulations"**) and Reserve Bank of India (Non-Banking Financial Company–Scale Based Regulation) Master Directions, 2023, No. RBI/DoR/2023-24/105 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 (**"RBI Master Directions"**), the Board of your Company has an optimum combination of Executive, Non-Executive and Independent Directors. The composition of the Board is in compliance with the provisions of the Act and Rules made thereunder and SEBI Listing Regulations as amended from time to time. As on March 31, 2024, the Board comprised of nine members consisting of one Executive Director, one Part-Time Non-Executive Chairman & Independent Director, one Non-Executive Director and six Non-Executive Independent Directors including three Women Directors.

Report on Corporate Governance (Contd.)

The composition of the Board of Directors as on March 31, 2024, attendance of Directors at the Company's Board Meetings held during the FY 2023-24 and the last virtual Annual General Meeting held on June 30, 2023 are as follows:

Sr. No.	Name of the Director, Category & DIN	Director Since	Number of Board meetings		Whether attended last AGM	No. of other Director ships	Remuneration (₹ In Lakhs)			No. of shares held in and convertible instrument held in the Company
			Held	Attended			Salary and other compensation	Sitting Fee	Commission	
1.	Mr. Arijit Basu, Part-Time Non-Executive Chairman & Independent Director (DIN: 06907779)	June 01, 2021	7	6	Yes	1	30	6.75	Nil	Nil
2.	Mr. Venkatraman Srinivasan, Independent Director (DIN: 00246012)	March 12, 2015	7	7	Yes	5	Nil	13.75	15	Nil
3.	Ms. Smita Affinwalla, Independent Director (DIN: 07106628)	March 12, 2015	7	7	Yes	1	Nil	12	15	Nil
4.	Dr. Amla Samanta, Independent Director (DIN: 00758883)	May 01, 2019	7	7	Yes	3	Nil	8.75	14	Nil
5.	Mr. Adayapalam Viswanathan, Independent Director (DIN: 08518003)	July 24, 2019	7	6	Yes	Nil	Nil	13.75	15	Nil
6.	Ms. Arundhati Mech, Independent Director (DIN: 09177619)	February 11, 2022	7	7	Yes	1	Nil	12	15	Nil
7.	Mr. Jayesh Chakravarthi, Independent Director (DIN: 08345495)	January 25, 2024	1	1	NA	1	Nil	0.75	Nil	Nil
8.	Mr. Jimmy Tata, Non-Executive Director (DIN: 06888364)	July 15, 2023	5	5	NA	1	Nil	Nil	Nil	3,21,021
9.	Mr. Ramesh G., Managing Director & Chief Executive Officer (DIN: 05291597)	July 01, 2012	7	7	Yes	Nil	782.31	Nil	Nil	8,53,000

Note: The Board of Directors based on the recommendation of Nomination and Remuneration Committee, has re-appointed Mr. A K Viswanathan as an Independent Director of the Company with effect from July 24, 2024 subject to shareholders approval at the ensuing Annual General Meeting of the Company.

The details of directorship and committee chairmanship/ membership as on March 31, 2024 is as under:

Name of the Director	Directorships			Number of Committee positions held*	
	In equity listed companies	In unlisted public companies	In private limited companies	Chairman	Member
Mr. Arijit Basu	Nil	1	Nil	Nil	1
Mr. Venkatraman Srinivasan	• Fairchem Organics Ltd • Mahanagar Gas Ltd • Eimco Elecon (India) Ltd • Amal Ltd	Nil	1	3	8
Ms. Smita Affinwalla	Nil	Nil	1	0	1
Dr. Amla Samanta	Nil	1	2	1	2
Mr. Adayapalam Viswanathan	Nil	Nil	Nil	Nil	1
Ms. Arundhati Mech	Nil	1	Nil	Nil	2
Mr. Jayesh Chakravarthi	Nil	Nil	1	Nil	Nil
Mr. Jimmy Tata	Nil	Nil	1	Nil	1
Mr. Ramesh G.	Nil	Nil	Nil	Nil	1

* Disclosure includes Chairmanship/ Membership of Committees as required for computation of maximum number of Committees of which Director can be Chairman or Member in terms of Regulation 26(1) of SEBI Listing Regulations (i.e. Chairmanship/ Membership of Audit Committee and Stakeholders Relationship Committee in all Indian public companies including HDB Financial Services Limited).

Note: The number of Memberships of the Directors in the Committee includes the number of posts of Chairman of the said Committee held in public companies including HDB Financial Services Limited as on March 31, 2024.

Details of change in composition of the Board during the current FY 2023-24 and previous FY 2022-23 as below:

Sr. No.	Name of the Director	Capacity	Nature of change	Effective Date
1	Mr. Ramesh G.	Managing Director and Chief Executive Officer	Re-appointment	July 01, 2022
2	Mr. Arijit Basu	Chairman and Non-Executive Director (Non-Independent Director)	Resignation	May 31, 2023
3	Mr. Arijit Basu	Part-Time Non-Executive Chairman and Independent Director	Appointment	May 31, 2023
4	Mr. Jimmy Tata	Non-Executive Director	Appointment	July 15, 2023
5	Mr. Jayesh Chakravarthi	Independent Director	Appointment	January 25, 2024
6	Dr. Amla Samanta	Independent Director	Re-appointment	May 01, 2024

All the Directors have made necessary disclosures regarding their directorship and committee positions occupied by them in other companies. Based on the declaration received from the Directors, none of the Directors are related to each other.

BOARD MEETINGS AND DELIBERATIONS

The Board Meetings are convened by giving appropriate notice well in advance of all the meetings. The Directors / Members are provided with appropriate information in the form of agenda items in a timely manner, to enable them to deliberate on each agenda item and make informed decisions and provide appropriate directions to the Management.

The Board meets at least once in every quarter to review the quarterly results and other items on the agenda and additional meetings are held to address specific needs and business requirements of your Company. In case of business exigencies, the Board's approvals are taken through circular resolutions and the same are noted at the subsequent meeting of the Board of Directors. The quorum of the Board meeting is three members or one-third members, whichever is higher.

Video-conferencing facility is also provided at the Board meetings in case any director is unable to attend the meeting physically but wishes to participate through electronic mode in the meetings. The same is conducted in compliance with the applicable laws. The Business Heads and other executives attend the Board meetings upon invitation on need basis.

At the Board Meetings, presentations covering important areas of the Company were presented such as annual action plans, business strategies, financial statements, performance review, information technology, information security risk management, customer grievances, customer services framework, compliance and risk assessment, scale based regulation (SBR) regulatory framework, etc.

During the FY 2023-24, your Board of Directors met 7 (Seven) times, the Meetings were held on April 15, 2023; May 31, 2023; June 12, 2023 (adjourned meeting); July 15, 2023; October 14, 2023; December 19, 2023; January 13, 2024; March 11, 2024 and March 12, 2024 (adjourned meeting). The requisite quorum was present for all the Meetings. The Board met at least once in a calendar quarter and the maximum time gap between any two Meetings was not more than one hundred and twenty days.

DECLARATION OF INDEPENDENCE

The Company has received necessary declaration and confirmation from each of the Independent Directors confirming that they meet the criteria of independence as prescribed under the Act and SEBI Listing Regulations. Independent Directors have confirmed that they have registered their names in the Independent Directors' Databank. In the opinion of the Board, the Independent Directors continue to fulfil the criteria prescribed for an independent director as stipulated in Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act and are independent of the management of the Company.

MEETINGS OF INDEPENDENT DIRECTORS

As stipulated by the Code of Independent Directors under the Act and Rules made thereunder and SEBI Listing Regulations as amended from time to time, one Meeting of Independent Directors was held during the year. The Meeting was conducted to enable Independent Directors, discuss matters relating to Company's affairs and put forth their views without the presence of Non-Independent Directors and members of the Management.

In this Meeting, the Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole.

A separate Meeting of Independent Directors was held on April 14, 2023, during the year under review.

The details of the Separate Meeting of Independent Directors held during FY 2023-24 and attendance of the members at the meeting is given below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	Attendance (%)
Ms. Smita Affinwalla	1	1	100
Mr. Venkatraman Srinivasan	1	1	100
Dr. Amla Samanta	1	1	100
Mr. Adayapalam Viswanathan	1	1	100
Ms. Arundhati Mech	1	1	100

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company conducts orientation programs/ presentations/ training sessions, periodically at regular intervals, to familiarise the Independent Directors with the strategies, operations and functions of the Company.

Further, on an ongoing basis as a part of the agenda of meetings of the Board/ Committee(s), presentations are regularly made to the Independent Directors on various matters inter alia covering the Company's businesses and operations, strategies, risk management framework, industry and regulatory updates and other relevant matters. These presentations enable one-on-one interaction between the Independent Directors and the senior management of the Company/ internal auditor of the Company. Additionally, visits to branches of the Company are also arranged to apprise them of the actual operations of the Company.

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters along with details of number of programmes and number of hours spent by each of the Independent Directors during the Financial Year 2023-24, in terms of the requirements of SEBI Listing Regulations are available on the website of the Company and can be accessed at https://www.hdbfs.com/sites/default/files/grp_pdf/Familiarization-Program-for-Independent-Directors2023.pdf

A CHART OR A MATRIX SETTING OUT THE SKILLS/EXPERTISE/COMPETENCE OF THE BOARD

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the existing composition of the Board.

Name of the Director	Skill Areas
Mr. Arijit Basu	Leadership, Business & Strategic Planning, Governance, Industry Knowledge, Banking, Insurance
Mr. Venkatraman Srinivasan	Finance, Audit, Accounting & Taxation, Compliance & Audit Purview, Governance
Ms. Smita Affinwalla	Human Resource, Business Administration, Finance, BFSI Industry knowledge
Mr. Adayapalam Viswanathan	Risk Management, Cyber Security, Stakeholders Engagement, Finance, Accounting & Taxation
Dr. Amla Samanta	Entrepreneurship Banking, Finance, Governance
Ms. Arundhati Mech	Banking, Human Resource, Regulatory Compliance, Business Administration
Mr. Jimmy Tata	Risk Management, Banking, Industry Knowledge, Finance
Mr. Jayesh Chakravarthi	Information Technology, Cyber Security, Business & Strategic Planning
Mr. Ramesh G.	Leadership, Business & Strategic Planning, Governance, Industry Knowledge, Risk Management, Stakeholders Engagement

COMMITTEES OF THE BOARD OF DIRECTORS

The Committees instituted by the Board plays a vital role in the governance structure of the Company and they deal in specific areas or activities that need closure or review. The Committees have been set up under the prescribed approval of the Board to carry out roles and responsibilities as set out in the Corporate Governance Code of the Company. The terms of reference of these Committees are in line with the requirements of the Companies Act, 2013 and SEBI Listing Regulations. The brief terms of reference of the individual Committees of Board are aligned with individual Committees mentioned below and the detailed list of the terms of reference of the Committees can be accessed through Corporate Governance Code of the Company available on the website at https://www.hdbfs.com/investors

The Chairman of each Committee briefs the Board on the important deliberations and decisions of the respective Committees. The quorum for all the Board Committees is two members or one-third members, whichever is higher. The Company Secretary acts as the Secretary to all the Committees of the Board of Directors.

Your Company has six (6) Committees as on March 31, 2024, of the Board, where the members of the Committees take informed decisions in the best interest of the Company. Also Customer Service Committee is constituted w.e.f April 16, 2024. Following Committees monitor the activities falling within their terms of reference:

A. Audit Committee

B. Nomination and Remuneration Committee

C. Stakeholders Relationship Committee

D. Corporate Social Responsibility & ESG Committee

E. Risk Management Committee

F. Information Technology Strategy Committee.

During the FY 2023-24, the Board had accepted all recommendations of all the Committees of the Board. All decisions pertaining to the constitution of Committees, appointment of members and terms of reference for Committee members are taken by the Board of Directors. Details pertaining to the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

A. AUDIT COMMITTEE

Your Company has an independent Audit Committee, which acts as a link between the management, the statutory and internal auditors and the Board. Its composition, quorum, powers, role and scope are in accordance with the provisions of Section 177 of the Act, Regulation 18 of the SEBI Listing Regulations and Reserve Bank of India (Non-Banking Financial Company–Scale Based Regulation) Master Directions, 2023, No. RBI/DoR/2023-24/105 DoR.FIN.REC. No.45/03.10.119/2023-24 dated October 19, 2023 on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("RBI Master Directions"). All the members of the Audit Committee are financially literate and possess high expertise in the fields of Finance, Taxation, Economics, Risk and International Finance.

Composition, Meetings & Attendance:

Majority of the Committee members are Independent Directors. The Audit Committee met 4 (Four) times during the year under review on April 14, 2023, April 15, 2023 (adjourned meeting), July 14, 2023, July 15, 2023 (adjourned meeting), October 13, 2023, October 14, 2023 (adjourned meeting) and January 12, 2024, January 13, 2024 (adjourned meeting). The gap between two Meetings did not exceed one hundred and twenty days. The composition of the Audit Committee as on March 31, 2024 and the details of attendance for the FY 2023-24 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Mr. Venkatraman Srinivasan	March 12, 2015	Chairman, Independent Director	4	4	Nil
2.	Mr. Adayapalam Viswanathan	July 24, 2019	Member, Independent Director	4	4**	Nil
3.	Ms. Smita Affinwalla	March 12, 2015	Member, Independent Director	4	4	Nil
4.	Mr. Jimmy Tata*	October 14, 2023	Member, Non-Executive Director	1	1	3,21,021

*Mr. Jimmy Tata was inducted as a member of the Audit Committee with effect from October 14, 2023.

**Mr. Adayapalam Viswanathan was present at the 70th Audit Committee meeting held on January 12, 2024. However, he was absent in the 70th adjourned Audit Committee meeting held on January 13, 2024.

Mr. Venkatraman Srinivasan, Chairman of the Committee, was present at the 16th AGM which was held through video conferencing (VC) on June 30, 2023 to answer members' queries.

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Act and Rules made thereunder, SEBI Listing Regulations and RBI Master Directions as amended from time to time. The role and responsibilities of the Audit Committee inter-alia includes:

(i) Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;

(ii) Recommending the appointment, remuneration and terms of appointment of the auditors of the Company;

(iii) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(iv) Approving payments to statutory auditors for any other services rendered by the statutory auditors;

(v) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval.

In addition to the members of the Audit Committee, these meetings were attended by Chief Financial Officer, Internal Auditor, Internal Ombudsman, representative of Statutory Auditors and other senior executives who were considered necessary for providing inputs to the Committee.

B. NOMINATION & REMUNERATION COMMITTEE

Your Company has a Nomination and Remuneration Committee (NRC) in compliance with the provisions of the Section 178 of the Act, Regulation 19 of SEBI Listing Regulations and RBI Master Directions.

Composition, Meetings & Attendance:

All the members of the Nomination & Remuneration Committee are the Independent Directors. In addition to the members of the Nomination & Remuneration Committee, these meetings were attended by Managing Director & CEO, Chief - People & Operations and other senior executives who were considered necessary for providing inputs to the Committee. The Nomination & Remuneration Committee met 3 (Three) times during the year under review, on May 31, 2023, June 12, 2023 (adjourned meeting), October 23, 2023 and January 22, 2024.

The composition of the Nomination & Remuneration Committee as on March 31, 2024 and the details of attendance for the FY 2023-24 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Mr. Venkatraman Srinivasan	Chairman, Independent Director	March 12, 2015	3	3	Nil
2.	Mr. Arijit Basu	Member, Independent Director	August 16, 2021	3	3	Nil
3.	Dr. Amla Samanta	Member, Independent Director	July 24, 2019	3	3	Nil

Mr. Venkatraman Srinivasan, Chairman of the Committee, was present at the 16th AGM which was held through video conferencing (VC) on June 30, 2023 to answer members' queries.

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Act and Rules made thereunder, SEBI Listing Regulations and RBI Master Directions as amended from time to time. The role and responsibilities of the Nomination and Remuneration Committee inter-alia includes:

(i) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a Policy, relating to the remuneration for the directors, key managerial personnel and other employees. While formulating the policy, following to be ensured:

  (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

  (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

  (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

(ii) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

  (a) use the services of an external agencies, if required;

  (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and

  (c) consider the time commitments of the candidates.

(iii) Formulating criteria for evaluation of the performance of the independent directors and the Board;

(iv) Devising a policy on Board diversity;

(v) Ensuring 'fit and proper' status of the proposed and existing directors and scrutinising the declarations received by the directors in this regard;

Performance Evaluation of Board, its Committees and Directors

Pursuant to the provisions of the Act and Rules made thereunder and SEBI Listing Regulations as amended from time to time, the Nomination & Remuneration Committee had approved a framework for performance evaluation of the Board of Directors, its Committees and the individual Board members. The Board has carried out an annual performance evaluation of its own performance, evaluation of the working of its Committees as well as performance of all the Directors individually (including Independent Directors) and Chairman. Feedback was sought by well-defined and structured questionnaires covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, etc.

Performance Evaluation framework of the Company is as follows:

a. NRC would approve framework of performance evaluation of the Company;

b. Board would evaluate the performance of the Independent Directors, Board as a whole and Committees of the Board;

c. Independent Directors would evaluate the performance of the Chairman of the Company after taking views of other directors, Board as a whole, Managing Director & CEO and Non-Independent Directors; and

d. Self-evaluation of individual Directors.

The evaluation involves self-evaluation by the Board Member and subsequent assessment by the Independent Directors. A member of the Board will not participate in the discussion of his/her evaluation. The performance evaluation of the Non-Independent Directors, Chairman and the Board as a whole was carried out by the Independent Directors.

The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Director being evaluated. Performance evaluation of the Board and of its Committees was carried out by the Board. Qualitative comments and suggestions of Directors were taken into consideration by the Chairman of the Board and the Chairman of the Nomination and Remuneration Committee.

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

Your Company has a Stakeholders Relationship Committee in compliance with Section 178(5) of the Act and Regulation 20 of SEBI Listing Regulations. Ms. Dipti Khandelwal, Company Secretary, is Compliance officer of the Company.

Composition, Meetings & Attendance:

The Stakeholders Relationship Committee met 2 (Two) times during the year under review on April 14, 2023 and October 13, 2023. The composition of the Stakeholders Relationship Committee as on March 31, 2024 and the details of attendance for the FY 2023-24 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Dr. Amla Samanta	Chairperson, Independent Director	July 17, 2019	2	2	Nil
2.	Ms. Arundhati Mech	Member, Independent Director	April 16, 2022	2	2	Nil
3.	Mr. Ramesh G.	Member, Managing Director & Chief Executive Officer	April 18, 2017	2	2	8,53,000

Dr. Amla Samanta, Chairman of the Committee, was present at the 16th AGM which was held through video conferencing (VC) on June 30, 2023 to answer members' queries.

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with Act and SEBI Listing Regulations. The role and responsibilities of the Stakeholders Relationship Committee inter-alia includes:

(i) Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, etc.;

(ii) Review of measures taken for effective exercise of voting rights by shareholders;

(iii) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;

(iv) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;

(v) To specifically look into various aspects of interest of shareholders, debenture holders and other security holders; and

During the FY 2023-24, one grievance from the debenture holder was received, which was resolved within the regulatory timelines.

D. RISK MANAGEMENT COMMITTEE

Your Company has Risk Management Committee in compliance with Regulation 21 of SEBI Listing Regulations and RBI Master Directions, which monitors the risk management strategy of the Company. In order to ensure best governance practices, the Company has established risk management process for each line of its business and operations. These processes have been implemented through the specific policies adopted by the Board of Directors of the Company from time to time. Nevertheless, entire processes are subjected to robust independent internal audit review to arrest any potential risks and take corrective actions.

The Risk Management Committee of the Board has been in place since the commencement of business of the Company, meets on a quarterly basis and reports to the Board of Directors. The minutes of such meetings are tabled before the Board of Directors.

Composition, Meetings & Attendance:

The Risk Management Committee met 4 (Four) times during the year under review on June 29, 2023, September 20, 2023, December 15, 2023 and March 13, 2024. In addition to the members of the Risk Management Committee, these meetings were attended by Chief Financial Officer, Chief Risk Officer and other senior executives who were considered necessary for providing inputs to the Committee.

The composition of the Risk Management Committee as on March 31, 2024 and the details of attendance for the FY 2023-24 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Mr. Adayapalam Viswanathan	July 24, 2019	Chairman, Independent Director	4	4	Nil
2.	Mr. Venkatraman Srinivasan	July 24, 2019	Member, Independent Director	4	4	Nil
3.	Ms. Arundhati Mech	April 16, 2012	Member, Independent Director	4	4	Nil

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
4.	Mr. Jimmy Tata*	October 14, 2023	Member, Non-Executive Director	2	2	3,21,021
5.	Mr. Ramesh G.	July 17, 2012	Member, Managing Director & Chief Executive Officer	4	4	8,53,000

*Mr. Jimmy Tata was inducted as a Member of the Committee with effect from October 14, 2023.

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with SEBI Listing Regulations and RBI Master Directions as amended from time to time. The role and responsibilities of the Risk Management Committee inter-alia includes:

(i) Approving and monitoring the Company's risk management policies and procedures;

(ii) Framing, implementing, reviewing and monitoring the risk management plan including cyber security for the Company;

(iii) Evaluating the overall risks faced by the Company including liquidity risk;

(iv) Formulate a detailed risk management policy which shall include:

  (a) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

  (b) Measures for risk mitigation including systems and processes for internal control of identified risks.

  (c) Business continuity plan.

(v) Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

E. CORPORATE SOCIAL RESPONSIBILITY AND ESG COMMITTEE

The Corporate Social Responsibility and ESG (CSR & ESG) Committee was formed as per the provisions of Section 135 of the Act.

Composition, Meetings & Attendance:

The CSR & ESG Committee met 2 (Two) times during the year under review i.e. on April 14, 2023 and September 25, 2023. The composition of the Corporate Social Responsibility and ESG Committee as on March 31, 2024 and the details of attendance for the FY 2023-24 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Dr. Amla Samanta	July 17, 2019	Chairperson, Independent Director	2	2	Nil
2.	Ms. Smita Affinwalla	March 12, 2015	Member, Independent Director	2	2	Nil
3.	Mr. Venkatraman Srinivasan*	October 14, 2023	Member, Independent Director	-	-	Nil
4.	Mr. Ramesh G.	March 12, 2015	Member, Managing Director & Chief Executive Officer	2	2	8,53,000

*Mr. Venkatraman Srinivasan was appointed as a Member of the CSR & ESG Committee consequent to reconstitution of the Committee with effect from October 14, 2023.

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements. The role and responsibilities of the CSR & ESG Committee inter-alia includes:

(i) To formulate and recommend to the Board the Company's ESG and CSR strategy, policy which shall include the activities to be undertaken by the Company in areas and subject as specified in Schedule VII of the Companies Act, 2013 and to review and update them from time to time as the Company's activities evolve further.

(ii) To monitor the Company's ESG and CSR policy and performance. The ESG and CSR Committee shall institute a transparent monitoring mechanism for implementation of the all activities including CSR projects & programs, undertaken by the Company.

(iii) Recommend the amount of expenditure to be incurred on the CSR activities

(iv) To review the CSR project/initiatives from time to time.

(v) To ensure legal and regulatory compliance for all ESG related requirements as applicable to the Company including CSR.

F. INFORMATION TECHNOLOGY STRATEGY COMMITTEE

Information Technology (IT) Strategy Committee was formed as per the provisions of RBI Master Direction No. RBI/DNBS/2016-17/53 DNBS.PPD.No.04/66.15.001/2016-17 dated June 08, 2017 pertaining to "Information Technology Framework for the NBFC Sector". The Company has also considered the provisions of RBI Master Direction No. RBI/DoS/2023-24/107 DoS.CO.CSITEG/SEC.7/31.01.015/2023-24 dated November 07, 2023 on Information Technology Governance, Risk, Controls and Assurance Practices, which shall be effective from April 01, 2024.

Composition, Meetings & Attendance:

The Information Technology Strategy Committee comprise of five members which met 4 (Four) times during the year under review i.e. on June 29, 2023; September 25, 2023; December 15, 2023 and March 13, 2024.

The composition of the Information Technology Strategy Committee as on March 31, 2024 and the details of attendance for the FY 2023-24 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Mr. Adayapalam Viswanathan	July 24, 2019	Chairman, Independent Director	4	4	Nil
2.	Ms. Arundhati Mech	April 16, 2022	Member, Independent Director	4	4	Nil
3.	Ms. Smita Affinwalla	August 16, 2021	Member, Independent Director	4	4	Nil
4.	Mr. Ramesh G.	January 18, 2018	Member, Managing Director & Chief Executive Officer	4	4	8,53,000
5.	Mr. Mathew Panat	April 16, 2022	Member, Chief Technology Officer	4	4	3,000

In addition to the members of the Information Technology Strategy Committee, these meetings were attended by Chief Information Security Officer, Chief Risk Officer, Head Infrastructure & Security Operations and other senior executives who were considered necessary for providing inputs to the Committee.

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements. The role and responsibilities of the Information Technology Strategy Committee inter-alia includes:

(i) Ensure that the RE has put an effective IT strategic planning process in place.

(ii) Shall guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the RE towards accomplishment of its business objectives.

(iii) ITSC shall satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organisation.

(iv) ITSC to ensure that the Company has put in place processes for assessing and managing IT and cybersecurity risks.

(v) The Committee to ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the Company's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives.

GENERAL BODY MEETINGS

Following are the information on General Body meetings and details of special resolution(s) passed.

a. Details of last three Annual General Meetings and Special Resolutions passed thereat:

Details of AGM	Date and Time	Venue	Special resolutions passed
16th AGM	June 30, 2023 at 12 noon	Held through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")	• Appointment of Mr. Arijit Basu as a Part-Time Non-Executive Chairman and Independent Director of the Company • Approve Selling, Assignment, Securitisation of Receivables / Book Debts of the Company up to ₹ 7,500 Crore. • Authority to issue Redeemable Non-Convertible Debentures and/or other Instruments on Private Placement basis. • Alteration of Articles of Association of the Company
15th AGM	June 23, 2022 at 12 noon	Held through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")	• Re-appointment of Mr. Ramesh G. as a Managing Director and Chief Executive Officer of the Company. • Approve Selling, Assignment, Securitisation of Receivables/ Book Debts of the Company up to ₹ 7,500 Crore. • Authority to issue Redeemable Non-Convertible Debentures and/or other Instruments on Private Placement basis.
14th AGM	June 25, 2021 at 12 noon	Held through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")	• Approve Selling, Assignment of its receivables/book debts up to ₹ 7,500 Crore. • Authority to issue redeemable non-convertible debentures and/ or other hybrid instruments on private placement basis.

b. Details of Extra-Ordinary General Meeting held in last three financial years and special resolutions passed thereat:

During the FY 2021-22; FY 2022-23 and FY 2023-24 the Company did not hold any Extraordinary General Meeting.

c. Details of business transacted through Postal Ballot during the FY 2023-24:

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014, Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India, including any statutory modification(s), clarification(s), substitution(s) or re-enactment(s) thereof for the time being in force, guidelines prescribed by the Ministry of Corporate Affairs (the "MCA"), Government of India, for holding general meetings/conducting postal ballot process through electronic voting (remote e-voting) and any other applicable laws and regulations, the approval of the Members of the Company for below mentioned resolutions were obtained through Postal Ballot Notices dated July 15, 2023 and January 26, 2024 via. remote e-voting.

For matters which are urgent and require shareholders' approval in the period between the AGMs, the Company seeks the approval of shareholders through postal ballot.

During the FY 2023-24, the Company had sought approval of the members through two postal ballot notices, the details of the same are given below:

Date of Notice	Date of Scrutiniser's report	Date of passing the resolution	Special Resolution(s) passed
July 15, 2023	August 28, 2023	August 26, 2023	1. Appointment of Mr. Jimmy Tata (DIN: 06888364) as a Non-Executive Director of the Company 2. Amendment in Employee Stock Option Scheme 2017 and Employee Stock Option Scheme 2022 for eligible employees of the Company

VOTING RESULTS OF SPECIAL RESOLUTION PASSED THROUGH POSTAL BALLOT NOTICE DATED JULY 15, 2023:

Special Resolution(s)	% of Votes in favour of the Resolution	% of Votes against the Resolution	% of Invalid Votes
Resolution No. 1	99.9997	0.0003	-
Resolution No. 2	99.9970	0.0030	0.1020

Date of Notice	Date of Scrutiniser's report	Date of passing the resolution	Special Resolution(s) passed
January 26, 2024	February 29, 2024	February 28, 2024	1. Authority to issue and allotment of Subordinated Bonds on Private Placement basis 2. Authority to issue and allotment of Perpetual Debt Instruments on Private Placement basis 3. Approval for increasing borrowing limits of the Company from ₹ 80,000 Crore to ₹ 1,25,000 Crore 4. Approval for increasing limits for creation of charge on the assets of the Company upto an amount of ₹ 1,25,000 Crore to secure its borrowings 5. Re-appointment of Dr. Amla Samanta (DIN: 00758883) as an Independent Director of the Company 6. Appointment of Mr. Jayesh Chakravarthi (DIN: 08345495) as an Independent Director of the Company

VOTING RESULTS OF SPECIAL RESOLUTION PASSED THROUGH POSTAL BALLOT NOTICE DATED JANUARY 26, 2024:

Special Resolution(s)	% of Votes in favour of the Resolution	% of Votes against the Resolution	% of Invalid Votes
Resolution No. 1	99.9992	0.0008	-
Resolution No. 2	99.9992	0.0008	-
Resolution No. 3	99.9994	0.0006	-
Resolution No. 4	99.9994	0.0006	-
Resolution No. 5	99.9968	0.0032	-
Resolution No. 6	99.9968	0.0032	-

PROCEDURE FOR POSTAL BALLOT

Pursuant to the provisions of the Act read with the rules framed thereunder and the MCA Circulars, the manner of voting on the proposed resolutions is restricted only to remote e-voting i.e., by casting votes electronically instead of submitting postal ballot forms. In compliance with the MCA Circulars, postal ballot notice was sent through email only, to all those members who had registered their email ids with the Company/depositories. Arrangements were also made for other members to register their email id to receive the postal ballot notice and cast their vote online.

The Company also published particulars of Postal Ballot notice in the newspapers for the information of the members. Voting rights are reckoned on the equity shares held by the members as on the cut-off date. Pursuant to the provisions of the Act, the Company appoints a scrutiniser for scrutinising the postal ballot process in a fair and transparent manner. The scrutiniser submits his consolidated report to the Chairman and the voting results are announced by the Chairman by placing the same along with the scrutiniser's report on the Company's website, besides being communicated to the stock exchanges. The resolution, if passed by requisite majority, is deemed to have been passed on the last date specified by the Company for receipt of duly completed remote e-voting.

Mr. Mitesh Shah, proprietor of M/s. Mitesh J. Shah & Associates, Practicing Company Secretary, was appointed as the Scrutiniser for scrutinising the Postal Ballot process, in a fair and transparent manner. There is no immediate proposal for passing any special resolution through Postal Ballot.

SENIOR MANAGEMENT

The particulars of Senior Management of the Company as at March 31, 2024:

Sr. No.	Name of the Senior Management	Designation
1	Mr. Ramesh G.	Managing Director & CEO
2	Mr. Karthik Srinivasan	Chief Business Officer
3	Mr. Sarabjeet Singh	Chief Business Officer
4	Mr. Manish Tiwari	Head – Commercial Equipment and Micro Lending
5	Mr. Venkata Swamy	Chief Digital and Marketing Officer
6	Mr. Jaykumar Shah	Chief Financial Officer
7	Mr. Rohit Patwardhan	Chief Credit Officer
8	Mr. Ashish Ghatnekar	Chief – People & Operations
9	Mr. Mathew Panat	Chief Technology Officer
10	Mr. Harish Venugopal	Chief Risk Officer
11	Mr. Arjun Dutta	Chief Compliance Officer
12	Mr. Premal Brahmbhatt	Head - Internal Audit
13	Ms. Dipti Khandelwal	Company Secretary and Head Legal

DETAILS OF REMUNERATION TO DIRECTORS

a. Pecuniary relationship/ transaction with Non-Executive Directors

During the FY 2023-24, there were no pecuniary relationship/ transactions of any Non–Executive Directors with the Company, apart from receiving remuneration as directors. During the FY 2023-24, the Company did not advance any loans to any of its directors and to firms / companies in which Directors are interested.

b. Remuneration paid to Executive Director

The details of the remuneration paid and stock options granted to Mr. Ramesh G., Managing Director and CEO during the financial year 2023-24 is as under:

Particulars of Remuneration	Amount in ₹
Gross salary	4,56,75,648
a) Salary as per provisions of section 17(1) of the Income-tax Act, 1961	-
b) Value of perquisites under section 17(2) Income-tax Act, 1961	19,210
c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
Perquisite value of stock options exercised	1,50,72,500
Bonus	1,74,63,600
Sweat Equity	-
Commission	-
Company Car	-
Total	**7,82,30,958**
Number of Stock Options granted	3,81,300

The employee stock options have not been issued at discount and the same have been granted at the fair market value of the equity shares of the Company as certified by the Category 1 Merchant Bank registered with SEBI. The vesting schedule for the stock options is:

a. 30% of options after expiry of twelve months from date of grant;

b. 30% options after expiry of twenty-four months from the date of grant; and

c. 40% of options after expiry of thirty-six months from the date of grant.

The options so vested are to be exercised within 7 years from the respective dates of vesting.

The criteria for evaluation of performance of Managing Director include Leadership, Strategy Formulation, Strategy execution, Financial Planning/Performance, Relationships with the Board, External Relations, Human Resource Management/Relations, Succession and Product/Service Knowledge.

The Company provides for gratuity in the form of lump-sum payment, without any upper limit, equivalent to 15 (fifteen) days basic salary payable for each completed year of service on resignation, retirement, death while in employment or on termination of employment.

The Company makes contributions to a recognised Gratuity Trust administered by trustees and whose funds are managed by insurance companies. The Company accounts for the liability for future gratuity benefits based on an independent external actuarial valuation carried out annually.

Perquisites (evaluated as per Income Tax Rules, 1962 wherever applicable and at actual cost to the Company otherwise) such as insurance policies, use of car and telephone at residence, medical reimbursement, leave and leave travel concession and other benefits like Provident Fund and Gratuity are provided in accordance with the rules of the Company in this regard.

Service Contracts and the notice period are as per the terms of agreement entered into by the Company with Managing Director & Chief Executive Director. No severance fee is payable by the Company on termination of these contracts.

No sitting fees was paid to Mr. Ramesh G. for attending meetings of the Board and / or its Committees.

c. Criteria for sitting fees / commission / remuneration paid to Non-Executive Directors

All the Directors of the Company except for Mr. Jimmy Tata and Mr. Ramesh G. receive sitting fees and commission, however all the Directors are eligible for reimbursement of out of pocket expenses for attending each meeting of the Board and its various Committees. No stock options are granted to any of the non-executive directors.

SITTING FEES

Sitting fees was paid to all the Independent Directors of the Company.

The sitting fees for attending meetings of Board of Directors, Audit Committee, Nomination and Remuneration Committee, Information Technology Strategy Committee and Risk Management Committee is ₹ 75,000 per meeting. Sitting fees for attending meetings of the Corporate Social Responsibility & ESG Committee, Stakeholders Relationship Committee and Separate meeting of Independent Directors meetings is ₹ 25,000/- per meeting. However sitting fees fees of these Committees is revised from ₹ 25,000 to ₹ 75,000 w.e.f April 16, 2024.

PROFIT RELATED COMMISSION

The Shareholders via Postal Ballot notice dated January 14, 2023 had approved revision in payment of profit related commission to Independent Directors with effect from April 1, 2022 at the rate of ₹ 1,00,000 per meeting of the Board and/or Committee attended subject to maximum of ₹ 15,00,000 per Independent Director in a Financial Year, not exceeding in aggregate 1% of the net profit of the Company of the relevant financial year.

The details of sitting fees, commission and remuneration paid to non-executive directors during the financial year 2023-24 is as under:

(Amount in ₹)

Name of Director	Sitting Fees	Commission	Remuneration
Mr. Arijit Basu	6,75,000	NIL	30,00,000
Mr. Venkatraman Srinivasan	13,75,000	15,00,000	NIL
Ms. Smita Affinwalla	12,00,000	15,00,000	NIL
Mr. Adayapalam Viswanathan	13,75,000	15,00,000	NIL

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(Amount in ₹)

Name of Director	Sitting Fees	Commission	Remuneration
Dr. Amla Samanta	8,75,000	14,00,000	NIL
Ms. Arundhati Mech	12,00,000	15,00,000	NIL
Mr. Jayesh Chakravarthi	75,000	NIL	NIL

Note: The Shareholders in its Annual General Meeting held on June 30, 2023 had approved remuneration of ₹ 30,00,000 per annum drawn on monthly basis payable to Mr. Arijit Basu, Part-Time Non-Executive Chairman & Independent Director.

DISCLOSURES

SUCCESSION PLANNING

Succession planning is a process of ascertaining the need for filling position at the Board and Senior Management positions. It involves identification for the said roles, assessment of their potential and developing next generation of leaders as potential successors for key leadership roles in an organisation. The process of development primarily concentrates on coaching, mentoring and training the identified employees to assume higher responsibilities when the need arises. The Company has always endeavoured to nurture, train and increase the skill sets of employees at all levels, with the key objective of ensuring smooth succession without impacting the performance in current role.

The Company has in place Succession Planning Policy for appointments to the Board and to the Senior Management.

RELATED PARTY TRANSACTIONS

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors that may have potential conflict with the interest of the Company. Pursuant to the provisions of the Act and SEBI Listing Regulations, the Board has, on recommendation of its Audit Committee, adopted a policy for dealing with related party transactions and the said policy is available on the website of the Company at https://www.hdbfs.com/investors.

All related party transactions are placed before the Audit Committee and the Board for their approvals on quarterly basis. Transactions with related parties, as per the requirements of Ind-AS and Regulation 53(1)(f) of SEBI Listing Regulations, are disclosed in, note no. 37 and 78 forming part of the notes to accounts annexed to the financial statements. All the related party transactions that were entered into during the financial year were on arm's length basis and in ordinary course of business.

The Shareholders of the Company have approved the material related party transactions to be entered into by the Company in the FY 2024-25 with HDFC Bank Limited and HDFC Life Insurance Company Limited, being a related party of the Company through Postal Ballot on February 28, 2024 as per SEBI Listing Regulations.

Pursuant to the provisions of Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, particulars of the contracts or arrangements with related parties referred to in section 188(1) in Form AOC-2 is annexed to the Director's Report.

In addition, as per the SEBI Listing Regulations, your Company has also submitted along with its standalone and consolidated financial results for the half year, disclosures of related party transactions with stock exchange and also published it on the website of the Company.

STRICTURES AND PENALTIES

During the last three financial years, no penalties or strictures were imposed on the Company by any stock exchange, SEBI or other statutory authority on matters relating to the capital markets.

Further, during FY 2023-24, no penalties or strictures were imposed on the Company by the Reserve Bank of India or any other statutory authority.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The details of establishment of whistle blower policy / vigil mechanism are furnished in the Directors' Report forming part of the Annual Report. None of the Company's personnel have been denied access to the Audit Committee.

SUBSIDIARY COMPANY

The Company does not have any Subsidiary Company, hence formulation of Policy for determining Material Subsidiaries as per Regulation 16 of the SEBI Listing Regulations is not applicable for the Company.

CERTIFICATE FROM PRACTICING COMPANY SECRETARY REGARDING NON-DEBARMENT AND NON-DISQUALIFICATION OF DIRECTORS

The Company has received a certificate from M/s. Mehta & Mehta, Company Secretaries, to the effect that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of the Company by SEBI/ Ministry of Corporate Affairs or such other statutory authority. The said certificate has been enclosed as **Annexure - I**.

DETAILS OF RECOMMENDATION OF ANY COMMITTEE OF THE BOARD NOT ACCEPTED BY THE BOARD AND REASONS THEREOF

During the year under review, the Board of your Company has accepted all the recommendations made by its Committee(s), from time to time.

FEES PAID TO STATUTORY AUDITORS

Total fees paid by the Company during the FY 2023-24 to the Statutory Auditors including all entities in their network firm/ entity of which they are a part, is given below:

Sr. No.	Particulars	Amount (₹ in Crore)
	M/s. KKC & Associates LLP & their network firm/ entity of which they are a part	
1	Fees as Statutory Auditors	0.84
2	Fees for other services	-
	M/s. B. K. Khare & Co. & their network firm/ entity of which they are a part	
1	Fees as Statutory Auditors	0.84
2	Fees for other services	-

COMPLAINTS PERTAINING TO SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The details of complaints filed, disposed of and pending during every quarter pertaining to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are reported to the Board and are included in the Directors Report forming part of this Annual Report.

CEO/ CFO CERTIFICATION

The Managing Director & Chief Executive Officer and Chief Financial Officer have certified to the Board with regard to the financial statements and internal controls relating to financial reporting for the year ended March 31, 2024 as required under the SEBI Listing Regulations. The said Certificate is attached as **Annexure - II** and forms part of this Report.

REPORT ON CORPORATE GOVERNANCE

The Company is a High Value Debt Listed Entity (**"HVDLE"**) pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 dated September 07, 2021. Accordingly, the Company has been submitting the quarterly corporate governance compliance report to the stock exchange as required under regulation 27(2) of the SEBI Listing Regulations.

The Company has obtained a certificate from Mehta & Mehta, Company Secretaries regarding compliance with the provisions relating to corporate governance laid down under the SEBI Listing Regulations. This certificate is annexed to the Directors' Report.

CODE OF CONDUCT

The SEBI Listing Regulations requires listed companies to lay down a code of conduct for its directors and senior management, incorporating duties of directors prescribed in the Act. Accordingly, the Company has a Board approved code of conduct for Board members and senior management of the Company. This code has been placed on the Company's website and can be accessed at https://www.hdbfs.com/investors

All the Board members and senior management personnel have affirmed compliance with the code for the year ended March 31, 2024. A declaration to this effect signed by the Managing Director and CEO forms part of Annual Report as **Annexure – III**.

DETAILED REASONS FOR THE RESIGNATION OF AN INDEPENDENT DIRECTOR WHO RESIGNS BEFORE THE EXPIRY OF HIS TENURE

None of the Independent Director of the Company has resigned before the expiry of his/her respective tenure(s) during the FY 2023-24.

COMPLIANCE OF MANDATORY AND DISCRETIONARY REQUIREMENTS

The Company has complied with all the mandatory requirements of the SEBI Listing Regulations applicable to the Company being a High Value Debt Listed Company.

The Company has also complied with the discretionary requirements as under:

a) **The Board**

A Chairman's office has been made available for the non-executive Chairman. He is allowed reimbursement of expenses incurred in performance of his duties.

b) **Modified opinion(s) in Audit Report**

The Company confirms that its financial statements have unmodified audit opinion.

c) **Separate posts of Chairman and Managing Director or the Chief Executive Officer**

The role of the Chairman and the Chief Executive Officer are distinct and separate. The Chairman is primarily responsible for ensuring that the Board provides effective governance to the Company and the responsibility of Chief Executive Officer is to execute the corporate strategy in consultation with the Board. Mr. Arijit Basu is the Part-Time Non-Executive Chairman & Independent Director and Mr. Ramesh G. is the Managing Director & Chief Executive Officer of the Company.

d) **Reporting of Internal Auditor**

The Internal Auditor reports directly to the Audit Committee.

ADHERENCE TO ACCOUNTING STANDARDS

The Company has complied with the applicable Indian Accounting Standards (Ind-AS) notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013. The financial statements for the year have been prepared in accordance with Schedule III to the Companies Act, 2013.

RISK MANAGEMENT AND INTERNAL CONTROL POLICIES ADOPTED BY THE COMPANY

The Company has a well-defined Risk Management Framework in place. The Company has procedures to periodically place before the Audit Committee, Risk Management Committee and the Board, the risk assessment and mitigation plans being followed by the Company.

SECRETARIAL STANDARDS

The Company has complied with the applicable provisions of secretarial standards issued by The Institute of Company Secretaries of India.

GENERAL SHAREHOLDER INFORMATION

A. Corporate Information

HDB Financial Services Limited was incorporated as a public limited company on June 04, 2007 under the Companies Act, 1956. The Company is registered with the Reserve Bank of India and is carrying on the business of non-banking financial institution without accepting public deposit.

The key information of the Company is as follows:

1.	Date of Incorporation	June 04, 2007
2.	Corporate Identification No. (CIN)	U65993GJ2007PLC051028
3.	RBI Registration No.	N.01.00477
4.	Financial Year	April 01 to March 31
5.	Plant Locations/ Branches:	1,682 branches across 1,148 cities in India
6.	Registered Office Address	Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad, Gujarat, India, 380009
7.	Corporate Office Address	Ground Floor, Zenith House, Keshavrao Khadye Marg, Mahalaxmi, Mumbai, Maharashtra, India, 400034
8.	Company Secretary	Ms. Dipti Khandelwal Email: compliance@hdbfs.com Tel: +91 22 49116368 Fax: +91 22 49116666

B. Listing on Stock Exchanges:

The Non-Convertible Securities of the Company are listed on the debt market segment of BSE Limited. Commercial Papers of the Company are listed on the debt market segment of National Stock Exchanges of India Limited.

Name of Stock Exchange	Address
BSE Limited (BSE)	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
National Stock Exchanges of India Limited (NSE)	'Exchange Plaza', Plot No. C/1, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051

The Equity shares of the Company are not listed on the Stock Exchange; hence the Stock Exchange code/ Symbol is not applicable. Annual listing fees, as prescribed, have been paid to the said stock exchange up to March 31, 2024.

C. Dematerialisation of shares and liquidity

As on March 31, 2024, the total equity capital of the Company was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. As the equity shares of the Company are not listed on the Stock Exchange, the shares were not traded on the Stock Exchange.

Mode of holding	Number of Equity Shares	% to paid-up capital
Central Depository Services Limited (CDSL)	65,70,111	0.83
National Securities Depository Limited (NSDL)	78,65,04,455	99.17
Total	**79,30,74,566**	**100**

D. Registrar and Share Transfer Agent and Share Transfer System

In terms of Regulation 7 of the SEBI Listing Regulations, Link Intime India Pvt. Ltd. continues to be the Registrar and Share Transfer Agent and handles all relevant share registry services. All the securities of the Company are in dematerialised form, hence there are no physical transfer of securities.

Link Intime India Pvt. Ltd.
Address: C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400083
Website: https://linkintime.co.in

Contact person for Equity Shares:
Mr. Mahesh Masurkar
Tel.: 91 8108116767
Email: rnt.helpdesk@linkintime.co.in

Contact person for Commercial Papers & Non-Convertible Securities:
Mr. Rohan Jadhav
Tel.: 91 022 4918 6000 / 2463
Email: rohan.jadhav@linkintime.co.in, team.bonds@linkintime.co.in

E. Details of forthcoming 17th Annual General Meeting (AGM)

Details of AGM	Date and Time	Venue
17th AGM	June 27, 2024 at 12 noon	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")

F. Dividend Details:

The final dividend for FY 2023-24 if approved at the AGM, will be paid on or after Friday, June 28, 2024

Sr. No.	Financial Year	Interim/Final	Rate of Dividend	Date of Declaration	Date of Payment	Due date of transfer to IEPF
1	2019-20	No dividend declared by the Company				
2	2020-21	No dividend declared by the Company				
3	2021-22	Final	₹ 1/-	23/06/2022	27/06/2022	30/07/2029
4	2022-23	Interim	₹ 0.9/-	16/12/2022	31/12/2022	16/01/2030
		Final	₹ 1.1/-	30/06/2023	04/07/2023	02/08/2030
5	2023-24	Interim	₹ 2/-	14/10/2023	03/11/2023	16/11/2030

G. Shareholding Pattern of the Company as at March 31, 2024:

Name of Shareholder	No. of equity shares held	Percentage
HDFC Bank Limited	75,05,96,670	94.64
Others	4,24,77,896	5.36
Total	79,30,74,566	100

H. Means of communication

A separate dedicated section 'Investors' is maintained on the website of the Company for ease of the shareholders. The information/ documents required to be disseminated by the Company pursuant to the Act and SEBI Listing Regulations are uploaded on the website of the Company on regular basis at https://www.hdbfs.com/investors

The quarterly, half-yearly and annual financial results are submitted to the BSE Limited and National Stock Exchanges of India Limited and published in Free Press Journal (Mumbai edition).

The Annual Report of the Company, the quarterly/ half-yearly and the annual financial results are displayed on the Company's website, BSE Limited's website at www.bseindia.com and on National Stock Exchanges of India Limited's website at www.nseindia.com

I. Market price data and performance in comparison to broad-based indices

Equity shares of the Company are not listed on Stock Exchanges thus market price data and performance is not available.

J. Outstanding Global Depository Receipts ("GDRs")/ American Depository Receipts ("ADRs")/ Warrants or any Convertible Instruments, Conversion Date and likely impact on equity

The Company has not issued any GDRs/ ADRs/ Warrants or any Convertible Instruments.

K. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Company does not deal in any commodity and hence is not directly exposed to any commodity price risk. During the year, the Company has entered into derivative transactions with various counter parties to hedge its foreign exchange risks and interest rate risks associated with External Commercial Borrowings (ECBs). The ECBs are fully hedged and possess no foreign exchange risk.

L. Credit Ratings

The credit rating details are disclosed in the Directors Report forming part of this Annual Report.

M. Unclaimed Dividend

Pursuant to Sections 124 and 125 of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), including amendment thereto, dividend, if not claimed within seven years from the date of transfer to Unpaid Dividend Account of the Company, is liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The list of the unclaimed dividend along with the name of the shareholders, dividend amount and proposed date of transfer to IEPF account has been uploaded on the website of the Company at https://www.hdbfs.com/investors

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Company has complied with all the applicable mandatory requirements of the Corporate Governance as prescribed under the SEBI Listing Regulations

Regulation	Particulars	Status of compliance
17	Requirements pertaining to the Board of Directors	Compliant
17A	Maximum number of Directorships	Compliant
18	Requirements pertaining to the Audit Committee	Compliant
19	Requirements pertaining to Nomination and Remuneration Committee	Compliant
20	Requirements pertaining to Stakeholders Relationship Committee	Compliant
21	Requirements pertaining to Risk Management Committee	Compliant
22	Requirements pertaining to Vigil Mechanism	Compliant
23	Requirements pertaining to Related Party Transactions	Compliant
24	Corporate governance requirements with respect to subsidiary of listed entity	Not Applicable
24A	Requirements pertaining to Secretarial Audit and Secretarial Compliance Report	Compliant
25	Obligations with respect to Independent Directors	Compliant
26	Obligations with respect to employees including senior management, key managerial persons, directors and promoters	Compliant
27	Other corporate governance requirements	Compliant
46	Requirements pertaining to the dissemination of certain information under a separate section on the website	Not Applicable

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to BSE Limited's Notice dated January 07, 2022 read with Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
HDB FINANCIAL SERVICES LIMITED
Radhika, 2nd Floor, Law Garden Road,
Navrangpura, Ahmedabad GJ 380009.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of HDB Financial Services Limited having CIN U65993GJ2007PLC051028 and having registered office at Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad GJ 380009 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me / us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No	Name of Director	DIN	Date of Appointment in the Company
1	Mr. Arijit Basu	06907779	June 01, 2021
2	Mr. Venkatraman Srinivasan	00246012	March 12, 2015
3	Ms. Smita Cawas Affinwalla	07106628	March 12, 2015
4	Dr. Amla Ashim Samanta	00758883	May 01, 2019
5	Mr. Adayapalam Kumaraswamy Viswanathan	08518003	July 24, 2019
6	Ms. Arundhati Mech	09177619	February 11, 2022
7	Mr. Ramesh Ganesan	05291597	July 01, 2012
8	Mr. Jimmy Minocher Tata	06888364	July 15, 2023
9	Mr. Jayesh Rajagopalan Chakravarthi	08345495	January 25, 2024

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Mehta & Mehta,**
Company Secretaries
(ICSI Unique Code P1996MH007500)

Sd/-
Aditi Patnaik
Partner
ACS No:45308
CP No: 18186
PR No: 3686/2023
Place: Mumbai
Date: April 16, 2024
UDIN: A045308F000145760

CEO & CFO CERTIFICATE

(Pursuant to Regulation 17(8) read with Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Board of Directors,
HDB Financial Services Limited

In compliance with Regulation 17 (8) read with Schedule II Part B of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, We, Ramesh G., Managing Director & Chief Executive Officer, and Jaykumar Shah, Chief Financial Officer of the Company, to the best of our knowledge and belief certify that:

A. We have reviewed, audited financial statements and the cash flow statement of the Company for the year ended March 31, 2024 and to the best of our knowledge and belief:

   1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2024 which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit Committee:

   1. that there are no significant changes in internal control over financial reporting during the year;

   2. that there are no significant changes in accounting policies during the year; and

   3. that there are no instances of significant fraud of we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

E. We further declare that all Board members and Senior Management have affirmed compliance with the Code of Conduct and Ethics for the year.

Sd/-
Ramesh G.
Managing Director & Chief Executive Officer
(DIN: 05291597)

Sd/-
Jaykumar Shah
Chief Financial Officer

Place: Mumbai
Date: April 16, 2024

Annexure III

DECLARATION BY MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

[Schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Board of Directors,
HDB Financial Services Limited

I, Mr. Ramesh G., Managing Director & Chief Executive Officer of HDB Financial Services Limited hereby declare that, all the Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct of the Company laid down for them for the year ended March 31, 2024.

Sd/-
Ramesh G.
Managing Director & Chief Executive Officer

Place: Mumbai
Date: April 16, 2024

Independent Auditor's Report

To
The Members of
HDB Financial Services Limited

Report on the audit of the Standalone Financial Statements

OPINION

1. We have audited the accompanying Standalone Ind AS Financial Statements of HDB Financial Services Limited ('the Company'), which comprise the Standalone Balance Sheet as at 31 March 2024, and the Standalone Statement of Profit And Loss (including Other Comprehensive Income), Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows for the year ended on that date, and notes to the Standalone Financial Statements, including a summary of material accounting policy information and other explanatory information ('the Standalone Financial Statements').

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the State of Affairs of the Company as at 31 March 2024, and its Profit and Other Comprehensive Income, Changes in Equity and its Cash Flows for the year ended on that date.

BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

KEY AUDIT MATTERS

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed in our audit
1. Assessment of impairment loss provision on loans based on Expected Credit Loss model (ECL) under IND AS 109. Refer to the accounting policies in 'Note 3(B) to the Standalone Ind AS Financial Statements: Expected Credit Loss', 'Note 2.11 to the Standalone Ind AS Financial Statements: Revenue Recognition' and 'Note 2.2(G) to the Standalone Ind AS Financial Statements: Impairment of Financial Assets and 'Note 45 to the Standalone Ind AS Financial Statements: Risk Management'.	
Under Ind AS 109, "Financial Instruments", allowance for loan losses are determined using expected credit loss ('ECL') estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus are: • Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.	Our audit procedures were focussed on assessing the appropriateness of management's judgement and estimates used in the impairment analysis that included, but were not limited to, the following: • Reviewed the Board approved Policy and approach concerning the management of credit and other risks. • Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions.

Key Audit Matter	How the matter was addressed in our audit
• Model estimations - Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. • Economic scenarios - Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Standalone Ind AS Financial Statements as a whole and hence we have identified the same as a Key Audit Matter. Disclosures: The disclosures (including disclosures prescribed by RBI) regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	• Assessed the design, implementation and operating effectiveness of key internal financial controls including monitoring process of overdue loans, measurement of provision, stage-wise classification of loans, identification of NPA accounts, assessing the reliability of management information, which included overdue reports. • Evaluated the appropriateness of the Company's determination of Significant Increase in Credit Risk ("SICR") in accordance with the applicable accounting standard and the basis for classification of various exposures into various stages. • Reviewed the critical assumptions and input data used in the estimation of expected credit loss for specific key credit risk parameters, such as the movement between stages, Exposure at default, (EAD), probability of default (PD) or loss given default (LGD); • Tested key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and computation of probability of default and loss given default percentages. • Verified the manner of preparation of information w.r.t. to provisions and disclosures in the Standalone Ind AS Financial Statements. • Involved Information system resource to obtain comfort over data integrity and process of report generation through interface of various information systems. • Tested controls placed over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. • Performed test of details over model calculations testing through re-performance, where possible. • Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Standalone Ind AS Financial Statements are appropriate and sufficient. Obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable including the report on review of ECL model of the Company for the year, as performed by an independent expert, whose report is placed before the Board of Directors of the Company.

Independent Auditor's Report (Contd.)

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">2. Information Technology system used for the financial reporting process</td></tr>
<tr><td>IT systems and controls

The Company's financial reporting processes are dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology ('IT') systems. The Financial accounting system of the Company is interfaced with several other IT systems including Loan Management & Originating systems and several other systemic workflows.

IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data.

These include implementation of preventive and detective controls across critical applications and infrastructure.

Due to the pervasive nature of role of information technology systems in financial reporting, the testing of the general computer controls of these systems was considered a Key Audit Matter</td><td>With the assistance of our IT specialist, our key audit procedures for assessment of the IT systems and controls over financial reporting covered following broad aspects:

• Obtained an understanding of the Company's key IT systems, IT General Controls which covered access controls, program/ system changes, program development and computer operations i.e. job processing, data/ system backup and incident management and application controls relevant to our audit.

• Tested the design, implementation and operating effectiveness of the general IT controls over the key IT systems that are critical to financial reporting.

• Reviewed user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems and related application controls.

• Reviewed of the report of IS Audit carried in earlier year(s) by an independent firm of Chartered Accountants pertaining to IT systems general controls including access rights over applications, operating systems and databases relied upon for financial reporting.

• Evaluated the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission.

• Tested compensating controls or performed alternate audit procedures to assess whether there were any unaddressed IT risks that would impact the controls or completeness and/or accuracy of data.

• Tested compliance with requirements relating to 'Audit Trail' as required under Companies Act, 2013</td></tr>
</table>

OTHER INFORMATION

5. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the Standalone Ind AS Financial Statements and our auditors' report thereon. The Other Information is expected to be made available to us after the date of this audit report.

6. Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

7. In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

8. When we read the Annual Report, if we conclude that there is a material misstatement therein, we will communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

9. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the State of Affairs, profit and Other Comprehensive Income, Changes in Equity and Cash Flows of the Company in) conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection of the appropriate accounting software for ensuring compliance with applicable laws and regulations including those related to retention of audit logs; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

10. In preparing the Standalone Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

11. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

12. Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    13.1. Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

13.2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.

13.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

13.4. Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

13.5. Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

14. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

17. As required by the Companies (Auditor's Report) Order, 2020 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

18. As required by Section 143(3) of the Act, we report that:

18.1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

18.2. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

18.3. The standalone balance sheet, the standalone statement of profit and loss including Other Comprehensive Income, the Statement of Changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account.

18.4. In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act read with the relevant rules thereunder.

18.5. On the basis of the written representations received from the directors as on 31 March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.

18.6. With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.

18.7. In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to director is not in excess of the limit laid down under Section 197 of the Act.

19. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

19.1. The Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its Standalone Financial Statements – Refer Note 39.2 to the Standalone Financial Statements;

19.2. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 39.3 to the Standalone Financial Statements.

19.3 There has been no delay in transferring amounts, required to be transferred, to the Investor Education and protection Fund by the Company.

19.4. The Management has represented, to best of their knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

19.5. The Management has represented, to best of their knowledge and belief, that no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

19.6. Based on such audit procedures, that have been considered reasonable and appropriate in the circumstances, performed by us, nothing has come to our notice that has caused us to believe that the representation under para 19.4 and 19.5 contain any material misstatement.

19.7. In our opinion and according to the information and explanations given to us,

a) The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act.

c) As stated in Note 101 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend is in accordance with Section 123 of the Act to the extent it is applies to declaration of dividend.

Independent Auditor's Report (Contd.)

19.8. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which have feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

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

Sd/-
Padmini Khare Kaicker
Partner
Membership No. 044784
UDIN: 24044784BKFJKM2158

Place: Mumbai
Date: 16 April 2024

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number 105146W/W100621

Sd/-
Hasmukh B Dedhia
Partner
Membership No. 033494
UDIN: 24033494BKCQZG4457

Place: Mumbai
Date: 16 April 2024

Annexure 'A' to the Independent Auditor's Report on the Standalone Financial Statements of HDB Financial Services Limited for the year ended 31 March 2024

(Referred to in paragraph 17 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment ('PPE').

The Company is maintaining proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its PPE by which all PPE are verified in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain PPE were physically verified by the Management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee) disclosed in the financial statements are held in the name of the Company.

(d) In our opinion and according to the information and explanations given to us, the Company has not revalued its PPE (including Right of Use assets) or intangible assets or both during the year.

(e) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii. (a) The Company is in the business of providing loans and does not have any physical inventories. Accordingly, the provision of clause 3(ii)(a) of the Order is not applicable to it.

(b) In our opinion and according to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of rupees five crore, in aggregate, from banks which are secured on the basis of security of current assets. The difference between the quarterly returns or statements filed by the Company with such banks or financial institutions and the books of account of the Company is not material in nature.

iii. (a) Since the company's principal business is to give loans, the provision of clause 3(iii)(a) of the Order are not applicable it.

(b) In our opinion and according to the information and explanations given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the Company's interest.

(c &d) The company, being a Non-Banking Financial Company ('NBFC'), registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its borrowers as stipulated. In cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer note 58,59 & Note 60 to the Standalone Ind AS Financial Statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations as also details of reasonable steps taken by the Company for recovery thereof.

(e) Since the company's principal business is to give loans, the provision of clause 3(iii)(e) of the order are not applicable to it.

(f) The Company has not granted any loans or advances in the nature of loans to Promoters/Related Parties (as defined in section 2(76) of the Act which are either repayable on demand or without specifying any terms or period of repayment.

Annexure 'A' to the Independent Auditor's Report on the Standalone Financial Statements of HDB Financial Services Limited for the year ended 31 March 2024 (Contd.)

iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees in contravention of the provisions of sections 185 and 186(1) of the Act, the other provision of the section 186 of the Act are not applicable to the Company.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year in terms of directives issued by the Reserve Bank of India or the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. The Company is not required to maintain cost records under Section 148(1) of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 and hence reporting under paragraph 3(vi) of the Order is not applicable to the Company.

vii. (a) In our opinion and according to the information and explanations given to us, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have generally been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, Goods and Services Tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable.

(b) We confirm that there are no dues of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, which have not been deposited to/with the appropriate authority on account of any dispute.

viii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

ix. (a) In our opinion, the Company has not defaulted in repayment of loans or other borrowings to financial institutions, banks, government and dues to debenture holders or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any other lender.

(c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e&f) The Company does not have any subsidiaries, associates or joint ventures. Accordingly, the provisions of the clauses (ix)(e) & (f) of the Order are not applicable to the Company.

x. (a) The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year.

(b) The Company has not made any preferential allotment / private placement of shares / fully / partly / optionally convertible debentures during the year.

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information

Annexure 'A' to the Independent Auditor's Report on the Standalone Financial Statements of HDB Financial Services Limited for the year ended 31 March 2024 (Contd.)

and explanations given to us, no material fraud by the Company or on the Company has been noticed or reported during the year, other than the instances of fraud noticed and reported by the management in terms of the regulatory provisions applicable to the Company amounting to ₹ 1.88 Crores comprising of 6 instances.

(b) Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 under sub-section (12) of section 143 of the Act, for one instance of fraud, will be filed with Central Government within stipulated time.

(c) Our review of the whistle blower complaints received during the year by the Company did not reveal any material observations.

xii. (a) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date, for the period under audit in accordance with the guidance provided in SA 610 "Using the work of Internal Auditors."

xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi. (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the Company has obtained the required registration.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid CoR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company ("CIC") as defined in the regulations made by Reserve Bank of India.

(d) As per information provided in course of our audit, the Group to which Company belongs, does not have CIC.

xvii. The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable / paragraph 3(xviii) of the Order is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. (a) According to the information and explanations given to us and based on our examination of the records of the Company, it is not required to transfer any unspent amount pertaining to the year under report to a Fund specified in Schedule VII to the Companies Act, 2013 in compliance with second proviso to sub-section (5) of section 135 of the said Act.

Annexure 'A' to the Independent Auditor's Report on the Standalone Financial Statements of HDB Financial Services Limited for the year ended 31 March 2024 (Contd.)

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there is no amount which is remaining unspent under sub-section (5) of the section 135 of the Act pursuant to any ongoing project.

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

Sd/-
Padmini Khare Kaicker
Partner
Membership No. 044784
UDIN: 24044784BKFJKM2158

Place: Mumbai
Date: 16 April 2024

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number 105146W/W100621

Sd/-
Hasmukh B Dedhia
Partner
Membership No. 033494
UDIN: 24033494BKCQZG4457

Place: Mumbai
Date: 16 April 2024

Annexure 'B' to the Independent Auditors' report on the Standalone Financial Statements of HDB Financial Services Limited for the year ended 31 March 2024

(Referred to in paragraph '18.6' under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act').

OPINION

1. We have audited the internal financial controls with reference to the Standalone Financial Statements of HDB Financial Services Limited ('the Company') as at 31 March 2024 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

2. In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the Standalone Financial Statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the Guidance Note').

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SA '), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Standalone Financial Statements. Those SAs and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Standalone Financial Statements were established and maintained and whether such controls operated effectively in all material respects.

5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to the Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to the Standalone Financial Statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE STANDALONE FINANCIAL STATEMENTS

7. A Company's internal financial controls with reference to the Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to the Standalone Financial Statements

Annexure 'B' to the Independent Auditors' report on the Standalone Financial Statements of HDB Financial Services Limited for the year ended 31 March 2024 (Contd.)

include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company ; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company ; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE STANDALONE FINANCIAL STATEMENTS

8. Because of the inherent limitations of internal financial controls with reference to the Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Sd/-
Padmini Khare Kaicker
Partner
ICAI Membership No: 044784
UDIN: 24044784BKFJKM2158

Place: Mumbai
Date: 16 April 2024

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

Sd/-
Hasmukh B Dedhia
Partner
ICAI Membership No: 033494
UDIN: 24033494BKCQZG4457

Place: Mumbai
Date: 16 April 2024

Standalone Balance Sheet

as at March 31, 2024

(Currency : Indian Rupees in Crore)

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
ASSETS:			
1 Financial Assets			
(a) Cash and cash equivalents	4	**647.85**	395.90
(b) Bank balances other than (a) above	5	**54.66**	257.92
(c) Derivative financial instruments	6	**1.91**	165.34
(d) Trade receivables	7	**124.61**	65.76
(e) Loans	8	**86,721.26**	66,382.67
(f) Investments	9	**3,380.33**	1,243.25
(g) Other financial assets	10	**39.50**	34.87
		90,970.12	**68,545.71**
2 Non-Financial Assets			
(a) Current tax assets (Net)	11	**41.29**	25.11
(b) Deferred tax assets (Net)	12	**939.95**	1,000.87
(c) Property, plant and equipment	13	**162.53**	122.37
(d) Capital work-in-progress		**-**	-
(e) Other intangible assets		**22.15**	20.41
(f) Right of use Assets	14	**326.51**	244.27
(g) Other non-financial assets	15	**93.96**	91.65
		1,586.39	**1,504.68**
TOTAL ASSETS		**92,556.51**	**70,050.39**
LIABILITIES AND EQUITY:			
Liabilities			
3 Financial Liabilities			
(a) Derivative financial instruments	6	**4.77**	-
(b) Trade payables	16		
(i) Total outstanding dues of micro enterprises and small enterprises		**-**	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		**509.00**	291.84
(c) Debt securities	17	**34,851.12**	27,096.41
(d) Borrowings (other than debt securities)	18	**33,831.38**	24,227.80
(e) Subordinated liabilities	19	**5,648.17**	3,541.10
(f) Other financial liabilities	20	**2,955.27**	2,778.43
		77,799.71	**57,935.58**
4 Non-Financial Liabilities			
(a) Current tax liabilities (net)	21	**58.65**	41.97
(b) Provisions	22	**502.94**	368.96
(c) Other non-financial liabilities	23	**452.50**	266.91
		1,014.09	**677.84**
5 Equity			
(a) Equity share capital	24	**793.08**	791.40
(b) Other equity	25	**12,949.63**	10,645.57
		13,742.71	**11,436.97**
TOTAL LIABILITIES AND EQUITY		**92,556.51**	**70,050.39**
Accounting policies and notes to the Standalone Financial Statements.	2 - 102		

The notes referred to above form an integral part of the Standalone Financial Statements.
As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firms' Registration
No: 105102W

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firms' Registration
No: 105146W/W-100621

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Padmini Khare Kaicker
Partner
Membership No: 044784

Sd/-
Hasmukh B. Dedhia
Partner
Membership No: 033494

Sd/-
Arijit Basu
Part Time Non-Executive
Chairman & Independent Director
DIN: 06907779

Sd/-
G. Ramesh
Managing Director & CEO
DIN: 05291597

Sd/-
Dipti Khandelwal
Company Secretary
Membership No: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 16, 2024

Standalone Statement of Profit and Loss

for the year ended March 31, 2024

(Currency : Indian Rupees in Crore)

Particulars		Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023
1	**Revenue from operations**			
	(a) Interest income	26	**11,156.72**	8,927.78
	(b) Sale of services		**1,949.55**	2,633.93
	(c) Other financial charges		**953.11**	756.41
	(d) Net gain on fair value changes	27	**113.69**	85.07
	(e) Net gain / (loss) on derecognition of financial instruments under amortised cost category		**(1.95)**	(0.31)
	Total Revenue from operations		**14,171.12**	**12,402.88**
2	**Expenses**			
	(a) Finance Costs	28	**4,864.32**	3,511.92
	(b) Impairment on financial instruments	29	**1,067.39**	1,330.40
	(c) Employee Benefits Expenses	30	**3,850.75**	4,057.57
	(d) Depreciation, amortisation and impairment	13,14	**145.14**	111.84
	(e) Others expenses	31	**938.85**	763.75
	Total Expenses		**10,866.45**	**9,775.48**
3	**Profit/(loss) before tax**		**3,304.67**	**2,627.40**
4	**Tax Expense:**	11,12		
	(a) Current tax		**770.67**	621.30
	(b) Deferred tax (credit)		**73.16**	46.75
	Total Tax expense		**843.83**	**668.05**
5	**Profit for the year**		**2,460.84**	**1,959.35**
6	**Other Comprehensive Income**			
	(a) Items that will not be reclassified to profit or loss			
	- Remeasurement loss on defined benefit plan		**(31.54)**	(5.48)
	- Income tax relating to items that will not be reclassified to profit or loss		**7.94**	1.38
	Sub total (a)		**(23.60)**	**(4.10)**
	(b) Items that will be reclassified to profit or loss			
	- Movement in cash flow hedge reserve		**(17.10)**	19.59
	- Income tax relating to items that will be reclassified to profit or loss		**4.30**	(4.93)
	Sub total (b)		**(12.80)**	**14.66**
	Other Comprehensive Income		**(36.40)**	10.56
7	**Total Comprehensive Income for the year**		**2,424.44**	**1,969.91**
8	**Earnings per equity share (for continuing operations)**	32		
	Basic (₹)		**31.08**	24.78
	Diluted (₹)		**31.04**	24.76
Accounting policies and notes to the Standalone Financial Statements.		2 - 102		

The notes referred to above form an integral part of the Standalone Financial Statements.
As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firms' Registration
No: 105102W

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firms' Registration
No: 105146W/W-100621

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Padmini Khare Kaicker
Partner
Membership No: 044784

Sd/-
Hasmukh B. Dedhia
Partner
Membership No: 033494

Sd/-
Arijit Basu
Part Time Non-Executive
Chairman & Independent Director
DIN: 06907779

Sd/-
G. Ramesh
Managing Director & CEO
DIN: 05291597

Sd/-
Dipti Khandelwal
Company Secretary
Membership No: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 16, 2024

Standalone Statement of Changes in Equity

as at March 31, 2024

(Currency : Indian Rupees in Crore)

A EQUITY SHARE CAPITAL

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	**791.40**	790.44
- Changes in Equity Share Capital due to prior period errors	**-**	-
- Restated balance at the beginning of the current reporting year	**-**	-
- Changes in Equity Share Capital during the year	**1.68**	0.96
Balance at the end of the reporting year	**793.08**	**791.40**

B OTHER EQUITY

Particulars	Reserves and Surplus					Other Comprehensive Income (OCI)	Total
	Securities Premium Account	Employee stock Options Outstanding Account	Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	Retained Earnings- Other than Remeasurement of Post Employment Benefit Obligations	Retained Earnings- Remeasurement of Post Employment Benefit Obligations	Cash Flow Hedges Reserve	
Balance as at April 01, 2023	**3,127.72**	**39.61**	**1,685.09**	**5,844.33**	**(57.65)**	**6.46**	**10,645.57**
Profit for the year	-	-	-	2,460.84	-	-	**2,460.84**
Other Comprehensive Income	-	-	-	-	(23.60)	(12.81)	**(36.41)**
Total Comprehensive Income for the year	-	-	-	2,460.84	(23.60)	(12.81)	**2,424.43**
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	-	-	492.17	(492.17)	-	-	**-**
Premium on issue of shares	69.78	-	-	-	-	-	**69.78**
Share based payment	-	55.24	-	-	-	-	**55.24**
Transfer on allotment of shares pursuant to ESOP scheme	25.63	(25.63)	-	-	-	-	**-**
Dividends	-	-	-	(87.05)	-	-	**(87.05)**
Interim Dividend	-	-	-	(158.33)	-	-	**(158.33)**
Balance as at March 31, 2024	**3,223.13**	**69.22**	**2,177.26**	**7,567.62**	**(81.25)**	**(6.35)**	**12,949.63**

Standalone Statement of Changes in Equity as at March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Particulars	Reserves and Surplus					Other Comprehensive Income (OCI)	Total
	Securities Premium Account	Employee stock Options Outstanding Account	Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	Retained Earnings- Other than Remeasurement of Post Employment Benefit Obligations	Retained Earnings- Remeasurement of Post Employment Benefit Obligations	Cash Flow Hedges Reserve	
Balance as at April 01, 2022	**3,055.19**	**35.53**	**1,293.22**	**4,427.10**	**(53.55)**	**(8.20)**	**8,749.29**
Profit for the year	-	-	-	1,959.35	-	-	**1,959.35**
Other Comprehensive Income	-	-	-	-	(4.10)	14.66	**10.56**
Total Comprehensive Income for the year	-	-	-	1,959.35	(4.10)	14.66	**1,969.91**
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	-	-	391.87	(391.87)	-	-	**-**
Premium on issue of shares	32.96	-	-	-	-	-	**32.96**
Share based payment	-	43.64	-	-	-	-	**43.64**
Transfer on allotment of shares pursuant to ESOP scheme	39.56	(39.56)	-	-	-	-	**-**
Dividends	-	-	-	(79.04)	-	-	**(79.04)**
Interim Dividend	-	-	-	(71.20)	-	-	**(71.20)**
Balance as at March 31, 2023	**3,127.72**	**39.61**	**1,685.09**	**5,844.33**	**(57.65)**	**6.46**	**10,645.57**

As required by section 45-IC of the RBI Act 1934, the Company maintains a reserve fund and transfers there in a sum not less than twenty per cent of its net profit every year as disclosed in the statement of profit and loss and before any dividend is declared. The Company cannot appropriate any sum from the reserve fund except for the purpose specified by Reserve Bank of India from time to time. Till date RBI has not specified any purpose for appropriation of Reserve fund maintained under section 45-IC of RBI Act,1984.

Accounting policies and notes to the Standalone Financial Statements. Note 2 - 102
The notes referred to above form an integral part of the Standalone Financial Statements.
As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firms' Registration
No: 105102W

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firms' Registration
No: 105146W/W-100621

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Padmini Khare Kaicker
Partner
Membership No: 044784

Sd/-
Hasmukh B. Dedhia
Partner
Membership No: 033494

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Arijit Basu
Part Time Non-Executive
Chairman & Independent Director
DIN: 06907779

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G. Ramesh
Managing Director & CEO
DIN: 05291597

Sd/-
Dipti Khandelwal
Company Secretary
Membership No: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 16, 2024

Standalone Statement of Cash Flow

for the year ended March 31, 2024

(Currency : Indian Rupees in Crore)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	**3,304.67**	2,627.40
Adjustments for		
Interest Income	**(11,156.72)**	(8,927.78)
Interest Expenses	**4,771.63**	3,502.92
(Profit)/loss on sale of asset	**(0.85)**	(1.01)
Realised net loss/ (gain) on FVTPL investments	**(89.91)**	(90.67)
Unrealised gain on FVTPL investments	**(23.78)**	5.60
Discount on commercial paper	**77.01**	9.00
Provision for compensated absence and gratuity	**29.87**	6.59
Employee share based payment expenses	**55.24**	43.64
Depreciation, amortisation and impairment	**145.14**	111.84
Impairment on financial instruments	**1,067.39**	1,330.40
Operating cash flow before working capital changes	**(1,820.31)**	**(1,382.07)**
Adjustments for working capital changes:		
(Increase)/ decrease in Loans	**(21,405.98)**	(10,462.68)
(Increase)/ decrease in trade receivables	**(58.85)**	76.06
(Increase)/ decrease in other financial assets and others	**291.32**	(0.19)
Increase/(decrease) in other financial and non financial liabilities & provisions	**(44.60)**	506.53
Increase/(decrease) in trade payables	**217.16**	44.93
Cash generated from/(Used in) operations before adjustments for interest received and interest paid	**(22,821.26)**	**(11,217.42)**
Interest Paid	**(4,110.50)**	(3,842.14)
Interest Received	**10,946.14**	8,841.36
Cash generated from/(Used in) operations	**(15,985.62)**	**(6,218.20)**
Direct taxes (paid)/net of refunds	**(750.42)**	(632.41)
Net cash flow generated from/(used in) operating activities (A)	**(16,736.04)**	**(6,850.61)**
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments	**(52,917.26)**	(49,267.66)
Sale of investments	**50,893.87**	50,350.80
Purchase of fixed assets	**(123.35)**	(111.32)
Sale of fixed assets	**1.18**	1.50
Net cash generated (used in)/ from investing activities (B)	**(2,145.56)**	**973.32**
C CASH FLOW FROM FINANCING ACTIVITIES		
Debt securities issued	**22,167.71**	10,099.18
Debt securities repaid	**(14,490.01)**	(8,210.60)
Borrowings other than debt securities issued	**29,910.87**	17,207.75
Borrowings other than debt securities repaid	**(20,307.29)**	(12,507.21)
Subordinated debt issued	**2,337.07**	-
Subordinated debt repaid	**(230.00)**	(600.00)
Proceeds from issue of shares and security premium	**71.45**	33.93
Repayment of lease liabilities	**(80.87)**	(76.81)
Dividend paid	**(245.38)**	(150.25)
Net cash generated (used in)/ from financing activities (C)	**19,133.55**	**5,795.99**

Standalone Statement of Cash Flow
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**251.95**	**(81.30)**
Add : Cash and cash equivalents as at the beginning of the year	**395.90**	477.20
Cash and cash equivalents as at the end of the year *	**647.85**	395.90
*** Components of cash and cash equivalents**		
Balances with banks	**606.10**	358.51
Demand drafts on hand	**6.30**	8.87
Cash on hand	**35.45**	28.52
	647.85	**395.90**

Note:- There are no conditions or restrictions in using the cash and cash equivalents.

Accounting policies and notes to the Standalone Financial Statements. Note 2 - 102

The notes referred to above form an integral part of the Standalone Financial Statements.

The above Standalone Statement of cash flow has been prepared under the indirect method set out in Ind AS 7 - Statement of Cash Flow.

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firms' Registration
No: 105102W

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firms' Registration
No: 105146W/W-100621

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
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Partner
Membership No: 044784

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Dipti Khandelwal
Company Secretary
Membership No: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 16, 2024

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

(Currency : Indian Rupees in Crore)

1 COMPANY OVERVIEW

HDB Financial Services Limited ('the Company') (Corporate Identity Number CIN U65993GJ2007PLC051028), incorporated in Ahmedabad, India, is a Systemically Important Non Deposit taking Non-Banking Financial Company ('NBFC') as defined under Section 45-IA of the Reserve Bank of India ('RBI') Act, 1934. The Company is registered with the Reserve Bank of India (RBI) with registration no. N.01.00477.The Reserve Bank of India, under Scale Based Regulations has categorised the Company as Upper Layer (NBFC-UL), vide it's circular dated September 14, 2023.

The Company provides lending services and business process outsourcing services. The Company also provides services related to the marketing and promotion of various financial products.

The Company's registered office is situated at Radhika, 2nd floor, Law Garden Road, Navrangpura, Ahmedabad - 380009, India, while its corporate office is located in Mumbai, India. The Company is a subsidiary of HDFC Bank Limited.

2 ACCOUNTING POLICIES

2.1 Statement of Compliance, Basis of Preparation and Presentation of Financial Statements

(A) Compliance with Ind AS

The financial statements of the Company comply in all material aspects with Indian Accounting Standards ('Ind AS') notified 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 relevant provisions of the Act. Any directions issued by the RBI or other regulators are implemented as and when they become applicable. Further the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC). CC.PD. No.109/22.10.106/2019-20 dated 13 March 2020, in addition to the Regulatory disclosure as required by Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions , 2023

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use. These standalone financial statements subjected to audit by the Statutory Auditors of the Company have been reviewed by the Audit Committee and approved by the Board of Directors on April 16, 2024.

(B) Presentation of financial statements

The Balance Sheet, the Statement of Changes in Equity and the Statement of Profit and Loss are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies ('NBFCs') that are required to comply with Ind AS. The Statement of Cash Flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

(C) Basis of preparation

The financial statements have been prepared under the historical cost convention on the accrual basis except for certain financial instruments and plan assets of defined benefit plans, which are measured at fair values at the end of each reporting period as explained in the accounting policies below. All amounts disclosed in the financial statements and notes have been rounded off to the nearest INR Crore in compliance with Schedule III of the Act, unless otherwise stated.

(D) Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs') which is also the Company's functional currency. All amounts are rounded-off to the nearest Crore, unless otherwise indicated.

(E) Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) and disclosures as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are recognised in the periods in which the Company becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognised prospectively in the period in which the estimate is revised and future periods. The estimates and judgements that have significant impact on the carrying amount of assets and liabilities at each balance sheet date are discussed at Note 3.

2.2 Financial Instruments

(A) Date of recognition

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

(B) Initial measurement

Recognised financial instruments are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in statement of profit and loss.

Trade receivable are initially measured at transaction price.

(C) Classification and subsequent measurement

(i) Financial assets

Based on the business model, the contractual characteristics of the financial assets and specific elections where appropriate, the Company classifies and measures financial assets in the following categories:

- Amortised cost
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')

(a) Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows ('Asset held to collect contractual cash flows'); and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

After initial measurement and based on the assessment of the business model as asset held to collect contractual cash flows and SPPI, such financial assets are subsequently measured at amortised cost using Effective Interest Rate ('EIR') method. Interest income and impairment expenses are recognised in statement of profit and loss. Interest income from these financial assets is included in finance income using the EIR method. Any gain and loss on derecognition is also recognised in statement of profit and loss.

The EIR method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company records loans and government securities (classified as held to maturity) at amortised cost.

(b) **Financial assets at fair value through other comprehensive income**

Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the assets, ('Contractual cash flows of assets collected through hold and sell model') and contractual cash flows that are SPPI, are subsequently measured at FVOCI. Movements in the carrying amount of such financial assets are recognised in Other Comprehensive Income ('OCI'), except dividend income which is recognised in statement of profit and loss. Amounts recorded in OCI are not subsequently transferred to the statement of profit and loss. Equity instruments at FVOCI are not subject to an impairment assessment.

(c) **Financial assets at fair value through profit and loss**

Financial assets, which do not meet the criteria for categorisation as at amortised cost or as FVOCI, are measured at FVTPL. Subsequent changes in fair value are recognised in statement of profit and loss.

The Company records investments in equity instruments and mutual funds at FVTPL.

(ii) **Financial liabilities and equity instrument**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(a) **Equity instrument**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

(b) **Financial liabilities**

Financial liabilities are measured at amortised cost. The carrying amounts are determined based on the EIR method. Interest expense is recognised in statement of profit and loss.

Any gain or loss on de-recognition of financial liabilities is also recognised in statement of profit and loss.

Undrawn loan commitments are not recorded in the balance sheet. However, these financial instruments are in the scope of expected credit loss ('ECL') calculation.

(D) Reclassification

Financial assets are not reclassified subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line or in the period the Company changes its business model for managing financial assets. Financial liabilities are not reclassified.

(E) Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, the Company has a legally enforceable right to offset the recognised amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(F) Derecognition

(i) **Financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The contractual rights to receive cash flows from the financial asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset and the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

rewards of the asset, but has transferred control of the asset.

If the Company neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for the amount it may have to pay.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de-recognised and the proceeds received are recognised as a collateralised borrowing.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit and loss.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying value of the original financial liability and the new financial liability with modified terms is recognised in statement of profit and loss.

(G) Impairment of financial assets

The Company applies the expected credit loss ('ECL') model in accordance with Ind AS 109 for recognising impairment loss on financial assets.

The ECL allowance is based on the credit losses expected to arise from all possible default events over the expected life of the financial asset ('lifetime ECL'), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12-month ECL. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is calculated on a collective basis, considering the retail nature of the underlying portfolio of financial assets.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. When determining whether the risk of default on a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on a provision matrix which takes into account the Company's historical credit loss experience, current economic conditions, forward looking information and scenario analysis.

The expected credit loss is a product of exposure at default ('EAD'), probability of default ('PD') and loss given default ('LGD'). The Company has devised an internal model to evaluate the PD and LGD based on the parameters set out in Ind AS 109. Accordingly, the financial assets have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial asset. The Company categorises financial assets at the reporting date into stages based on the days past due ('DPD') status as under:

- Stage 1: 0 to 30 days past due
- Stage 2: 31 to 90 days past due
- Stage 3: more than 90 days past due

Loan accounts where principal and/or interest are past due for more than 90 days continue to be classified as stage 3 till overdues across all loans are cleared.

LGD is an estimate of loss from a transaction given that a default occurs. PD is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD. EAD represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.

The Company incorporates forward looking information into both assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. The Company regularly reviews its models in the context of actual loss experience and makes adjustments when such differences are significantly material. Adjustments including reversal of ECL is recognised through statement of profit and loss.

After initial recognition, trade receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company follows the simplified approach required by Ind AS 109 for recognition of impairment loss allowance on trade receivables, which requires lifetime ECL to be recognised at each reporting date, right from initial recognition of the receivables.

(H) Write offs

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no reasonable expectation of recovering the asset in its entirety or a portion thereof. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in statement of profit and loss.

2.3 Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired due to events or changes in circumstances indicating that their carrying amounts may not be realised. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit ('CGU'). If such recoverable amount of the asset or the recoverable amount of the CGU to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the revised recoverable amount, subject to maximum of the depreciated historical cost.

2.4 Foreign exchange transactions and translations

(A) Initial recognition

Transactions in foreign currencies are recognised at prevailing exchange rates between reporting currency and foreign currency on transaction date.

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(B) Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are generally recognised in Statement of profit and loss. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis.

2.5 Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognised at fair value at the date of a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Company designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting policy

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit and loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in Finance Cost in the statement of profit and loss. When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind-AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationships exists between

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

2.6 Cash and cash equivalents

Cash and cash equivalents includes cash at banks and on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

The Company follows the policy of crediting the customer's account only on receipt of amount in the bank and as such no cheques in hand are taken into consideration.

2.7 Upfront servicers fees booked on direct assignment

Servicer fees receivable for servicing loan contracts under direct assignment are discounted at the applicable rate entered into with the assignee and recognised upfront in the balance sheet and amortised on a straight line basis over the remaining contractual maturity of the underlying loans.

2.8 Property, plant and equipment

(A) Recognition and measurement

Tangible property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. The cost of property, plant and equipment comprise purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Advances paid towards acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-financial assets and cost of assets not put to use before such date are disclosed under Capital work-in-progress.

(B) Subsequent expenditure

Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefits / functioning capability from / of such assets.

(C) Depreciation, estimated useful lives and residual value

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives in the manner prescribed in Schedule II of the Act. The estimated lives used and differences from the lives prescribed under Schedule II are noted in the table below:-

Type of Assets	Estimated useful life as assessed by the Company	Estimated useful life under Schedule II of the Act
Computers	2-5 years	3 years
Software and system development	3 years	3 years
Office equipment	3-5 years	5 years
Motor cars	4 years	8 years
Furniture and fixtures	3-7 years	10 years
Building	60 years	60 years
Leasehold improvements	Tenure of lease agreements	Tenure of lease agreements

The Company uniformly estimates a zero residual value for all these assets. Items costing less than ₹ 5,000 are fully depreciated in the year of purchase. Depreciation is pro-rated in the year of acquisition as well as in the year of disposal.

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Consequently, the useful life of certain computer-related assets, furniture and fixtures, office equipment and motor cars differ from the life prescribed in Schedule II of the Act.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate, and treated as changes in accounting estimates.

Property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income/expense in the statement of profit and loss in the period the asset is de-recognised.

2.9 Other intangible assets

Software and system development expenditure are capitalised at cost of acquisition including cost attributable to readying the asset for use. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. The useful life of these intangible assets is estimated at 3 years with zero residual value. Any expenses on such software for support and maintenance payable annually are charged to the statement of profit and loss.

2.10 Dividends

Provision is made for the amount of any dividend declared on or before the end of the reporting period but not distributed at the end of the reporting period, being appropriately authorised and no longer at the discretion of the Company. The final dividend on shares is recorded as a liability on the date of approval by the shareholders, and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

2.11 Revenue recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments is applicable) is measured at the amount of transaction price. Amounts disclosed as revenue are net of goods and services tax ('GST') and amounts collected on behalf of third parties. Ind AS 115 Revenue from Contracts with Customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Specific policies for the Company's different sources of revenue are explained below:

(A) Income from lending business

Interest income

Interest income on a financial asset at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the Effective Interest Rate ('EIR'). The EIR is the rate that exactly discounts estimated future cash flows of the financial asset through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The internal rate of return on financial asset after netting off the fees received and cost incurred approximates the effective interest rate method of return for the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-

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impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs).

Other financial charges

Cheque bouncing charges, late payment charges, foreclosure charges and application money are recognised on a point-in-time basis, and are recorded when realised since the probability of collecting such monies is established when the customer pays.

(B) Income from BPO services and other financial charges

Income from BPO services comprise of sales support services, back office, operations, processing support, running collection call centres and collecting overdue amounts from borrowers. Performance obligations are satisfied over time and revenue is recorded on a monthly basis.

(C) Income from direct assignment

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss. EIS evaluated and adjusted for ECL and expected prepayment.

2.12 Finance costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortised cost. Financial instruments include bank term loans, non-convertible debentures, commercial papers, subordinated debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

2.13 Employee benefits

(A) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(B) Provident fund

Retirement benefit in the form of provident fund, is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

(C) ESIC and Labour welfare fund

The Company's contribution paid/payable during the period to ESIC and Labour welfare fund are recognised in the statement of profit and loss.

(D) Gratuity

The Company operates a defined benefit gratuity plan that provides for gratuity benefit to all employees. The Company makes annual contributions to a fund administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. The benefit is in the form of lump sum payments to vested employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets (excluding amounts included

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in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non- routine settlements; and
- Net interest expense or income

(E) Share-based payments

The Company recognises compensation expense relating to share-based payments in net profit using fair value in accordance with Ind AS 102 - Share-based Payment. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding amount.

2.14 Provisions and contingences

The Company recognises a provision when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that may arises from past events but probably will not require an outflow of resources to settle the obligation.

When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resource is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

2.15 Leases

Effective April 01, 2019, the Company has adopted Ind AS 116 - Leases and applied it to all lease contracts existing on April 01, 2019 using the modified retrospective method. Based on the same and as permitted under the specific transitional provisions in the standard, the Company is not required to restate the comparative figures.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

The following policies apply subsequent to the date of initial application, April 01, 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

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On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease , it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in statement of profit and loss.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

2.16 Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables, respectively, in the balance sheet.

2.17 Income tax

(A) Current tax

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 in respect of taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years.

(B) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

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- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

2.18 Earnings per share

The Company reports basic and diluted earnings per equity share. Basic earnings per equity share have been computed by dividing net profit / loss attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share have been computed by dividing the net profit attributable to the equity share holders after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Managing Director & CEO 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.

Operating segments identified by the Company comprises as under:

- Lending services
- BPO services

The accounting policies consistently used in the preparation of the financial statements are also applied to item of revenue and expenditure in individual segments. 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 enterprises as a whole and are not allocable to a segment on a reasonable basis have been disclosed as 'Unallocated'. 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'.

2.20 Repossession and Collateral

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements.

To the extent possible, the Company uses active market data and external valuers for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models or through external valuers. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

The Company physically repossess and take into custody properties or other assets and also engages external agents to recover funds, to settle outstanding debt. Any surplus funds are returned to the customers/

obligors. The Company does not use the assets repossessed for the internal operations. Assets held under legal repossession processes are not recorded on the balance sheet as it does not meet the recognition criteria in other standards. Value of the repossessed asset is not netted off from the exposure at default for calculation of expected credit loss.

2.21 Statement of cash flows

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Company's accounting policies, management has made the following estimates and judgements, which have a significant impact on the carrying amounts of assets and liabilities at each balance sheet date.

(A) Fair value of financial instruments

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs) that the Company can access at measurement date

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 43.

(B) Expected credit loss

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and credit assessment and including forward looking information.

The component used by the Company in determining the ECL have been depicted in Note 45.

(C) Effective interest rate

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected behavioural life of the financial asset to the gross carrying amount of the financial asset.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges) as well expected changes to the base rate and other transaction costs and fees paid or received that are integral parts of the instrument.

(D) Business model assessment

Classification and measurement of financial assets depends on the results of the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

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performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

(E) Useful life and expected residual value of assets

Depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

(F) Leases

- The determination of lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options.
- The determination of the incremental borrowing rate used to measure lease liabilities.

(G) Deferred Tax

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

(H) Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(I) Provisions and contingences

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in statutory litigation in the ordinary course of the Company's business. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

Notes to the Standalone Financial Statements
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4 CASH AND CASH EQUIVALENTS

	As at March 31, 2024	As at March 31, 2023
Cash on hand	35.45	28.52
Balances with banks	606.10	358.51
Demand drafts on hand	6.30	8.87
Total	**647.85**	**395.90**

5 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31, 2024	As at March 31, 2023
Deposits with bank	2.12	101.92
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments.	45.90	93.63
Collateral with Banks for Derivative	6.38	61.71
Interest accrued but not due on fixed deposits	0.26	0.66
Total	**54.66**	**257.92**

6 DERIVATIVE FINANCIAL INSTRUMENTS

	As at March 31, 2024			As at March 31, 2023		
	Notional amounts	Fair Value-Assets	Fair Value-Liabilities	Notional amounts	Fair Value-Assets	Fair Value-Liabilities
Part I						
(i) Currency derivatives:						
Currency swaps	2,085.13	-	4.77	1,889.91	166.17	-
Subtotal (i)	**2,085.13**	**-**	**4.77**	**1,889.91**	**166.17**	**-**
(ii) Interest rate derivatives						
Forward Rate Agreements and Interest Rate swaps	1,750.00	1.92	-	-	-	-
Subtotal (ii)	**1,750.00**	**1.92**	**-**	**-**	**-**	**-**
Less : Provision on derivative financial instruments	**-**	**0.01**	**-**	**-**	**0.83**	**-**
Total Derivative Financial Instruments (i)+(ii)	**3,835.13**	**1.91**	**4.77**	**1,889.91**	**165.34**	**-**
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging:						
Currency derivatives	-	-	-	-	-	-
Interest Rate derivatives	-	-	-	-	-	-
Subtotal (i)	**-**	**-**	**-**	**-**	**-**	**-**

Notes to the Standalone Financial Statements as at March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

	As at March 31, 2024			As at March 31, 2023		
	Notional amounts	Fair Value- Assets	Fair Value- Liabilities	Notional amounts	Fair Value- Assets	Fair Value- Liabilities
(ii) Cash flow hedging:						
Currency derivatives	**2,085.13**	**-**	**4.77**	1,889.91	166.17	-
Interest rate derivatives	**1,700.00**	**1.92**	**-**	-	-	-
Subtotal (ii)	**3,785.13**	**1.92**	**4.77**	**1,889.91**	**166.17**	**-**
(iii) Undesignated Derivatives						
Currency Swaps	**-**	**-**	**-**	-	-	-
Subtotal (iii)	**-**	**-**	**-**	**-**	**-**	**-**
Less : Provision on derivative financial instruments	**-**	**0.01**	**-**	**-**	**0.83**	**-**
Total Derivative Financial Instruments (i)+(ii)+(iii)	**3,785.13**	**1.91**	**4.77**	**1,889.91**	**165.34**	**-**

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges. The table above shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

7 TRADE RECEIVABLES

	As at March 31, 2024	As at March 31, 2023
Receivables Considered good - Secured	**-**	-
Receivables Considered good - Unsecured	**124.01**	59.10
Receivables which have significant increase in the credit risk	**8.10**	12.22
Receivables credit impaired	**1.77**	1.34
Unbilled Trade Receivables	**-**	-
	133.88	**72.66**
Less: Impairment loss allowance	**9.27**	6.90
Total	**124.61**	**65.76**

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person, or from firms or private companies respectively in which any director is a partner, a director or a member.

Reconciliation of impairment Loss allowance on trade receivables:

	As at March 31, 2024	As at March 31, 2023
Balance as at beginning of the year	**6.90**	3.30
Increase during the year	**7.63**	5.98
Decrease during the year	**(5.26)**	(2.38)
Balance at end of the year	**9.27**	**6.90**

Notes to the Standalone Financial Statements as at March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

Trade receivables ageing schedule :

Particulars	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Undisputed Trade Receivables - Considered good	**123.95**	**0.06**	**-**	**-**	**-**	**124.01**
	(58.53)	*(0.60)*	*0.03*	*0.00*	*0.00*	*(59.10)*
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	**5.00**	**1.66**	**1.27**	**0.17**	**-**	**8.10**
	(11.21)	*(0.94)*	*(0.01)*	*(0.00)*	*(0.06)*	*(12.22)*
(iii) Undisputed Trade Receivables- credit impaired	**1.12**	**0.65**	**-**	**-**	**-**	**1.77**
	(0.78)	*(0.56)*	*(0.00)*	*(0.00)*	*0.00*	*(1.34)*
(iv) Disputed Trade Receivables- considered good	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-
(v) Disputed Trade Receivables- which have significant increase in credit risk	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-
(vi) Disputed Trade receivables - credit impaired	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-
(vii) Unbilled Trade Receivables	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-
TOTAL	**130.07**	**2.37**	**1.27**	**0.17**	**-**	**133.88**
	(70.52)	***(2.10)***	***0.02***	***(0.00)***	***(0.06)***	***(72.66)***

8 LOANS (AT AMORTISED COST)

		As at March 31, 2024	As at March 31, 2023
A	**Term Loans in India**	**90,217.93**	**70,030.70**
B	**Public sector**	**-**	**-**
	Others	**90,217.93**	70,030.70
	Total	**90,217.93**	**70,030.70**
C	**Secured (Secured by tangible assets)**	**67,930.51**	53,053.24
	Unsecured	**22,287.42**	16,977.46
	Total	**90,217.93**	**70,030.70**
	Less: Impairment loss allowance	**3,496.67**	3,648.03
	Total	**86,721.26**	**66,382.67**
D	**Term Loans in India - at amortised cost**		
	- Public sector	**-**	-
	- Others		
	Secured (Secured by tangible assets)	**67,930.51**	53,053.24
	Unsecured	**22,287.42**	16,977.46
	Total Gross Loans	**90,217.93**	**70,030.70**
	Less: Impairment loss allowance	**3,496.67**	3,648.03
	Total	**86,721.26**	**66,382.67**

Notes to the Standalone Financial Statements as at March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on year-end stage classification. The amounts presented are gross of Impairment loss allowance.

Stage	As at March 31, 2024	As at March 31, 2023
Stage 1	**87,218.17**	66,793.02
Stage 2	**1,287.94**	1,322.83
Stage 3	**1,711.82**	1,914.85
Total	**90,217.93**	**70,030.70**

Loans or advances in the nature of loans are granted to promoters, directors, KMPs, and the related parties, either severally or jointly with any other person.

Particulars	As at March 31, 2024	% to the total Loans and Advances in the nature of loans	As at March 31, 2023	% to the total Loans and Advances in the nature of loans
Promoter	**Nil**	Nil	Nil	Nil
Directors	**Nil**	Nil	Nil	Nil
KMPs	**Nil**	Nil	Nil	Nil
Related parties	**Nil**	Nil	Nil	Nil

9 INVESTMENTS

	As at March 31, 2024	As at March 31, 2023
Recorded at Fair value through statement of profit and loss		
Outside India	**-**	-
In India		
Mutual fund units	**1,753.41**	411.65
Treasury bills / G-Sec	**-**	773.66
Securities receipt of ARC	**37.33**	55.99
Unquoted equity shares	**2.30**	1.95
Recorded at Amortised Cost		
Outside India	**-**	-
In India		
Treasury bills / G-Sec	**1,587.29**	-
Total	**3,380.33**	**1,243.25**

10 OTHER FINANCIAL ASSETS

	As at March 31, 2024	As at March 31, 2023
Security deposits at amortised cost (Unsecured, considered good)	**28.22**	24.54
Prepaid rent (Security deposits, Unsecured, considered good)	**10.31**	7.14
Retained interest on assigned loan	**0.86**	2.81
Servicing assets on assigned loan	**0.11**	0.38
Total	**39.50**	**34.87**

Notes to the Standalone Financial Statements
as at March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

11 CURRENT TAX ASSETS (NET)

	As at March 31, 2024	As at March 31, 2023
Current tax assets		
Advance tax and tax deducted at source (Net of provision for tax ₹ 770.67 Crore) (Previous Year : ₹ 621.30 Crore)	**41.29**	25.11
Total	**41.29**	**25.11**

12 DEFERRED TAX ASSETS (NET)

	Balance as at April 01, 2022	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at March 31, 2023	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at March 31, 2024
Deferred Tax Asset							
Depreciation and amortisation	35.60	13.82	-	49.42	18.20	-	**67.62**
Provision for employee benefits	14.30	5.68	1.38	21.35	5.17	7.94	**34.46**
Loans - Impairment	1,046.03	(93.91)	-	952.12	(38.30)	-	**913.82**
Securitisation and others	(31.08)	47.82	-	16.74	8.11	-	**24.85**
Cash Flow Hedges Reserve	2.76	-	(4.93)	(2.17)	-	4.30	**2.13**
Deferred Tax Asset	**1,067.61**	**(26.59)**	**(3.55)**	**1,037.46**	**(6.82)**	**12.24**	**1,042.88**
Deferred Tax Liabilities							
Borrowings	(7.15)	3.86	-	(3.29)	(5.08)	-	**(8.37)**
Investments - MTM and others	(18.84)	1.41	-	(17.43)	(5.98)	-	**(23.41)**
Loans - DSA	13.00	(11.44)	-	1.56	(41.67)	-	**(40.11)**
Lease	(3.45)	(13.99)	-	(17.44)	(13.60)	-	**(31.04)**
Deferred Tax Liabilities	**(16.44)**	**(20.16)**	**-**	**(36.59)**	**(66.34)**	**-**	**(102.93)**
Net Deferred Tax Assets	**1,051.17**	**(46.75)**	**(3.55)**	**1,000.87**	**(73.16)**	**12.24**	**939.95**
Movement in Net deferred tax Asset during the year						(60.92)	

The components of income tax expense for the years ended March 31, 2024 and 2023 are:

	As at March 31, 2024	As at March 31, 2023
Current tax:		
In respect of current year	**770.67**	621.30
In respect of prior years	**-**	-
Deferred Tax:		
Deferred tax relating to origination and reversal of temporary differences	**73.16**	46.75
Adjustments due to changes in tax rates		
In respect of prior years	**-**	-
Total Income Tax recognised in statement of profit or loss	**843.83**	**668.05**
Current tax	**770.67**	621.30
Deferred tax (Debit)	**73.16**	46.75

Notes to the Standalone Financial Statements as at March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Income Tax recognised in Other comprehensive income

	As at March 31, 2024	As at March 31, 2023
Deferred tax related to items recognised in Other comprehensive income during the year:		
Income tax relating to items that will not be reclassified to profit or loss	**7.94**	1.38
Income tax relating to items that will be reclassified to profit or loss	**4.30**	(4.93)
Total Income tax recognised in Other comprehensive income (Debit)	**12.24**	**(3.55)**

The reconciliation of estimated income tax expense at tax rate to income tax expense reported in profit or loss is as follows:

	As at March 31, 2024	As at March 31, 2023
Profit before tax	**3,304.67**	2,627.40
Applicable income tax rate (%)	**25.17**	25.17
Income tax expense calculated at applicable income tax rate	**831.72**	661.26
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Effect of income exempt from tax	**-**	-
Effect of expenses/provisions not deductible in determining taxable profit	**21.78**	16.46
Effect of tax incentives (net)	**(9.67)**	(9.67)
Effects of income not considered as taxable on compliance of condition	**-**	-
Adjustments due to changes in tax rates		
Income tax for earlier year	**-**	-
Income tax expense recognised in profit and loss	**843.83**	**668.05**

(Currency : Indian Rupees in Crore)

13 PROPERTY, PLANT AND EQUIPMENT (PPE) AND OTHER INTANGIBLE ASSETS

Description	Office equipment	Furniture and fixtures	Leasehold improvements	Computers	Building	Motor cars	Total PPE Tangibles	Software and System development	Total Other Intangibles	Total
Balance as at April 01, 2023	**71.01**	**97.72**	**88.58**	**210.24**	**0.15**	**9.05**	**476.76**	**69.39**	**69.39**	**546.15**
Additions during the year	19.52	11.59	18.98	53.73	-	5.19	109.01	14.36	14.36	123.37
Disposals/Adjustments during the year	8.25	6.52	6.52	6.45	-	1.21	28.95	-	-	28.95
Balance as at March 31, 2024	**82.29**	**102.79**	**101.04**	**257.53**	**0.15**	**13.03**	**556.82**	**83.75**	**83.75**	**640.57**
Accumulated Depreciation / impairment as at April 01, 2023	**56.22**	**84.74**	**59.49**	**150.55**	**0.03**	**3.36**	**354.41**	**48.98**	**48.98**	**403.39**
Depreciation charge during the year	8.74	10.42	9.47	37.16	0.00	2.74	68.53	12.62	12.62	81.15
Disposals/Adjustments during the year	8.24	6.49	6.23	6.45	-	1.21	28.62	-	-	28.62
Accumulated Depreciation / impairment as at March 31, 2024	**56.72**	**88.67**	**62.73**	**181.26**	**0.03**	**4.89**	**394.29**	**61.60**	**61.60**	**455.89**
Net carrying amount as at March 31, 2024	**25.57**	**14.12**	**38.31**	**76.27**	**0.12**	**8.14**	**162.53**	**22.15**	**22.15**	**184.68**
Balance as at April 01, 2022	**63.13**	**95.15**	**80.72**	**158.76**	**0.15**	**8.85**	**406.76**	**50.81**	**50.81**	**457.57**
Additions during the year	9.81	4.03	11.69	62.66	-	4.53	92.72	18.59	18.59	111.31
Disposals/Adjustments during the year	1.93	1.46	3.83	11.18	-	4.33	22.72	0.01	0.01	22.73
Balance as at March 31, 2023	**71.01**	**97.72**	**88.58**	**210.24**	**0.15**	**9.05**	**476.76**	**69.39**	**69.39**	**546.15**
Accumulated Depreciation / impairment as at April 01, 2022	**51.86**	**80.51**	**51.96**	**138.71**	**0.03**	**5.56**	**328.63**	**38.80**	**38.80**	**367.43**
Depreciation charge for the year	6.29	5.68	11.28	23.02	0.00	1.73	48.01	10.19	10.19	58.20
Disposals/Adjustments during the year	1.93	1.45	3.75	11.18	-	3.93	22.23	0.01	0.01	22.24
Accumulated Depreciation / impairment as at March 31, 2023	**56.22**	**84.74**	**59.49**	**150.55**	**0.03**	**3.36**	**354.41**	**48.98**	**48.98**	**403.39**
Net carrying amount as at March 31, 2023	**14.79**	**12.98**	**29.09**	**59.69**	**0.12**	**5.69**	**122.35**	**20.41**	**20.41**	**142.76**

Note : No revalution of any class of assets is carried out during the year.

Notes to the Standalone Financial Statements as at March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

14 RIGHT OF USE ASSETS

	As at March 31, 2024	As at March 31, 2023
Right of Use Assets (ROU) (Refer note 34)	**326.51**	244.27
Total	**326.51**	**244.27**

15 OTHER NON-FINANCIAL ASSETS

	As at March 31, 2024	As at March 31, 2023
Capital advances	38.29	9.02
Advances recoverable in cash or in kind (Unsecured, considered good)	**55.67**	82.63
Total	**93.96**	**91.65**

16 TRADE PAYABLES

	As at March 31, 2024	As at March 31, 2023
Trade payables		
i) total outstanding dues to micro and small enterprises	-	-
ii) total outstanding dues of creditors other than micro and small enterprises	**509.00**	291.84
Total	**509.00**	**291.84**

16.1 Trade Payables includes ₹ Nil payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "Suppliers" registered under this act. The above is based on the information available with the Company which has been relied upon by the auditors.

16.2 Trade payables ageing schedule :

Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
i) MSME	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
ii) Others	**505.84**	**1.71**	**0.62**	**0.83**	**509.00**
	(288.23)	*(1.59)*	*(0.36)*	*(1.66)*	*(291.84)*
iii) Disputed dues - MSME	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
iv) Disputed dues - Others	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
v) Unbilled Trade payables	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
Total	**505.84**	**1.71**	**0.62**	**0.83**	**509.00**
	(288.23)	***(1.59)***	***(0.36)***	***(1.66)***	***(291.84)***

Notes to the Standalone Financial Statements as at March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

17 DEBT SECURITIES

	As at March 31, 2024	As at March 31, 2023
At Amortised Cost		
Secured		
Privately placed redeemable Non Convertible Debenture	**33,896.68**	27,246.28
Secured by pari passu charge by mortgage of Company's Office no.130, 3rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and receivables under financing activity.		
Unsecured		
Commercial paper	**1,175.00**	-
Total	**35,071.68**	**27,246.28**
Less: Unamortised borrowing cost	**220.56**	149.87
Debt Securities (Net of unamortised cost)	**34,851.12**	**27,096.41**
Debt securities in India	**35,071.68**	27,246.28
Debt securities outside India	**-**	-
Total	**35,071.68**	**27,246.28**
Less: Unamortised borrowing cost	**220.56**	149.87
Debt Securities (Net of unamortised cost)	**34,851.12**	**27,096.41**

17.1 - No non convertible debentures, non convertible perpetual debentures and any other borrowing is guaranteed by directors and/or others.

17.2 - Terms of repayment of privately placed redeemable non convertible debenture.

Rate of interest (%)	0-1 years	1-3 years	3-5 years	>5 years	Total
4.5-5.5	**400.00**	**-**	**-**	**-**	**400.00**
	(2,423.00)	*(1,593.00)*	-	-	*(4,016.00)*
5.5-6.5	**6,578.00**	**3,630.00**	**-**	**-**	**10,208.00**
	(1,910.00)	*(5,203.00)*	*(1,060.00)*	-	*(8,173.00)*
6.5-7.5	**1,650.00**	**936.00**	**-**	**-**	**2,586.00**
	(5,341.10)	*(1,286.00)*	*(130.00)*	-	*(6,757.10)*
7.5-8.5	**1,723.00**	**15,417.50**	**2,062.18**	**1,500.00**	**20,702.68**
	-	*(4,368.00)*	*(1,364.00)*	*(1,200.00)*	*(6,932.00)*
8.5-9.5	**-**	**-**	**-**	**-**	**-**
	-	*(1,045.00)*	-	-	*(1,045.00)*
9.5-10.5	**-**	**-**	**-**	**-**	**-**
	-	-	*(323.18)*	-	*(323.18)*
Total	**10,351.00**	**19,983.50**	**2,062.18**	**1,500.00**	**33,896.68**
	(9,674.10)	***(13,495.00)***	***(2,877.18)***	***(1,200.00)***	***(27,246.28)***

17.3 - All the above non convertible debentures are secured by specific charge on receivables under financing activities. Minimum security cover of 1.0 times is required to be maintained throughout the year(Refer Note 95).

Notes to the Standalone Financial Statements as at March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

18 BORROWINGS (OTHER THAN DEBT SECURITIES)

	As at March 31, 2024	As at March 31, 2023
At Amortised Cost		
Borrowings (other than debt securities)		
Secured		
(a) External commercial borrowings (ECB)	**2,085.13**	1,889.91
(b) Term loan against hypothecation of Receivables under financing activity	**31,661.03**	21,968.00
(c) Borrowing under Securitisation	**85.22**	370.86
Total	**33,831.38**	**24,228.77**
Less: Unamortised borrowing cost	**-**	0.97
Borrowings (Other than Debt Securities) net of unamortised cost	**33,831.38**	**24,227.80**
Borrowings in India	**31,746.25**	22,338.86
Borrowings outside India	**2,085.13**	1,889.91
Total	**33,831.38**	**24,228.77**
Less: Unamortised borrowing cost	**-**	0.97
Borrowings (Other than Debt Securities) net of unamortised cost	**33,831.38**	**24,227.80**

18.1 - No term loans, external commercial borrowings , commercial paper and any other borrowing is guaranteed by directors and / or others.

18.2 - During the year presented there were no defaults in the repayment of principal and interest.

18.3 - Terms of repayment of External commercial borrowings in foreign currency

Rate of interest (%)	0-3 years	3-5 years	>5 years	Total
6- 9	**2,085.13**	**-**	**-**	**2,085.13**
	(1,889.91)	-	-	*(1,889.91)*

The Company had availed total External Commercial Borrowing (ECBs) of US$ 250 Mn for financing prospective borrower as per the ECB guidelines issued by Reserve Bank of India ("RBI") from time to time. Out of same US$ 250 Mn was raised in FY23-24. The borrowing has a maturity of three years. In terms of the RBI guidelines, borrowings have been swapped into rupees and fully hedged for the entire maturity by way of cross currency swaps.

18.4 - Terms of repayment of Term loans from Banks.

Marginal Cost of Funds Based Lending Rate (MCLR) (a)	0-1 years	1-3 years	3-5 years	>5 years	Total
Overnight MCLR + (0.00% to 0.75%)	**500.00**	**200.00**	**125.00**	**-**	**825.00**
	(200.00)	*(200.00)*	*(200.00)*	-	*(600.00)*
1 Month MCLR + (0.00% to 0.75%)	**2,224.40**	**1,964.29**	**567.50**	**-**	**4,756.19**
	(41.67)	-	-		*(41.67)*
3 Month MCLR + (0.00% to 1.5%)	**427.50**	**858.75**	**0.00**	**0.00**	**1,286.25**
	(998.39)	*(2,088.81)*	*(526.13)*	*(20.00)*	*(3,633.33)*
6 Month MCLR + (0.00% to 0.75%)	**-**	**-**	**-**	**-**	**-**
	(200.00)	*(400.00)*	*(400.00)*	-	*(1,000.00)*
Total (a)	**3,151.90**	**3,023.04**	**692.50**	**0.00**	**6,867.44**
	(1,440.06)	***(2,688.81)***	***(1,126.13)***	***(20.00)***	***(5,275.00)***

Notes to the Standalone Financial Statements as at March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Rate linked to T-Bills rates (b)	0-1 years	1-3 years	3-5 years	>5 years	Total
7 Days T-Bills rates (0.00% to 4.00%)	**-**	**-**	**-**	**-**	**-**
	(80.00)	*(80.00)*	-	-	*(160.00)*
1 Month T-Bills rates (0.00% to 4.00%)	**2,741.66**	**4,532.50**	**1,795.00**	**-**	**9,069.16**
	(566.66)	*(1,291.67)*	*(452.08)*	-	*(2,310.41)*
3 Month T-Bills rates (0.00% to 4.00%)	**2017.50**	**1,742.57**	**1,219.44**	**211.11**	**5,190.62**
	(875.83)	*(1,618.33)*	*(73.97)*	-	*(2,568.13)*
Repo Rate (0.00% to 3.50%)	**3,676.76**	**2,458.55**	**403.13**	**-**	**6,538.44**
	(2,820.88)	*(4,463.22)*	*(390.62)*	-	*(7,674.73)*
Mumbai Interbank Offer rate (MIBOR) (0.00% to 3.50%)	**-**	**-**	**-**	**-**	**-**
	(30.00)	*(37.50)*	-	-	*(67.50)*
Total (b)	**8,435.92**	**8,733.62**	**3,417.57**	**211.11**	**20,798.22**
	(4,373.37)	***(7,490.72)***	***(916.67)***	**-**	***(12,780.76)***

Fixed Interest rate (c)	0-1 years	1-3 years	3-5 years	>5 years	Total
4.50% - 8.35%	**1,926.80**	**1,943.57**	**125.00**	**-**	**3,995.37**
	(1,725.21)	*(1,903.21)*	*(283.82)*	-	*(3,912.24)*
Total (a)+(b)+(c)	**13,514.62**	**13,700.23**	**4,235.07**	**211.11**	**31,661.03**
	(7,538.64)	***(12,082.74)***	***(2,326.62)***	***(20.00)***	***(21,968.00)***

18.4.1 - Term loans includes ₹ 9,730.54 Crore (Previous year ₹ 7,082.45 Crore) from related parties.

18.5 - All the above Term loans are secured by specific charge on receivables under financing activities. Minimum security cover of 1.0 time is required to be maintained throughout the year.

18.6 - Terms of repayment of Borrowing under Securitisation.

Rate of interest (%)	0-1 years	1-3 years	3-5 years	Total
3.50% to 6.00%	**85.22**	**-**	**-**	**85.22**
	(285.09)	*(85.77)*	-	*(370.86)*

18.7 - Term Loans were used fully for the purpose for which the same were obtained.

18.8 - Periodic Statements of securities filed with lending banks are as per book of accounts.

19 SUBORDINATED LIABILITIES

	As at March 31, 2024	As at March 31, 2023
At Amortised Cost		
Unsecured		
(a) Privately placed subordinated (Tier II) redeemable bonds	**4,670.00**	2,900.00
(b) Redeemable non convertible perpetual bonds	**1,000.00**	650.00
Total	**5,670.00**	**3,550.00**
Less: Unamortised borrowing cost	**21.83**	8.90
Subordinated Liabilities net of unamortised cost	**5,648.17**	**3,541.10**

Notes to the Standalone Financial Statements as at March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

	As at March 31, 2024	As at March 31, 2023
Subordinated Liabilities in India	**5,670.00**	3,550.00
Subordinated Liabilities outside India	**-**	-
Total	**5,670.00**	**3,550.00**
Add: Interest accrued	**-**	-
Less: Unamortised borrowing cost	**21.83**	8.90
Subordinated Liabilities net of unamortised cost	**5,648.17**	**3,541.10**

19.1 - No subordinate debts and any other borrowing is guaranteed by directors and / or others.

19.2 - Terms of repayment of Privately placed unsecured subordinated (Tier II) redeemable bonds and redeemable non convertible perpetual bonds

Rate of interest (%)	<5 year	>5 years	Total
7.35-10.50	**2,070.00**	**3,600.00**	**5,670.00**
	(1,400.00)	*(2,150.00)*	*(3,550.00)*

20 OTHER FINANCIAL LIABILITIES

	As at March 31, 2024	As at March 31, 2023
Interest accrued	**1,833.21**	1,172.43
Overdrawn balances in current account with banks	**679.13**	1,220.95
Deposits (not as defined in Section 2(31) of Companies Act, 2013)	**10.19**	10.19
Creditors for other expenses	**1.96**	14.09
Statutory liabilities	**59.57**	81.80
Unclaimed Dividend	**0.04**	0.01
Lease Liability (ROU)	**371.17**	278.96
Total	**2,955.27**	**2,778.43**

21 CURRENT TAX LIABILITIES (NET)

	As at March 31, 2024	As at March 31, 2023
Provisions for tax (Net of advance tax ₹ 565.00 Crore, Previous Year ₹ 405.00 Crore)	**58.65**	41.97
Total	**58.65**	41.97

Particulars	Opening Balance	Additions during the year	Reversals during the year	Closing Balance
As at March 31, 2024	**41.97**	**20.25**	**3.57**	**58.65**
As at March 31, 2023	59.73	0.04	17.80	41.97

Notes to the Standalone Financial Statements
as at March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

22 PROVISIONS

	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
Gratuity (funded)	**107.90**	78.03
Salary, bonus and reimbursements	**366.26**	255.07
Contribution to provident fund	**28.78**	35.86
Total	**502.94**	**368.96**

23 OTHER NON-FINANCIAL LIABILITIES

	As at March 31, 2024	As at March 31, 2023
Provision for expenses	**452.50**	266.91
Total	**452.50**	266.91

Particulars	Opening Balance	Additions during the year	Reversals during the year	Closing Balance
As at March 31, 2024	**266.91**	**351.59**	**166.00**	**452.50**
As at March 31, 2023	183.02	266.91	183.02	266.91

24 EQUITY SHARE CAPITAL

	Face Value ₹ each	As at March 31, 2024 Number of shares	As at March 31, 2023 Number of shares	As at March 31, 2024	As at March 31, 2023
Authorised equity shares	10	**1,00,15,50,000**	1,00,15,50,000	**1001.55**	1001.55
Issued, Subscribed & Paid up equity shares fully paid up	10	**79,30,74,566**	79,13,99,083	**793.08**	791.40
				793.08	**791.40**

24.1 Reconciliation of the number of shares

	As at March 31, 2024		As at March 31, 2023	
	Number	Amount	Number	Amount
Equity shares of ₹ 10 fully paid up				
Shares outstanding at the beginning of the year	**79,13,99,083**	**791.40**	79,04,40,031	790.44
Shares issued - exercised for ESOP scheme	**16,75,483**	**1.68**	9,59,052	0.96
Shares issued - right issue				
Shares outstanding at the end of the year	**79,30,74,566**	**793.08**	79,13,99,083	791.40

24.2 Terms/rights attached to equity shares.

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by shareholders at the Annual General Meeting.

Notes to the Standalone Financial Statements as at March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

24.3 Details of shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at March 31, 2024			As at March 31, 2023		
	No. of Shares held	% of Holding	% Change during the year	No. of Shares held	% of Holding	% Change during the year
Equity shares of ₹ 10 fully paid up						
HDFC Bank Limited (Holding Company and promoter)	**75,05,96,670**	**94.64**	**0.00%**	75,05,96,670	94.84	0.00%

24.4 Number of shares reserved for ESOPs

	As at March 31, 2024	As at March 31, 2023
Equity shares of ₹ 10 fully paid up		
Number of Shares reserved for ESOPs (Refer note 35)	**87,28,798**	75,79,538

25 OTHER EQUITY

		As at March 31, 2024	As at March 31, 2023
Other equity			
(i)	Securities Premium Account	**3,223.13**	3,127.72
(ii)	Employee Stock Options Outstanding Account	**69.22**	39.61
(iii)	Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	**2,177.26**	1,685.09
(iv)	Retained Earnings-Other than Remeasurement of Post Employment Benefit Obligations	**7,567.62**	5,844.33
(v)	Retained Earnings- Remeasurement of Post Employment Benefit Obligations	**(81.25)**	(57.65)
(vi)	Cash Flow Hedges Reserve	**(6.35)**	6.46
		12,949.63	**10,645.57**

(i) Securities Premium Account

Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

(ii) Employee Stock Options Outstanding Account

Under IND AS 102, fair value of the options granted is required to be accounted as expense over the life of the vesting period as employee compensation costs, reflecting the period of receipt of service.

(iii) Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934

Reserve fund is created as per the terms of section 45-IC(1) of the Reserve Bank of India Act, 1934 as a statutory reserve.

(iv) Retained Earnings-Other than Remeasurement of Post Employment Benefit Obligations

Retained earnings represents the surplus in Profit and Loss Account and appropriations.

(v) Retained Earnings- Remeasurement of Post Employment Benefit Obligations

The Company recognises change on account of remeasurement of the net defined benefit liability (asset) as part of retained earnings.

(vi) Cash Flow Hedges Reserve

It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

26 INTEREST INCOME

	For the year ended March 31, 2024	For the year ended March 31, 2023
On Financial Assets measured at Amortised Cost :		
Interest on Loans	**11,043.60**	8,853.58
Interest on deposits with Banks	**17.10**	9.30
Interest income from Investment	**96.02**	-
On Financial Assets measured at fair value through profit or loss (FVTPL) :		
Interest income from Investment	**-**	64.90
Total	**11,156.72**	**8,927.78**

27 NET GAIN/ (LOSS) ON FAIR VALUE CHANGES

	For the year ended March 31, 2024	For the year ended March 31, 2023
Net gain/ (loss) on financial instruments at fair value through profit or loss (FVTPL)		
Investments	**113.69**	85.07
	113.69	**85.07**
Net gain/ (loss) on financial instruments at fair value through profit or loss (FVTPL)		
Realised	**89.91**	90.67
Unrealised	**23.78**	(5.60)
Total	**113.69**	**85.07**

28 FINANCE COSTS

	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expenses on financial liabilities measured at amortised cost		
Interest on borrowings (includes Interest on lease liabilities ₹ 26.82 Crore, Previous Year ₹ 21.23 Crore)	**2,047.55**	1,460.89
Interest on debt securities	**2,390.10**	1,661.90
Interest on subordinated liabilities	**333.98**	352.39
Discount on commercial paper	**77.01**	9.00
Other borrowing costs	**15.68**	27.74
Total	**4,864.32**	**3,511.92**

29 IMPAIRMENT ON FINANCIAL INSTRUMENTS

	For the year ended March 31, 2024	For the year ended March 31, 2023
Impairment on financial instruments at amortised cost		
Loans	**1,065.02**	1,326.80
Trade receivables	**2.37**	3.60
Total	**1,067.39**	**1,330.40**

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

30 EMPLOYEE BENEFITS EXPENSES

	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries and wages (including bonus)	**3,471.04**	3,667.39
Contribution to provident and other funds	**274.31**	306.08
Employee share based payment expenses	**55.24**	43.64
Staff welfare expenses	**50.16**	40.46
Total	**3,850.75**	**4,057.57**

31 OTHER EXPENSES

	For the year ended March 31, 2024	For the year ended March 31, 2023
Rent	**15.25**	7.56
Rates and taxes	**3.62**	1.93
Telephone	**61.73**	38.12
Power and fuel	**34.41**	32.69
Repairs and maintenance- premises	**9.22**	7.17
Repairs and maintenance-others	**3.19**	3.00
Credit report charges	**45.29**	49.49
Commission and brokerage	**0.50**	2.48
Auditor's remuneration (Refer Note No. 33)	**1.74**	1.50
Insurance	**1.63**	1.54
Loss on sale of asset	**(0.85)**	(1.01)
Expenses towards Corporate Social Responsibility Initiative (Refer Note No. 41)	**31.30**	21.78
Others administrative expenses	**731.82**	597.50
Total	**938.85**	**763.75**

32 EARNING PER SHARE

	For the year ended March 31, 2024	For the year ended March 31, 2023
Net Profit (₹ in Crore)	**2,460.84**	1,959.35
Weighted average number of equity shares		
Basic	**79,18,48,757**	79,07,12,391
Diluted	**79,28,40,651**	79,14,93,138
Earnings per share (₹)		
Basic	**31.08**	24.78
Diluted	**31.04**	24.76
Face value per share (₹)	**10.00**	10.00

The dilutive effect on the earnings per share is caused by the potential shares that would be issued upon the exercise of the ESOP Options. As a result of the dilution, the denominator increased by 9,91,893 shares(Previous Year 7,80,747 shares).

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

33 AUDITOR'S REMUNERATION

	For the year ended March 31, 2024	For the year ended March 31, 2023
As Auditor	**1.54**	1.30
For taxation matters	**-**	-
For company law matters	**-**	-
For other services	**-**	-
For reimbursement of expenses	**0.06**	0.08
Sub Total	**1.60**	1.38
GST	**0.14**	0.12
Total	**1.74**	**1.50**

34 LEASES

The Company has entered into leasing arrangements for premises. Majority of the leases are cancellable by the Company. ROU has been included after the line 'Property, Plant and Equipment' and Lease Liability has been included under 'Other Financial Liabilities' in the Balance Sheet.

I. Lease disclosures under Ind-AS 116 for the current year ended March 31, 2024

(i) Amounts recognised in the Balance sheet

Sr No.	Particulars	March 31, 2024	March 31, 2023
a)	**Right-of-use assets (net)**	**326.51**	244.27
b)	**Lease liabilities**		
	Current	**60.38**	52.61
	Non-current	**310.79**	226.35
	Total Lease liabilities	**371.17**	**278.96**
c)	**Additions to the Right-of-use assets**	**135.63**	94.57

(ii) Amounts recognised in the Statement of Profit and Loss

Sr No.	Particulars	March 31, 2024	March 31, 2023
a)	Depreciation charge for right-of-use assets	**64.01**	53.64
b)	Interest expense (included in finance cost)	**26.82**	21.23
c)	Expense relating to short-term leases	**15.25**	7.56

(iii) Cash Flows

Particulars	March 31, 2024	March 31, 2023
The total cash outflow of leases	**83.85**	69.89

(iv) Future Commitments

Particulars	March 31, 2024	March 31, 2023
Future undiscounted lease payments to which leases is not yet commenced	**34.97**	10.38

(v) Maturity analysis of undiscounted lease liability

Period	March 31, 2024	March 31, 2023
Not later than one year	**87.69**	72.89
Later than one year and not later than five years	**263.77**	196.62
Later than five years	**128.28**	86.70
Total	**479.74**	**356.21**

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

35 ACCOUNTING FOR EMPLOYEE SHARE BASED PAYMENTS

In accordance with resolution approved by the shareholders, the Company has reserved shares, for issue to employees through Employee Stock Option Scheme (ESOP). On the approval of Nomination and Remuneration Committee (NRC), each ESOP is issued. The NRC has approved ESOP-10 on October 13, 2017, ESOP-11 on January 15, 2019, ESOP-12 on October 05, 2020, ESOP-13 on January 14, 2021, ESOP-13A on August 31, 2021, ESOP-14 on October 27, 2021, ESOP-15A on May 18, 2022, ESOP-15B on October 31, 2022, ESOP-16A on June 12, 2023, ESOP-16B on October 23, 2023 and ESOP-16C on October 23, 2023. Under the term of the ESOP, the Company may issue stock options to employees and directors of the Company, each of which is convertible into one equity share.

Such options vest at a definitive date, save for specific incidents, prescribed in the scheme as framed/approved by the NRC. Such options are exercisable for a period following vesting at the discretion of the NRC, subject to a maximum of four years from the date of vesting.

Description of share based payments plans

Particulars		Vesting requirements	Maximum term of option	Method of settlement	Modifications to share based payment plans	Any other details as disclosed in the audited Ind-AS financials
i.	ESOP - 10	30% at the end of each 12 and 24 months and 40% at the end of 36 months from 31 Oct 2017	7 years	Equity settled	NA	NA
ii.	ESOP - 11	30% at the end of each 12 and 24 months and 40% at the end of 36 months from 31 Jan 2019	7 years	Equity settled	NA	NA
iii.	ESOP - 12	60% at the end of 12 months and 40% at the end of 24 months from 31 Oct 2020	6 years	Equity settled	NA	NA
iv.	ESOP - 13	30% at the end of each 12 and 24 months and 40% at the end of 36 months from 31 Jan 2021	7 years	Equity settled	NA	NA
v.	ESOP - 13A	30% at the end of each 12 and 24 months and 40% at the end of 36 months from August 31, 2021	7 years	Equity settled	NA	NA
vi.	ESOP - 14	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2021	7 years	Equity settled	NA	NA
vii.	ESOP - 15A	30% at the end of each 12 and 24 months and 40% at the end of 36 months from May 31, 2022	7 years	Equity settled	NA	NA
viii.	ESOP - 15B	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2022	7 years	Equity settled	NA	NA
ix.	ESOP - 16A	30% at the end of each 12 and 24 months and 40% at the end of 36 months from June 30, 2023	10 years	Equity settled	NA	NA
x.	ESOP - 16B	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2023	10 years	Equity settled	NA	NA
xi.	ESOP - 16C	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2023	10 years	Equity settled	NA	NA

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

Method used for accounting for shared based payment plan.

The Company uses fair value to account for the compensation cost of stock options to employees of the Company.

Movement in the options outstanding under the Employees Stock Option Plan for the year ended March 31, 2024

Particulars	Outstanding, beginning of year	Granted during the year	Exercised during the year	Forfeited / lapsed during the year	Outstanding, end of year	Options exercisable, end of year
ESOP - 10	**42,000**	**-**	**-**	**-**	**42,000**	**42,000**
ESOP - 11	**74,020**	**-**	**54,000**	**3,870**	**16,150**	**16,150**
ESOP - 12	**2,78,090**	**-**	**1,12,583**	**7,990**	**1,57,517**	**1,57,517**
ESOP - 13	**6,67,395**	**-**	**3,28,030**	**16,770**	**3,22,595**	**3,22,595**
ESOP - 13A	**37,000**	**-**	**14,000**	**-**	**23,000**	**3,000**
ESOP – 14	**17,99,723**	**-**	**5,28,264**	**61,325**	**12,10,134**	**4,14,902**
ESOP – 15A	**11,83,140**	**-**	**1,47,750**	**-**	**10,35,390**	**2,07,192**
ESOP – 15B	**34,98,170**	**-**	**4,90,856**	**2,76,492**	**27,30,822**	**5,12,907**
ESOP – 16A	**-**	**13,79,770**	**-**	**35,000**	**13,44,770**	**-**
ESOP – 16B	**-**	**4,36,400**	**-**	**9,380**	**4,27,020**	**-**
ESOP – 16C	**-**	**14,29,400**	**-**	**10,000**	**14,19,400**	**-**
Total	**75,79,538**	**32,45,570**	**16,75,483**	**4,20,827**	**87,28,798**	**16,76,263**
Weighted average exercise price (₹)	**456.57**	**486.66**	**426.48**	**479.42**	**472.43**	**423.28**

Movement in the options outstanding under the Employees Stock Option Plan for the year ended March 31, 2023

Particulars	Outstanding, beginning of year	Granted during the year	Exercised during the year	Forfeited / lapsed during the year	Outstanding, end of year	Options exercisable, end of year
ESOP - 10	42,000	-	-	-	42,000	42,000
ESOP - 11	1,06,430	-	32,410	-	74,020	74,020
ESOP - 12	7,02,910	-	3,94,140	30,680	2,78,090	2,78,090
ESOP - 13	9,33,155	-	2,13,570	52,190	6,67,395	2,64,275
ESOP - 13A	50,000	-	13,000	-	37,000	2,000
ESOP – 14	22,34,820	-	3,05,932	1,29,165	17,99,723	3,40,916
ESOP – 15A	-	11,83,140	-	-	11,83,140	-
ESOP – 15B	-	35,81,490	-	83,320	34,98,170	-
Total	**40,69,315**	**47,64,630**	**9,59,052**	**2,95,355**	**75,79,538**	**10,01,301**
Weighted average exercise price (₹)	383.81	496.09	353.71	425.60	456.57	352.60

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Following summarises the information about stock options outstanding as at March 31, 2024

Plan	Exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)
ESOP – 10	**213**	**42,000**	**0.59**
ESOP – 11	**274**	**16,150**	**1.84**
ESOP – 12	**300**	**1,57,517**	**2.59**
ESOP – 13	**348**	**3,22,595**	**3.84**
ESOP – 13A	**409**	**23,000**	**4.42**
ESOP – 14	**433**	**12,10,134**	**4.59**
ESOP – 15A	**457**	**10,35,390**	**5.17**
ESOP – 15B	**509**	**27,30,822**	**5.59**
ESOP – 16A	**424**	**13,44,770**	**9.25**
ESOP – 16B	**533**	**4,27,020**	**9.59**
ESOP – 16C	**533**	**14,19,400**	**9.59**

Following summarises the information about stock options outstanding as at March 31, 2023

Plan	Exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)
ESOP – 10	213	42,000	1.53
ESOP – 11	274	74,020	2.79
ESOP – 12	300	2,78,090	3.52
ESOP – 13	348	6,67,395	4.64
ESOP – 13A	409	37,000	5.42
ESOP – 14	433	17,99,723	5.58
ESOP – 15A	457	11,83,140	6.13
ESOP – 15B	509	34,98,170	6.59

Fair Value methodology

The fair value of options have been estimated on the dates of each grant using the Black-Scholes model. The shares of Company are not listed on any stock exchange. Accordingly, the Company had considered the volatility of the Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model for the stock options granted by the Company are:

Particulars	ESOP 16A	ESOP 16B	ESOP 16C
Dividend yield	0.21%	0.38%	0.38%
Expected volatility	45.70%	38.75%	38.75%
Risk- free interest rate	6.83%	7.26%	7.26%
Expected life of the option	3.49	3.46	3.46

The Company recorded an employee stock compensation expense of ₹ 55.24 Crore (previous year ₹ 43.64 Crore) in Statement of Profit and Loss.

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

36 SEGMENT REPORTING

Sr No.	Particulars	March 31, 2024	March 31, 2023
i.	**Segment Revenue**		
	Lending business	**12,221.57**	9,768.95
	BPO Services	**1,949.55**	2,633.93
	Unallocated	**-**	-
	Income from Operations	**14,171.12**	**12,402.88**
ii.	**Segment Results**		
	Lending business	**3,178.35**	2,508.48
	BPO Services	**157.62**	140.70
	Unallocated	**(31.30)**	(21.78)
	Profit before tax	**3,304.67**	**2,627.40**
	Income Tax expenses		
	Current tax	**770.67**	621.30
	Deferred tax Asset	**73.16**	46.75
	Net Profit	**2,460.84**	**1,959.35**
iii.	**Capital Employed**		
	Segment assets		
	Lending business	**91,470.27**	68,921.03
	BPO Services	**105.01**	103.38
	Unallocated	**981.23**	1,025.98
	Total Assets	**92,556.51**	**70,050.39**
	Segment Liabilities		
	Lending business	**78,151.30**	58,216.53
	BPO Services	**192.83**	180.38
	Unallocated	**469.67**	216.52
	Total Liabilities	**78,813.80**	**58,613.43**
	Net Segment assets / (liabilities)	**13,742.71**	11,436.96
iv.	**Capital Expenditure (including net CWIP)**		
	Lending business	**115.03**	86.48
	BPO Services	**8.32**	24.83
	Unallocated	**-**	-
	Total	**123.35**	**111.31**
v.	**Depreciation**		
	Lending business	**131.47**	86.49
	BPO Services	**13.67**	25.35
	Unallocated	**-**	-
	Total	**145.14**	**111.84**
vi.	**Other non cash expenditure**		
	Lending business	**1,067.38**	1,330.40
	BPO Services	**-**	-
	Unallocated	**-**	-
	Total	**1,067.38**	**1,330.40**

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

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 & CEO 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.

37 RELATED PARTY DISCLOSURES

Name of the related Party and Nature of Relationship

Holding Company :
HDFC Bank Limited

Enterprise under common control of Holding Company :
HDFC Securities Limited
HDFC Ergo General Insurance Company Limited
HDFC Life Insurance Company Limited

Key Management Personnel (KMP) :
Arijit Basu (Part Time Non Executive Chairman & Independent Director)
Adayapalam Viswanathan (Independent Director)
Arundhati Mech (Independent Director)
Dr. Amla Samanta (Independent Director)

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

Jayesh Chakravarthi (Independent Director)
Smita Affinwalla (Independent Director)
Venkatraman Srinivasan (Independent Director)
Jimmy Tata (Non Executive Director)
G Ramesh (Managing Director & CEO)

Other related parties :
HDBFS Employees Welfare Trust

Details of Related Party Transactions for the Year:

Related Party	Nature Of Transaction	March 31, 2024	March 31, 2023
HDFC Bank Limited	Bank charges	**9.56**	15.35
	Charges for back office support services received / recoverable	**533.67**	984.41
	Charges for sales support services received / recoverable	**1,140.05**	1,821.96
	Commission Expenses	**0.81**	-
	Corporate logo license fees	**26.16**	17.19
	Dividend paid	**232.68**	142.61
	Fixed deposits placed	**-**	-
	Interest paid on non-convertible debentures	**198.23**	301.45
	Interest paid on term loan and OD account	**575.46**	376.36
	Interest received on fixed deposits	**1.79**	2.71
	Investment banking fees paid	**0.18**	0.01
	IPA charges	**0.02**	0.00
	Reimbursement of IT expense, secondment charge & other common expenses	**0.36**	1.51
	Rent paid for premises taken on sub-lease	**2.75**	2.83
	Securities purchased during the year	**200.00**	-
	Term loan availed during the year	**6,700.00**	3,350.00
	Tele collection charges / field collection charges received / recoverable for collection services rendered	**275.83**	255.65
HDFC Securities Ltd.	Commission on sourcing of loans	**-**	0.01
	Rent income for premises given on sub-lease	**0.09**	0.10
	Recovery of expenses	**0.12**	0.01
Key Management Personnel	a) Short term employee benefits	**7.35**	6.02
	b) post-employment benefits	**-**	-
	c) Other long-term benefits	**-**	-
	d) Termination benefits	**-**	-
	e) Share based Payments #	**1.51**	0.37
	f) Commission paid	**0.81**	0.74
HDFC Life Insurance Company Limited	Income from Insurance commission	**46.19**	7.45
	Receipt of funds	**150.00**	-
	Redemption of bonds(Including Premium)	**42.21**	-
HDFC Ergo General Insurance Company Limited	Income from Insurance commission	**15.20**	13.72
	Insurance Premium Expense (Car & Group policy)	**2.21**	0.55

#The intrinsic value of the stock options granted is Nil. However, the Company in compliance with Ind-AS 102 has been charged to the statement of profit and loss of ₹ 5.07 Crore (previous year ₹ 3.81 Crore) with a corresponding credit to the reserves.

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

Balances outstanding:

Related Party	Nature Of Transaction	March 31, 2024	March 31, 2023
HDFC Bank Limited	Securitisation	-	53.71
	Balance in current accounts	534.13	327.51
	Balance receivable	-	16.50
	Balance payable	0.23	0.05
	Fixed deposit	-	47.73
	Security deposit paid	0.16	0.16
	Security deposit received	9.85	9.85
	Term loan outstanding	9,634.71	7,082.45
	Non convertible debentures issued	825.00	4,155.00
	WCDL Loan Outstanding	95.83	4.16
HDFC Securities Ltd.	Balance receivable	0.15	0.04
HDFC Life Insurance Company Limited**	Balance payable - Securities	1,239.00	1,156.60
	Balance payable - Expenses	-	-
	Balance receivable	7.12	2.24
HDFC Asset Management Company Limited	Balance payable	-	640.00
HDFC Ergo General Insurance Company Limited**	Balance payable	70.00	70.00
	Balance receivable	2.53	1.98

** excludes amounts pertaining to insurance premiums payable that are in the nature of pass through.

38 EMPLOYEE BENEFITS

A) Defined contribution plan

The contribution made to various statutory funds is recognised as expense and included in Note 30 'Employee benefits expense' under 'Contribution to provident and other funds' in Statement of Profit and Loss.

B) Defined benefit plan (Gratuity)

The Company contributes to the group gratuity fund based on the actuarial valuation determined as at the year-end through the HDFC Life Insurance Company ('HDFC Life') Limited and Life Insurance Corporation of India Limited (LIC). HDFC Life and LIC have certified the Fair Value of the Plan Assets .

Details of Actuarial Valuation as at March 31, 2024.

Particulars	March 31, 2024	March 31, 2023
A. Change in defined benefit obligation		
1 Defined benefit obligation at beginning of period	164.71	166.90
2 Service cost		
a. Current service cost	14.74	19.16
b. Past service cost	-	-
c. (Gain) / loss on settlements	-	-
3 Interest expenses	12.22	7.96
4 Cash flows		
a. Benefit payments from plan	(61.24)	(33.07)
b. Benefit payments from employer	(19.00)	-
c. Settlement payments from plan	-	-
d. Settlement payments from employer	-	-
5 Remeasurements		

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

Particulars				March 31, 2024	March 31, 2023
		a.	Effect of changes in demographic assumptions	**0.72**	(5.91)
		b.	Effect of changes in financial assumptions	**15.07**	(4.03)
		c.	Effect of experience adjustments	**14.93**	13.70
	6	Transfer In /Out			
		a.	Transfer In	**-**	-
		b.	Transfer out	**-**	-
	7	Defined benefit obligation at end of period		**142.14**	164.71
B.	**Change in fair value of plan assets**				
	1	Fair value of plan assets at beginning of period		**86.68**	95.57
	2	Interest income		**6.43**	4.56
	3	Cash flows			
		a.	Total employer contributions		
			(i) Employer contributions	**3.20**	21.36
			(ii) Employer direct benefit payments	**-**	-
			(iii) Employer direct settlement payments	**-**	-
		b.	Participant contributions	**-**	-
		c.	Benefit payments from plan assets	**(61.24)**	(33.07)
		d.	Benefit payments from employer	**-**	-
		e.	Settlement payments from plan assets	**-**	-
		f.	Settlement payments from employer	**-**	-
	4	Remeasurements			
		a.	Return on plan assets (excluding interest income)	**(0.83)**	(1.73)
	5	Transfer In /Out			
		a.	Transfer In	**-**	-
		b.	Transfer out	**-**	-
	6	Fair value of plan assets at end of period		**34.25**	86.68
C.	**Amounts recognised in the Balance Sheet**				
	1	Defined benefit obligation		**142.14**	164.71
	2	Fair value of plan assets		**(34.25)**	(86.68)
	3	Funded status		**107.89**	78.03
	4	Effect of asset ceiling		**-**	-
	5	Net defined benefit liability (asset)		**107.89**	78.03
D.	**Components of defined benefit cost**				
	1	Service cost			
		a.	Current service cost	**14.74**	19.16
		b.	Past service cost	**-**	-
		c.	(Gain) / loss on settlements	**-**	-
		d.	Total service cost	**14.74**	19.16
	2	Net interest cost			
		a.	Interest expense on DBO	**12.22**	7.96
		b.	Interest (income) on plan assets	**6.43**	4.56
		c.	Interest expense on effect of (asset ceiling)	**-**	-
		d.	Total net interest cost	**5.79**	3.40
	3	Remeasurements (recognised in OCI / Retained Earnings)			
		a.	Effect of changes in demographic assumptions	**0.72**	(5.91)
		b.	Effect of changes in financial assumptions	**15.07**	(4.03)
		c.	Effect of experience adjustments	**14.93**	13.70
		d.	Return on plan assets (excluding interest income)	**(0.83)**	(1.73)

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

Particulars			March 31, 2024	March 31, 2023
		e. Changes in asset ceiling (excluding interest income)	**-**	-
		f. Total remeasurements included in OCI / Retained Earnings	**31.54**	5.48
	4	Total defined benefit cost recognised in P&L and OCI	**52.07**	28.04
E.	**Re-measurement**			
		a. Actuarial Loss/(Gain) on DBO	**30.72**	3.75
		b. Returns above Interest Income	**0.83**	1.73
		c. Change in Asset ceiling	**-**	-
		Total Re-measurements (OCI / Retained Earnings)	**31.54**	5.48
F.	**Employer Expense (P&L)**			
		a. Current Service Cost	**14.74**	19.16
		b. Interest Cost on net DBO	**5.79**	3.40
		c. Past Service Cost	**-**	-
		d. Total P&L Expenses	**20.53**	22.56
G.	**Net defined benefit liability (asset) reconciliation**			
	1	Net defined benefit liability (asset)	**78.02**	71.33
	2	Defined benefit cost included in P&L	**20.53**	22.56
	3	Total remeasurements included in OCI / Retained Earnings	**31.54**	5.48
	4	a. Employer contributions	**(3.20)**	(21.36)
		b. Employer direct benefit payments	**(19.00)**	-
		c. Employer direct settlement payments	**-**	-
	5	Net transfer	**-**	-
	6	Net defined benefit liability (asset) as of end of period	**107.89**	78.02
H.	**Reconciliation of OCI (Re-measurement)**			
	1	Recognised in OCI at the beginning of period	**75.74**	70.26
	2	Recognised in OCI during the period	**31.54**	5.48
	3	Recognised in OCI / Retained Earnings at the end of the period	**107.28**	75.74
I.	**Sensitivity analysis - DBO end of Period**			
	1	Discount rate +100 basis points	**(3.88)**	(3.19)
	2	Discount rate -100 basis points	**4.27**	3.43
	3	Salary Increase Rate +1%	**3.98**	3.36
	4	Salary Increase Rate -1%	**(3.70)**	(3.18)
	5	Attrition Rate +1%	**(1.52)**	(0.66)
	6	Attrition Rate -1%	**1.65**	0.69
J.	**Significant actuarial assumptions**			
	1	Discount rate Current Year (p.a.)	**7.21%**	7.42%
	2	Discount rate Previous Year (p.a.)	**7.42%**	4.77%
	3	Salary increase rate (p.a.)	**3.00% - 15.00%**	3.00% - 10.00%
	4	Attrition Rate (%)	**9.00% - 89.00%**	9.00% - 71.00%
	5	Retirement Age (years)	**60**	60
	6	Pre-retirement mortality	**IALM (2012-14) Urban**	IALM (2012-14) Urban
	7	Disability	**Nil**	Nil

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

Particulars			March 31, 2024	March 31, 2023
K.	**Data**			
	1	No.	**86,753.00**	1,15,137
	2	Average age (yrs.)	**30.07**	29.11
	3	Average past service (yrs.)	**2.49**	2.47
	4	Average salary monthly (₹)	**9,200.53**	9,159.64
	5	Future service (yrs.)	**29.93**	30.89
	6	Weighted average duration of DBO	**4.00**	3.00
L.	**Expected cash flows for following year**			
	1	Expected contributions / Addl. Provision Next Year	**72.36**	36.85
	2	Expected total benefit payments		
		Year 1	**59.93**	64.60
		Year 2	**20.54**	37.29
		Year 3	**12.81**	22.65
		Year 4	**10.35**	15.34
		Year 5	**9.08**	11.09
		Next 5 years	**34.89**	27.97

Category of Plan assets	% of Fair value to total planned assets (as at March 31, 2024)
Government securities and corporate bonds/debentures	**97.07%**
Money market instruments and fixed deposits	**1.92%**
Net current assets and other approved security	**1.01%**
Total	**100.00%**

The Company's gratuity plan obligation is determined by actuarial valuation and is funded by investments in government securities. As such, the valuation and the funding are exposed to certain risks, including mainly salary increments, attrition levels, interest rates and investment yields. If salaries and interest rates rise faster than assumed or if the attrition rates are lower than assumed, then the Company's gratuity obligation would rise faster in future periods and an increase in market yields of government securities would reduce the value of the plan's investments, leading to higher future funding requirements. The Company monitors plan obligations and investments regularly with a view to ensuring that there is adequate funding on an ongoing basis, thus mitigating any potential adverse consequences of the risks described.

C) Compensated absences

The Company neither has a policy of encashment of unavailed leaves for its employees nor allow the leaves to be carry forward to next year.

D) The Parliament has approved the Code on Social Security, 2020 ('Code') which may impact the contribution by the Company towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed after which the financial impact can be ascertained. The Company will complete its evaluation and will give appropriate impact, if any, in the financial result following the Code becoming effective and the related rules being framed and notified.

39 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Sr No.	Particulars	March 31, 2024	March 31, 2023
1	Claims against the Company not acknowledged as debt (Refer Note 39.1)	**105.44**	99.53
2	Estimated amount of contracts remaining to be executed on capital account and not provided for:	**85.10**	45.00
	(Net of Advances amounting to ₹ 37.13 Crore, previous year ₹ 9.02 Crore)		
3	Undrawn committed sanctions to borrowers	**372.07**	134.31

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

39.1 Claims against the Company not acknowledged as debt

Particulars	March 31, 2024	March 31, 2023
Suit filed by borrowers	**19.80**	13.88
Other contingent liabilities in respect of :		
1. Provident Fund matter - (see (a) below)	**50.14**	50.14
2. Payment of Bonus (Amendment) Act, 2015 - (see (b) below)	**34.88**	34.88
3. Payment of Labour Welfare Fund	**0.32**	0.32
4. Maharashtra Professional Tax Assessment	**0.31**	0.31
Total	**105.44**	**99.53**

a) Provident Fund matter

The Company has received a notice of demand from the Provident Fund department amounting to ₹ 50.14 Crore. The Company had filed an appeal challenging the Provident Fund Commissioner's order before the Provident Fund Appellate Tribunal, wherein the Company had received a favourable outcome. However, a sum of ₹ 1 Crore has been deposited under protest with the Provident Fund Appellate Authority. This amount is shown under Other financial assets.

The Provident Fund department has challenged order of the appellate authority in the High Court. The management of the Company is of the view that no material losses will arise in respect of the legal claim and accordingly the same has been disclosed as a contingent liability. In the eventuality of any claim arising out of this case, the same will be billed to the customer in the year the claim is final and accordingly no provision has been made.

b) Payment of Bonus (Amendment) Act, 2015

As per the amendment to the Payment of Bonus (Amendment) Act, 2015 vide notification number DL-(N)04/70007/2003-16 issued on 1 January 2016 by Government of India, the Company would be required to pay statutory bonus to all eligible employees as per the amendments specified thereunder, with effect from April 01, 2014. However, various High Courts have granted a stay on retrospective effect of Payment of Bonus (Amendment) Act, 2015 from financial year 2014-15. In light of the above, the Company has decided to disclose such bonus amounting to ₹ 34.88 Crore as a contingent liability.

39.2 The Company's pending litigations comprise of claims against the Company by the customers and proceedings pending with other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in the financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

39.3 The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts has been made in the books of account.

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

40 MATURITY ANALYSIS OF ASSETS & LIABILITIES

Particulars	March 31, 2024		March 31, 2023	
	Within 12 months	After 12 months	Within 12 months	After 12 months
ASSETS				
Financial Assets				
(a) Cash and cash equivalents (CCE)	**647.85**	**-**	395.90	-
(b) Bank balances other than CCE	**48.28**	**6.38**	257.92	-
(c) Derivative financial instruments	**-**	**1.91**	165.34	-
(d) Trade receivables	**124.61**	**-**	65.76	-
(e) Loans	**31,476.37**	**55,244.89**	24,418.76	41,963.91
(f) Investments	**3,340.70**	**39.63**	1,185.31	57.94
(g) Other financial assets	**-**	**39.50**	-	34.87
	35,637.81	**55,332.31**	**26,488.99**	**42,056.72**
Non-financial Assets				
(a) Current tax assets (Net)	**41.29**	**-**	25.11	-
(b) Deferred tax assets (Net)	**-**	**939.95**	-	1,000.87
(c) Property, plant and equipment	**-**	**162.53**	-	122.37
(d) Capital work-in-progress	**-**	**-**	-	-
(e) Other intangible assets	**-**	**22.15**	-	20.41
(f) Right of Use Assets	**66.39**	**260.12**	54.03	190.24
(g) Other non-financial assets	**55.67**	**38.29**	50.40	41.25
	163.35	**1,423.04**	129.54	1,375.14
TOTAL ASSETS	**35,801.16**	**56,755.35**	**26,618.53**	**43,431.86**
LIABILITIES				
Financial Liabilities				
(a) Derivative financial instruments	**-**	**4.77**	-	-
(b) Trade payables	**403.27**	**105.73**	291.84	-
(c) Debt securities	**11,467.72**	**23,383.40**	9,620.89	17,475.52
(d) Borrowings other than debt securities	**13,599.84**	**20,231.54**	9,663.25	14,564.55
(e) Subordinated liabilities	**499.88**	**5,148.29**	229.42	3,311.68
(f) Other financial liabilities	**2,406.58**	**548.69**	2,310.87	467.57
	28,377.29	**49,422.42**	22,116.27	35,819.32
Non-Financial Liabilities				
(a) Current tax liabilities (net)	**58.65**	**-**	41.97	-
(b) Provisions	**428.52**	**74.42**	314.34	54.62
(c) Other non-financial liabilities	**452.50**	**-**	266.91	-
	939.67	**74.42**	623.22	54.62
TOTAL LIABILITIES	**29,316.96**	**49,496.84**	**22,739.49**	**35,873.94**
NET	**6,484.20**	**7,258.51**	**3,879.04**	**7,557.92**

41 CORPORATE SOCIAL RESPONSIBILITY

The average profit before tax of the Company for last three financial years was ₹ 1,498.34 Crore, basis which the Company's Prescribed CSR Budget for FY2023-24 was ₹ 29.97 Crore. In FY2022-23 an excess amount of ₹ 0.76 Crore was spent against the Prescribed CSR Budget for FY2022-23, hence after adjusting the excess spend, the Company's CSR Obligation for FY2023-24 was ₹ 29.21 Crore.

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

a) Amount spent during the year on:

Particulars	March 31, 2024			March 31, 2023		
	Amount Spent	Amount Unpaid/ provision	Total	Amount Spent	Amount Unpaid/ provision	Total
Construction / acquisition of any asset	-	-	-	-	-	-
On purpose other than (i) above	31.30	Not Applicable	31.30	21.78	Not Applicable	21.78

b) In case of Section 135(5) unspent amount:

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
Not Applicable				

c) In case of Section 135(5) Excess amount spent

Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing Balance
(0.76)	29.97	31.30	(2.09)

d) In case of Section 135(6) Details of ongoing projects

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In Separate CSR Unspent Account		From Company's Bank Account	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent Account
(0.76)	-	29.97	31.30	-	(2.09)	-

e) Nature of CSR activities

CSR activities conducted during the year was focused on promoting healthcare, enhancing employability skills for unemployed individuals, supporting restoration of waterbodies and other water conservation activities, among other interventions.

42 DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

As per the confirmation received from the parties following is the status of MSME parties.

Particulars	March 31, 2024	March 31, 2023
The Principal amount remaining unpaid at the end of the year	-	-
The Interest Amount remaining unpaid at the end of the year	-	-
Interest paid along with amount of payment made to the supplier beyond the appointed day	-	-
Amount of interest due and payable for the period of delay on payments made beyond the appointed day	-	-
Amount of interest accrued and remaining unpaid	-	-
Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-
Balance of MSME parties at the end of the year	-	-

Note - The above is based on the information available with the Company which has been relied upon by the auditors.

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

43 FAIR VALUE MEASUREMENT

a) Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below:

b) Total financial assets measured at fair value on a recurring basis :

The following tables show an analysis of the fair value of financial assets by level of the fair value hierarchy.

Particulars	Category	Fair value hierarchy	Fair Value	
			March 31, 2024	March 31, 2023
Mutual fund units	FVTPL	Level 1	**1,753.41**	411.65
Unquoted equity shares	FVTPL	Level 3	**2.30**	1.95
Securities receipt of ARC	FVTPL	Level 2	**37.33**	55.99
Derivative financial instruments	FVTPL	Level 2	**1.92**	165.34

Level 1:

Units held in mutual funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions.

Treasury bills are valued based on market quotes.

Level 2:

Fair value of debt securities, borrowings other than debt securities and subordinated liabilities have estimated by discounting expected future cash flows discounting rate near to report date based on comparable rate / market observable data. Fair valuation of cross currency swaps is achieved by estimating forward exchange rates to calculate the present value of future net cash flows, adjusted for currency-specific risks. The fair value of INR interest rate swaps is determined by discounting future fixed and floating rate payments using the appropriate floating rates, reflecting the current market conditions and interest rate expectations.

Level 3:

Fair value of loans have estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product.

Unquoted equity shares are measured at fair value using suitable valuation models viz., net asset value technique.

c) The table below presents information pertaining to the fair values and carrying values of the Company's financial assets and liabilities.

Particulars	Category	Fair value hierarchy	March 31, 2024		March 31, 2023	
			Carrying value	Fair value	Carrying value	Fair value
Financial Assets						
(a) Cash and cash equivalents (CCE)	Amortised cost		**647.85**	**647.85**	395.90	395.90
(b) Bank balances other than CCE	Amortised cost		**54.66**	**54.66**	257.92	257.92
(c) Derivative financial instruments	FVTPL	Level 2	**1.91**	**1.91**	165.34	165.34
(d) Trade receivables	Amortised cost		**124.61**	**124.61**	65.76	65.76
(e) Loans	Amortised cost	Level 3	**86,721.26**	**87,859.69**	66,382.67	63,647.52

Notes to the Standalone Financial Statements
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Particulars		Category	Fair value hierarchy	March 31, 2024		March 31, 2023	
				Carrying value	Fair value	Carrying value	Fair value
(f)	Investments - Mutual funds	FVTPL	Level 1	**1,753.41**	**1,753.41**	411.65	411.65
	Investments - G-Sec & Treasury bills	FVTPL	Level 1	**-**	**-**	773.66	773.66
	Investments - G-Sec & Treasury bills	Amortised cost		**1,587.29**	**1,590.36**	-	-
	Investments - In Security Receipts	FVTPL	Level 2	**37.33**	**37.33**	55.99	55.99
	Investments - Unquoted equity shares	FVTPL	Level 3	**2.30**	**2.30**	1.95	1.95
(g)	Other financial assets	Amortised cost		**39.50**	**39.50**	34.87	34.87
				90,970.12	**92,111.62**	68,545.71	65,810.56
Financial Liabilities							
(a)	Derivative financial instruments	FVTPL	Level 2	**4.77**	**4.77**	-	-
(b)	Trade payables	Amortised cost		**509.00**	**509.00**	291.84	291.84
(c)	Debt securities	Amortised cost	Level 2	**34,851.12**	**35,439.59**	27,096.41	27,322.07
(d)	Borrowings other than Securitisation	Amortised cost	Level 2	**33,746.16**	**34,001.76**	23,856.94	23,087.21
	Borrowings under Securitisation	Amortised cost	Level 2	**85.22**	**83.40**	370.86	364.45
(e)	Subordinated liabilities	Amortised cost	Level 2	**5,648.17**	**5,847.17**	3,541.10	3,623.40
(f)	Other financial liabilities	Amortised cost		**2,955.27**	**2,955.27**	2,778.42	2,778.42
				77,799.71	**78,840.96**	57,935.57	57,467.39

(i) Short-term and other financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months) and for other financial assets and other financial liabilities that are insignificant in value, the carrying amounts, net of impairment, if any, are a reasonable approximation of their fair value. Such instruments include cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, trade payables, other financial assets and other financial liabilities.

(ii) Loans

These financial assets are recorded at amortised cost, the fair values of which are estimated at portfolio level using a discounted cash flow model based on contractual cash flows discounted using market rates incorporating the counterparties' credit risk.

(iii) Debt securities, borrowings and subordinated liabilities

Fair value is estimated at portfolio level by a discounted cash flow model incorporating market interest rates and the Company's own credit risk or based on market-observable data such as secondary market prices for its traded debt, as relevant.

44 CAPITAL MANAGEMENT

The primary objective of the Company's capital management policy is to ensure compliance with regulatory capital requirements. In line with this objective, the Company ensures adequate capital at all times and manages its business in a way in which capital is protected, satisfactory business growth is ensured, cash flows are monitored, borrowing covenants are honoured and ratings are maintained.

Regulatory capital-related information is presented as part of the RBI mandated disclosures. The RBI norms require capital to be maintained at prescribed levels. In accordance with such norms, Tier I capital of the Company comprises of share capital, share premium, reserves and perpetual debt, Tier II capital comprises of subordinated debt and provision on loans that are not credit-impaired. There were no changes in the capital management process during the periods presented.

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

45 RISK MANAGEMENT

While risk is inherent in the Company's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls.

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Committee is responsible for managing risk decisions and monitoring risk levels and reports to the Supervisory Board.

The Company's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

a) Credit risk

The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and industry concentrations, and by monitoring exposures in relation to such limits.

Financial assets measured on a collective basis

The Company splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Secured / unsecured i.e. based on whether the loans are secured
- Nature of security i.e. the nature of the security if the loans are determined to be secured
- Nature of loan i.e. based on the nature of loan

Significant increase in credit risk

The Company considers an exposure to have significantly increased in credit risk when the borrower crosses 30 DPD but is within 90 DPD.

Impairment assessment

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower crosses 90 days past due on its contractual payments. Further, the borrower is retained in Stage 3 (credit-impaired) till all the overdue amounts are repaid i.e. borrower becomes 0 days past due on its contractual payments.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Loss given default

The credit risk assessment is based on a standardised LGD assessment framework that incorporates the probability of default and subsequent recoveries, discounted.

Current economic data and forward-looking economic forecasts and scenarios are used in order to determine the Ind AS 109 LGD rate. The Company uses data obtained from third party sources and combines such data with inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios.

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
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Credit quality of assets

a) **The table below shows credit quality and maximum exposure to credit risk based on year-end stage classification. The amounts presented are gross of Impairment loss allowance.**

Stage	March 31, 2024	March 31, 2023
Stage 1	**87,218.17**	66,793.73
Stage 2	**1,287.94**	1,322.12
Stage 3	**1,711.82**	1,914.85
Total	**90,217.93**	**70,030.70**

b) **An analysis of changes in the gross carrying amount and corresponding ECL allowances in relations to loans is as under:**

	March 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	**66,793.02**	**1,322.83**	**1,914.85**	**70,030.70**
Originated or new	**60,425.23**	**333.45**	**140.57**	**60,899.25**
Matured or repaid	**(36,969.23)**	**(837.86)**	**(1,687.72)**	**(39,494.81)**
Transfers to Stage 1	**478.89**	**(270.58)**	**(208.31)**	**-**
Transfers to Stage 2	**(1,249.64)**	**1,280.69**	**(31.05)**	**-**
Transfers to Stage 3	**(2,260.10)**	**(540.59)**	**2,800.69**	**-**
Amounts written off (net of recovery)	**-**	**-**	**(1,217.21)**	**(1,217.21)**
Gross carrying amount - closing balance	**87,218.17**	**1,287.94**	**1,711.82**	**90,217.93**

	March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	56,142.18	2,125.38	3,058.76	61,326.32
Originated or new	44,483.31	210.59	107.86	44,801.76
Matured or repaid	(31,096.12)	(1,099.72)	(2,059.75)	(34,255.59)
Transfers to Stage 1	875.26	(572.33)	(302.93)	-
Transfers to Stage 2	(1,346.94)	1,407.22	(60.28)	-
Transfers to Stage 3	(2,264.67)	(748.31)	3,012.98	-
Amounts written off (net of recovery)	-	-	(1,841.79)	(1,841.79)
Gross carrying amount - closing balance	**66,793.02**	**1,322.83**	**1,914.85**	**70,030.70**

	March 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	**2,028.93**	**372.50**	**1,246.60**	**3,648.03**
Originated or new	**1,011.70**	**121.73**	**111.03**	**1,244.46**
Increase / (decrease) in provision on existing financial assets (Net of recovery)	**(889.44)**	**34.01**	**676.82**	**(178.61)**
Transfers to Stage 1	**158.92**	**(57.01)**	**(101.91)**	**-**
Transfers to Stage 2	**(84.57)**	**97.27**	**(12.70)**	**-**
Transfers to Stage 3	**(251.15)**	**(190.05)**	**441.20**	**-**
Amounts written off (net of recovery)	**-**	**-**	**(1,217.21)**	**(1,217.21)**
Impairment loss allowance - closing balance	**1,974.39**	**378.45**	**1,143.83**	**3,496.67**

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

	March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	1,996.81	511.25	1,655.81	4,163.87
Originated or new	711.35	74.53	86.91	872.79
Increase / (decrease) in provision on existing financial assets (Net of recovery)	(489.95)	(0.68)	943.79	453.16
Transfers to Stage 1	200.90	(102.26)	(98.64)	-
Transfers to Stage 2	(102.61)	122.39	(19.78)	-
Transfers to Stage 3	(287.57)	(232.73)	520.30	-
Amounts written off (net of recovery)	-	-	(1,841.79)	(1,841.79)
Impairment loss allowance - closing balance	**2,028.93**	**372.50**	**1,246.60**	**3,648.03**

c) Modified financial assets

The Company renegotiates loans given to customers in financial difficulties (referred to as forbearance activities, restructuring or rescheduling) to maximise collection opportunities and minimise the risk of default. Under the Companies forbearance policy, loan forbearance is granted on a selective basis if the customer is currently in default on its debt or if there is a high risk of default, there is evidence that the customer made all reasonable efforts to pay under the original contractual terms and the customer is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Risk Management Committee regularly reviews reports on forbearance activities.

Upon renegotiation, such accounts are classified as Stage 3. Such accounts are upgraded to Stage 1 only upon observation of satisfactory repayments of one year from the date of such down-gradation and accordingly loss allowance is measured using 12 month PD.

Exposure to modified financial assets	March 31, 2024	March 31, 2023
Gross carrying amount	**1,137.69**	2,384.91
Impairment allowance	**366.82**	1,091.00
Net carrying amount	**770.87**	1,293.91

Analysis of risk concentration

The following table shows risk concentration of the Company's loans basis risk exposure into smaller homogeneous portfolios, based on shared credit risk characteristics as under:

Exposure to modified financial assets	March 31, 2024	March 31, 2023
Carrying value of Loans	**86,721.26**	66,382.67
Mortgage backed loans	**20,658.54**	17,676.86
Other assets backed loans	**38,706.72**	28,669.31
Personal loans	**20,916.78**	15,828.13
Others	**6,439.22**	4,208.37
Total	**86,721.26**	**66,382.67**

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are, as follows:

- For corporate and small business lending, charges over real estate properties, inventory and trade receivables and, in special circumstances, government guarantees
- For retail lending, mortgages over residential properties

The Company also obtains guarantees from parent companies for loans to their subsidiaries.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

Collateral coverage - credit impaired loans

Loan to Value (LTV) range	March 31, 2024	March 31, 2023
Upto 50 % Coverage	**527.43**	659.53
51-75 % Coverage	**40.39**	8.58
76-100 % Coverage	**0.17**	0.02
Above 100% Coverage	**-**	-
Total	**567.99**	**668.13**

b) Liquidity risk and funding management

Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. To limit this risk, management has arranged for diversified funding sources, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

Maturity profile of financial liabilities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at 31st March.

March 31, 2024	Less than 1 year	1 years to 3 years	3 years to 5 years	5 years and above	Total
Trade payables	**403.27**	**105.73**	**-**	**-**	**509.00**
Debt securities	**11,467.72**	**19,771.45**	**2,112.65**	**1,499.31**	**34,851.12**
Borrowings	**13,514.62**	**15,785.35**	**4,235.07**	**211.11**	**33,746.16**
Borrowings under Securitisation	**85.22**	**-**	**-**	**-**	**85.22**
Subordinated liabilities	**499.87**	**389.45**	**1,177.48**	**3,581.37**	**5,648.17**
Total	**25,970.70**	**36,051.98**	**7,525.20**	**5,291.79**	**74,839.67**

March 31, 2023	Less than 1 year	1 years to 3 years	3 years to 5 years	5 years and above	Total
Trade payables	291.84	-	-	-	291.84
Debt securities	11,287.03	15,700.20	3,220.45	1,393.20	31,600.88
Borrowings	10,257.28	13,961.22	2,628.58	41.07	26,888.15
Borrowings under Securitisation	293.82	86.99	-	-	380.81
Subordinated liabilities	545.86	1,036.75	1,125.54	2,490.14	5,198.29
Total	**22,675.83**	**30,785.16**	**6,974.57**	**3,924.41**	**64,359.97**

(Currency : Indian Rupees in Crore)

c) Market risk

Market risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

i) Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss.

	% Increase/decrease in rate		Increase/decrease in profit	
	March 31, 2024	**March 31, 2023**	**March 31, 2024**	**March 31, 2023**
Borrowings that are re-priced	**0.25%**	0.25%	**73.77**	48.75
Loans that are re-priced	**0.25%**	0.25%	**50.49**	41.78

ii) Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arise majorly on account of foreign currency borrowings. The Company manages this foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Company holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

d) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or from external events.

The operational risks of the Company are managed through comprehensive internal control systems and procedures and key back up processes. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The Company also undertakes Risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure.

The Company has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the Company's readiness.

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

46 IMPACT OF HEDGING ACTIVITIES

a) Disclosure of effects of hedge accounting on financial position:

March 31, 2024

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Line item in Balance Sheet
Cash flow hedge	Assets	Liabilities	Assets	Liabilities				
Foreign exchange forward contracts (Cross currency interest rate swaps)	2,085.13	-	-	4.77	Jan 12, 2027	(170.94)	(170.94)	Borrowings
Interest rate swaps	1,750.00	-	1.92	-	May 27, 2026 & Sep 26,2028	1.92	1.92	Borrowings

March 31, 2023

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Line item in Balance Sheet
Cash flow hedge	Assets	Liabilities	Assets	Liabilities				
Foreign exchange forward contracts (Cross currency interest rate swaps)	1,889.91	-	165.34	-	June 18, 2023	33.73	33.73	Borrowings

b) Disclosure of effects of hedge accounting on financial performance

March 31, 2024

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive Income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge				
Foreign exchange risk and interest rate risk	(170.94)	-	151.93	Finance cost
Interest rate risk	1.92	-	-	Finance cost

March 31, 2023

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive Income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge				
Foreign exchange risk and interest rate risk	33.73	-	(14.13)	Finance cost

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

47 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Particulars	April 01, 2023	Cash flows	Exchange Difference	Other	March 31, 2024
Debt securities	**27,096.41**	**7,825.40**	**-**	**(70.69)**	**34,851.13**
Borrowings other than debt securities	**23,856.94**	**10,040.17**	**(151.93)**	**0.97**	**33,746.16**
Borrowings under Securitisation	**370.86**	**(285.64)**	**-**	**-**	**85.22**
Subordinated liabilities	**3,541.10**	**2,120.00**	**-**	**(12.93)**	**5,648.17**
Total	**54,865.31**	**19,699.93**	**(151.93)**	**(82.65)**	**74,330.67**

Particulars	April 01, 2022	Cash flows	Exchange Difference	Other	March 31, 2023
Debt securities	25,332.31	1,738.71	-	25.39	**27,096.41**
Borrowings other than debt securities	18,296.08	5,534.35	-	26.51	**23,856.94**
Borrowings under Securitisation	1,205.64	(834.78)	-	-	**370.86**
Subordinated liabilities	4,139.05	(608.90)	-	10.95	**3,541.10**
Total	**48,973.08**	**5,829.38**	**-**	**62.85**	**54,865.31**

(i) Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.

(ii) Total Liabilities comprises of Debt securities, Borrowings (other than debt securities) and Subordinated Liabilities

48 EXPENDITURE / REMITTANCES IN FOREIGN CURRENCIES

a) Expenditure in Foreign Currencies

Particulars	March 31, 2024	March 31, 2023
Processing charges for debt instrument	**2.49**	-
Professional charges	**0.02**	0.05
Annual software application fee	**3.30**	4.16
Other Expenditure	**0.04**	-

b) There is no dividend paid in foreign currency.

49 EVENT AFTER REPORTING DATE

There have been no events after the reporting date that require adjustment/disclosure in the financial statements.

50 TRANSFER OF FINANCIAL ASSETS

50.1 Transferred financial assets that are not derecognised in their entirety

The following details provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

A) Securitisation

The Company has transferred certain pools of fixed rate loan receivables backed by underlying assets by entering into securitisation transactions with the Special Purpose Vehicle Trusts (SPV Trust) sponsored by commercial banks for consideration received in cash at the inception of the transaction.

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

The Company, being Originator of these loan receivables, also acts as Servicer with a responsibility of collection of receivables from its borrowers and depositing the same in Collection and Payout Account maintained by the SPV Trust for making scheduled payouts to the investors in Pass Through Certificates (PTCs) issued by the SPV Trust. These securitisation transactions also requires the Company to provide for first loss credit enhancement in various forms, such as corporate guarantee, cash collateral, subscription to subordinated PTCs etc. as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement, the Company is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided.

In view of the above, the Company has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the derecognition criteria as set out in Ind AS 109. Consideration received in this transaction is presented as 'Borrowing under Securitisation' under Note 18.

The details of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Particulars	March 31, 2024	March 31, 2023
Carrying amount of transferred assets measured at amortised cost	**79.94**	356.14
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	**85.22**	370.86
Fair value of assets	**71.23**	337.98
Fair value of associated liabilities	**83.40**	364.45
Net position at Fair Value	**(12.17)**	(26.47)

B) Assignment

The Company has sold some loans (measured at amortised cost) by way of direct bilateral assignment, as a source of finance.

As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the Company's balance sheet.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset.

Particulars	March 31, 2024	March 31, 2023
Carrying amount of de-recognised financial asset	**17.11**	55.84
Carrying amount of retained assets at amortised cost*	**1.82**	6.09
Gain on sale of the de-recognised financial asset	**Nil**	Nil

*excludes Excess Interest Spread (EIS) on de-recognised financial assets

50.2 Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement."

Notes to the Standalone Financial Statements
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RBI disclosures from Notes 50 to 93 have been prepared as per RBI Circulars / Directives basis Ind-AS financial statements. RBI disclosures are prepared basis gross carrying value of loans.

51 DISCLOSURE RELATING TO SECURITISATION PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 DATED 24 SEPTEMBER 2021 FOR NON-STC SECURITISATION TRANSACTIONS.

Sr No.	Particulars	March 31, 2024	March 31, 2023
1	No of SPEs holding assets for securitisation transactions originated by the originator (only the SPVs relating to outstanding securitisation exposures to be reported here)	**1**	3
2	Total amount of securitised assets as per books of the SPEs	**79.94**	356.14
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet expsoures		
	• First Loss	**-**	21.86
	• Others		-
	b) On-balance sheet exposures		
	• First Loss	**45.90**	93.63
	• Others	**-**	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	• First Loss	**-**	-
	• Others	**-**	-
	ii) Exposure to third party securitisations		
	• First Loss	**-**	-
	• Others	**-**	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	• First Loss	**-**	-
	• Others	**-**	-
	ii) Exposure to third party securitisations		
	• First Loss	**-**	-
	• Others	**-**	-
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	**-**	-
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	**-**	-
7	Performance of facility provided. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.	**-**	-
	Fixed Deposit		
	(a) Amount paid	**-**	-
	(b) Repayment received	**-**	-
	(c) Outstanding amount	**45.90**	93.63

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Sr No.	Particulars	March 31, 2024	March 31, 2023
	Corporate Guarantee		
	(a) Amount paid	-	-
	(b) Repayment received	-	-
	(c) Outstanding amount	-	21.86
8	Average default rate of portfolios observed in the past.	2.00%	1.89%
9	Amount and number of additional/top up loan given on same underlying asset.		
	(a) Amount	-	-
	(b) Number	-	-
10	Investor complaints		
	(a) Directly/Indirectly received	Nil	Nil
	(b) Complaints outstanding	Nil	Nil

52 DISCLOSURE RELATING TO SECURITISATION PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 DATED SEPTEMBER 24, 2021 FOR STC (SIMPLE, TRANSPARENT AND COMPARABLE) SECURITISATION TRANSACTIONS ARE NOT APPLICABLE.

53 DISCLOSURE OF FINANCIAL ASSETS SOLD TO SECURITISATION COMPANY PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DOR/2021-22/86 DOR.STR.REC. 51/21.04.048/2021-22 DATED SEPTEMBER 24, 2021.

a) Details of NPA loans transferred during the year

Sr No.	Particulars	March 31, 2024			March 31, 2023		
		To ARCs	To permitted transferees	To other transferees	To ARCs	To permitted transferees	To other transferees
i)	Number of Accounts	-	-	-	1337	-	-
ii)	Aggregate principal outstanding of loans transferred	-	-	-	161.24	-	-
iii)	Weighted average residual tenor of the loans transferred	-	-	-	7.18 Years	-	-
iv)	Net book value of loans transferred (at the time of transfer)	-	-	-	126.29	-	-
v)	Aggregate consideration	-	-	-	103.62	-	-
vi)	Additional consideration realised in respect of accounts transferred in earlier years	-	-	-	-	-	-

During the year excess provisions of ₹ Nil Crore (Previous Year ₹ 51.58 Crore) reversed to the profit and loss account on accounts of sale of stressed loans.

b) Security Receipts (SRs) Ratings held

Particulars	March 31, 2024		March 31, 2023	
	Rating Agencies	Rating	Rating Agencies	Rating
EARC TRUST SC - 411 Series I (*)	Indian rating and research	IND RR4- (25% - 50%)	Indian rating and research	IND RR3- (50% - 75%)

(*) Rating Band awarded by SEBI approved Ratings agencies to Security Receipts issued by above mentioned trust(s) set up by Edelweiss Asset Reconstruction Company Ltd (EARC).

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

c) Details of loans (not in default) acquired during the year

Sr No.	Particulars	March 31, 2024	March 31, 2023
i)	Aggregate amount of loans acquired (₹ in Crore)	-	83.08
ii)	Weighted average residual maturity (in years)	-	4.13
iii)	Weighted average holding period by originator (in years)	-	5.02
iv)	Retention of beneficial economic interest by the originator	-	10%
v)	Aggregate consideration paid	-	83.08
vi)	Tangible security coverage	-	0%

d) Details of Assignment Transactions

Sr No.	Particulars	March 31, 2024			March 31, 2023		
		To ARCs	To permitted transferees	To other transferees	To ARCs	To permitted transferees	To other transferees
i)	Number of Accounts	-	-	-	-	-	-
ii)	Aggregate principal outstanding of loans transferred	-	-	-	-	-	-
iii)	Weighted average residual tenor of the loans transferred	-	-	-	-	-	-
iv)	Net book value of loans transferred (at the time of transfer)	-	-	-	-	-	-
v)	Aggregate consideration	-	-	-	-	-	-
vi)	Additional consideration realised in respect of accounts transferred in earlier years	-	-	-	-	-	-

* The securitised loans disclosed in the above notes, i.e. 51, 52 and 53 do not qualify for de-recognition under Ind AS. Nevertheless, the information in the notes is presented to ensure compliance with the RBI disclosure requirements.

54 Total fixed deposits stands at ₹ 45.90 Crore (previous year ₹ 93.63 Crore) on account of securitisation transaction outstanding till March 31, 2024.

55 Loan against gold portfolio to Total assets is 0.57% (Previous year 0.61%).

56 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DOR/2023-24/106 MASTER DIRECTION - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 DOR.FIN.REC.NO.45/03.10.119/2023-24 UPDATED AS ON MARCH 21, 2024 PERTAINING TO GOLD LOANS

Details of Gold auctions conducted*

Particulars	March 31, 2024	March 31, 2023
No of loan accounts	**755**	1,114
Outstanding loan amount	**4.35**	6.28
Sale Consideration of gold **	**8.11**	14.31

* there is no sister concern participation in any of the above auctions.

** the excess of sales consideration over and above the outstanding amount is repaid to respective borrower.

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

57 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DOR/2023-24/106 MASTER DIRECTION - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 DOR.FIN.REC.NO.45/03.10.119/2023-24 UPDATED AS ON MARCH 21, 2024 PERTAINING TO ASSET CLASSIFICATION AS PER RBI NORMS

As at March 31, 2024

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amounts as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 Provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	**Stage 1**	87,218.18	1,969.21	85,248.97	432.10	1,537.11
	Stage 2	1,287.94	378.45	909.49	12.28	366.18
Subtotal		**88,506.12**	**2,347.66**	**86,158.46**	**444.38**	**1,903.28**
Non-Performing Assets (NPA)						
Substandard	**Stage 3**	1,607.44	1,084.20	523.24	150.86	933.34
Doubtful - up to 1 year	**Stage 3**	-	-	-	-	-
1 to 3 years	**Stage 3**	102.72	57.97	44.75	17.56	40.41
More than 3 years	**Stage 3**	-	-	-	-	-
Loss	**Stage 3**	1.66	1.66	-	1.59	0.07
Subtotal for NPA		**1,711.82**	**1,143.83**	**567.99**	**170.01**	**973.82**
Other items such as guarantee, loan commitment, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	**Stage 1**	543.89	6.26	537.63	3.50	2.76
	Stage 2	8.10	6.43	1.67	0.23	6.20
	Stage 3	1.77	1.77	-	0.05	1.72
Subtotal of other items		**553.76**	**14.47**	**539.30**	**3.78**	**10.69**
TOTAL	**Stage 1**	**87,762.07**	**1,975.47**	**85,786.60**	**435.60**	**1,539.87**
	Stage 2	**1,296.04**	**384.88**	**911.16**	**12.51**	**372.37**
	Stage 3	**1,713.59**	**1,145.60**	**567.99**	**170.06**	**975.54**
	Total	**90,771.70**	**3,505.95**	**87,265.75**	**618.17**	**2,887.78**

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

As at March 31, 2023

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amounts as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 Provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	**Stage 1**	66,793.73	2,026.71	64,767.02	443.94	1,582.77
	Stage 2	1,322.12	372.41	949.71	26.68	345.73
Subtotal		**68,115.85**	**2,399.12**	**65,716.73**	**470.62**	**1,928.50**
Non-Performing Assets (NPA)						
Substandard	**Stage 3**	1,835.18	1,198.66	636.52	171.47	1,027.19
Doubtful - up to 1 year	**Stage 3**	-	-	-	-	-
1 to 3 years	**Stage 3**	78.41	46.68	31.73	13.55	33.13
More than 3 years	**Stage 3**	-	-	-	-	-
Loss	**Stage 3**	1.26	1.26	-	1.14	0.12
Subtotal for NPA		**1,914.85**	**1,246.60**	**668.25**	**186.16**	**1,060.44**
Other items such as guarantee, loan commitment, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	**Stage 1**	475.06	2.55	472.51	2.29	0.26
	Stage 2	12.22	5.84	6.38	0.47	5.37
	Stage 3	**1.34**	**0.81**	**0.53**	**0.05**	**0.76**
Subtotal of other items		**488.62**	**9.20**	**479.42**	**2.81**	**6.39**
TOTAL	**Stage 1**	**67,268.79**	**2,029.26**	**65,239.53**	**446.23**	**1,583.03**
	Stage 2	**1,334.34**	**378.25**	**956.09**	**27.15**	**351.10**
	Stage 3	**1,916.19**	**1,247.41**	**668.78**	**186.21**	**1,061.20**
	Total	**70,519.32**	**3,654.92**	**66,864.40**	**659.59**	**2,995.33**

58 THE BELOW TABLE DEPICTS STAGE WISE COUNT AND AMOUNT OF LOAN BOOK OUTSTANDING.

Sr No.	Particulars	Count	March 31, 2024	Count	March 31, 2023
1	Stage 1	58,58,645	**87,218.17**	44,80,195	66,793.73
2	Stage 2	1,45,184	**1,287.94**	1,12,059	1,322.12
3	Stage 3	72,430	**1,711.82**	80,528	1,914.85
Total		**60,76,259**	**90,217.93**	**46,72,782**	**70,030.70**

Note: The company follows the due process for recovery of the overdues . The recovery process is carried out inhouse & through collection agencies. Proper legal process & regulatory requirements are followed in recovery & collection activities.

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

59 MOVEMENT OF CREDIT IMPAIRED LOANS UNDER IND-AS

Sr No.	Particulars	March 31, 2024	March 31, 2023
(i)	Credit impaired loans under Ind-AS (Net) to Loans (Net) (%)	**0.64%**	0.97%
(ii)	Movement of Credit impaired loans under Ind-AS (Gross)		
	a) Opening balance	**1,914.85**	3,058.76
	b) Additions during the year	**2,941.26**	3,120.84
	c) Reductions during the year	**3,144.29**	4,264.75
	d) Closing balance	**1,711.82**	1,914.85
(iii)	Movement of Credit impaired loans under Ind-AS (Net)		
	a) Opening balance	**668.25**	1,402.95
	b) Additions during the year	**1,712.21**	1,569.84
	c) Reductions during the year	**1,812.47**	2,304.54
	d) Closing balance	**567.99**	668.25
(iv)	Movement of impairment loss allowance on credit impaired loans		
	a) Opening balance	**1,246.60**	1,655.81
	b) Impairment loss allowance made during the year	**1,229.05**	1,551.00
	c) Write-off / write-back of excess allowance	**1,331.82**	1,960.21
	d) Closing balance	**1,143.83**	1,246.60

60 MOVEMENT OF IMPAIRMENT LOSS ALLOWANCE FOR LOW CREDIT RISK LOANS AND SIGNIFICANT INCREASE IN CREDIT RISK LOANS

Sr No.	Particulars	March 31, 2024	March 31, 2023
(i)	Movement of impairment allowance for low credit risk loans and significant increase in credit risk loans		
	a) Opening balance	**2,401.43**	2,508.06
	b) Additions during the year	**1,133.43**	785.88
	c) Reductions during the year	**1,182.02**	892.51
	d) Closing balance	**2,352.84**	2,401.43

61 CONCENTRATION OF LOAN, EXPOSURES & CREDIT IMPAIRED LOAN

a) Concentration of Loan

Particulars	March 31, 2024	March 31, 2023
Total Advances to Twenty Largest Borrowers	**354.71**	353.93
Percentage of advances to twenty largest borrowers to Total Advances	**0.39%**	0.51%

b) Concentration of Exposures

Particulars	March 31, 2024	March 31, 2023
Total Exposure to Twenty Largest Borrowers	**354.71**	353.93
Percentage of exposures to twenty largest borrowers to Total Exposures	**0.39%**	0.51%

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

c) Concentration of credit impaired loans

Particulars	March 31, 2024	March 31, 2023
Total Exposure of Top four credit impaired accounts	**18.31**	24.82

d) Sector-wise distribution of credit impaired loans

Sr. No.	Particulars	Percentage of Impairment loss allowance to Total credit impaired loans in that sector	
		March 31, 2024	March 31, 2023
1	Agriculture & allied activities	**3.40%**	4.11%
2	Corporate borrowers	**2.78%**	3.04%
3	Services	**1.52%**	1.77%
4	Unsecured personal loans	**0.44%**	2.33%
5	Auto loans	**2.10%**	2.65%
6	Other personal loans	**-**	-
7	Others	**2.68%**	**3.96%**

Note: MSME category is included in the above categories

62 DETAILS OF CREDIT IMPAIRED FINANCIAL ASSETS PURCHASED / SOLD

The Company has not purchased any credit impaired financial assets during the financial year 2023-24. However, the Company has transferred certain credit impaired assets to Asset Reconstruction Company in terms of guidelines issued by RBI circular no. DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021 (Refer Note 53). Further, the Company has not sold any credit impaired financial asset to institutions other than to Securitisation / Asset Reconstruction Company (SC / RC).

63 INVESTMENTS

Sr No.	Particulars	March 31, 2024	March 31, 2023
1	**Value of Investments***		
	i) Gross value of Investments	**3,380.33**	1,243.60
	ii) Less: Provisions for Depreciation	**-**	0.35
	iii) Net Value of Investments	**3,380.33**	1,243.25
	* Please note that all investments are held in India		
2	**Movement of provisions held towards depreciation on investments**		
	i) Opening Balance	**0.35**	0.85
	ii) Add: Provisions made during the year	**-**	-
	iii) Less: Write-off/write-back of excess provisions during the year	**0.35**	0.50
	iv) Closing Balance	**-**	0.35

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

64 DERIVATIVES

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Sr No.	Particulars	March 31, 2024	March 31, 2023
i)	The notional principal of swap agreements	**3,835.13**	1,889.91
i)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreement	**-**	-
ii)	Collateral required by the Company upon entering into swaps	**-**	-
iii)	Concentration of credit risk arising from the swaps	**4.14%**	2.70%
iv)	The fair value of the swap book (Asset / (Liability))	**1.00**	1.00

b) Exchange Traded Interest Rate (IR) Derivatives

The Company has not entered into any exchange traded derivative.

c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures

i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/ Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run over the life of the underlying instrument, irrespective of profit or loss. Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sisable trading capacity and capability to enter into transactions in any markets around the world.

iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions is quarterly monitored and reviewed. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

Qualitative Disclosures

d) Foreign currency non-repatriate loans availed

Sr No.	Particulars	March 31, 2024		March 31, 2023	
		Currency Derivatives*	Interest Rate Derivatives	Currency Derivatives*	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount)				
	- For hedging	2,085.13	1,750.00	1,889.91	-
ii)	Marked to Market Positions				
	(a) Asset [+] Estimated gain	-		-	-
	(b) Liability [-] Estimated loss	-		-	-
iii)	Credit exposure	2,085.13	1,750.00	1,889.91	-
iv)	Unhedged exposures	-		-	-

* Cross currency interest rate swap

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

65 CAPITAL ADEQUACY RATIO

The Company's capital adequacy ratio, calculated in accordance with the Reserve Bank of India guidelines and disclosed using Ind-AS terminology, is as follows:

Particulars	March 31, 2024	March 31, 2023
CRAR%	**19.25%**	20.05%
CRAR –Tier I Capital %	**14.12%**	15.91%
CRAR-Tier II Capital %	**5.13%**	4.14%
Amount of Subordinated Debt raised as Tier-II capital	**2,000**	-
Amount Raised by the issue of Perpetual Debt Instruments	**350**	-
Closing balance of Perpetual Debt Instruments	**1,000**	650
Percentage of the amount of PDI of the amount of its Tier I Capital	**8.06%**	6.28%

There were ₹ Nil Crore (Previous Year ₹ Nil Crore) interest outstanding to pay Perpetual Debt Insutments holder.

66 MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES

Particulars	Deposits With Bank	Advances	Investments(*)	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day to 7 days	**0.01**	**3,018.05**	**3,340.70**	**700.00**	**-**	**-**
	0.01	*2,241.52*	*1,185.31*	*4.16*	-	-
8 day to 14 days	**0.06**	**319.39**	**-**	**50.00**	**-**	**-**
	-	*246.68*	-	-	-	-
15 day to 30/31 days	**-**	**401.54**	**-**	**2,373.64**	**-**	**-**
	100.02	*333.56*	-	*1,109.85*	-	-
Over one month to 2 months	**0.84**	**2,942.15**	**-**	**3,016.88**	**-**	**-**
	0.84	*2,298.33*	-	*1,130.11*	-	-
Over 2 months upto 3 months	**46.78**	**2,952.19**	**-**	**3,856.54**		
	-	*2,295.78*	-	*2,272.19*	-	*1,888.94*
Over 3 months to 6 months	**0.57**	**8,047.66**	**-**	**4,281.80**	**-**	**-**
	69.14	*6,258.32*	-	*4,376.33*	-	-
Over 6 months to 1 year	**0.01**	**13,795.37**	**-**	**11,288.58**	**-**	**-**
	26.21	*10,744.56*	-	*8,768.93*	-	-
Over 1 year to 3 years	**6.38**	**35,019.38**	**-**	**33,861.12**	**-**	**2,085.13**
	-	*26,830.43*	-	*26,203.30*	-	-
Over 3 years to 5 years	**-**	**9,628.85**	**37.33**	**7,525.20**	**-**	**-**
	-	*6,545.54*	*55.99*	*5,743.68*	-	-
Over 5 years	**-**	**10,596.66**	**2.30**	**5,291.79**	**-**	**-**
	-	*8,587.95*	*1.95*	*3,367.83*	-	-
Total	**54.66**	**86,721.26**	**3,380.33**	**72,245.54**	**-**	**2,085.13**
	196.22	***66,382.67***	***1,243.25***	***52,976.37***	**-**	***1,888.94***

* Long-Term Investment in Clayfin Technologies Private Limited are shown in "over 5 year"

Previous year figures are presented in italics.

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

67 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR DOR.NO.BP.BC/3/21.04.048/2020-21 DATED 6 AUGUST 2020 PERTAINING TO RESOLUTION FRAMEWORK FOR COVID-19-RELATED STRESS READ WITH RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 DATED MAY 5, 2021 PURSUANT TO RESOLUTION FRAMEWORK 2.0 – RESOLUTION OF COVID-19 RELATED STRESS OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES) AND DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR RBI/2021-22/31 DOR.STR.REC. 11/21.04.048 /2021-22 DATED MAY 05, 2021 PERTAINING TO RESOLUTION FRAMEWORK - 2.0: RESOLUTION OF COVID-19 RELATED STRESS OF INDIVIDUALS AND SMALL BUSINESSES

Format-B For Resolution framework

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount Paid by the borrowers during the halfyear	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	**41.87**	**2.31**	**1.10**	**3.59**	**34.88**
	133.47	*19.68*	*4.78*	*38.14*	*70.88*
Corporate persons*	**3.05**	**-**	**-**	**1.12**	**1.93**
	11.74	-	-	*8.25*	*3.49*
Of which, MSMEs	**3.05**	**-**	**-**	**1.12**	**1.93**
	11.74	-	-	*8.25*	*3.49*
Others	**0.01**	**-**	**-**	**0.01**	**0.00**
	0.12	*0.01*	*0.00*	*0.07*	*0.03*
Total	**44.93**	**2.31**	**1.10**	**4.71**	**36.81**
	145.32	***19.68***	***4.78***	***46.46***	***74.40***

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

68 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR RESOLUTION FRAMEWORK - 2.0: RESOLUTION OF COVID-19 RELATED STRESS OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES) – REVISION IN THE THRESHOLD FOR AGGREGATE EXPOSURE ISSUED VIDE CIRCULAR NO. RBI/2021-22/47 DOR.STR.REC.21/21.04.048/2021-22 DATED JUNE 04, 2021 READ WITH CIRCULAR RBI/2018-19/100 DBR.NO.BP.BC.18/21.04.048/2018-19 DATED JANUARY 01, 2019.

Type of borrower	Year	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan
MSMEs	Current Year	-	-
	Previous Year	-	-

Notes to the Standalone Financial Statements
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(Currency : Indian Rupees in Crore)

69 SECTORAL EXPOSURE DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DOR/2023-24/106 MASTER DIRECTION - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 DOR.FIN.REC.NO.45/03.10.119/2023-24 UPDATED AS ON 21 MARCH 2024

Sr No.	Sectors	March 31, 2024			March 31, 2023		
		Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector %	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector %
	Total sectors expsoure	**90,217.93**	**1,711.82**	**1.90%**	**70,030.70**	**1,914.85**	**2.73%**
1	**Agriculture and Allied Activities**	**209.53**	**7.63**	**3.64%**	**169.06**	**5.55**	**3.28%**
2	**Industry**						
	(i) Micro and Small	**1,031.30**	**2.36**	**0.23%**	1,532.88	57.97	3.78%
	(ii) Medium	**147.93**	**-**	**-**	-	-	-
	(iii) Others	**556.27**	**36.54**	**6.57%**	-	-	-
	Total of Industry	**1,735.50**	**38.90**	**2.24%**	**1,532.88**	**57.97**	**3.78%**
3	**Services**						
	(i) Transport Operators	**847.33**	**0.55**	**0.06%**	390.18	6.04	1.55%
	(ii) Computer Software	**49.38**	**1.61**	**3.26%**	57.68	2.72	4.71%
	(iii) Tourism, Hotel and Restaurants	**282.93**	**3.14**	**1.11%**	247.62	10.74	4.34%
	(iv) Shipping	**11.78**	**1.04**	**8.85%**	8.71	0.04	0.45%
	(v) Professional Services	**30.48**	**0.42**	**1.38%**	27.23	-	0.00%
	(vi) Total of Trade	**1,194.64**	**30.25**	**2.53%**	743.30	19.68	2.65%
	(vi) (a) Wholesale Trade (other than Food Procurement)	**236.73**	**16.03**	**6.77%**	74.98	4.64	6.19%
	(b) Retail Trade	**957.91**	**14.22**	**1.48%**	668.32	15.04	2.25%
	(vii) Commercial Real Estate	**206.58**	**4.48**	**2.17%**	166.02	5.06	3.05%
	(viii) NBFCs	**-**	**-**	**0.00%**	-	-	0.00%
	(ix) Aviation	**5.18**	**-**	**0.00%**	5.24	3.22	61.53%
	(x) Other	**3,410.59**	**30.61**	**0.90%**	2,408.10	54.64	2.27%
	Total of Services	**6,038.89**	**72.09**	**1.19%**	**4,054.08**	**102.14**	**2.52%**
4	**Retail Loan**						
	(i) Housing Loans (incl. priority sector Housing)	**-**	**-**	**0.00%**	-	-	0.00%
	(ii) Consumer Durables	**3,115.01**	**6.14**	**0.20%**	3,965.26	29.62	0.75%
	(iii) Credit Card Receivables	**-**	**-**	**0.00%**	-		0.00%
	(iv) Vehicle/Auto Loans	**31,288.18**	**715.91**	**2.29%**	21,880.85	705.65	3.22%
	(v) Education Loans		**-**	**0.00%**			0.00%
	(vi) Advances against Fixed Deposit		**-**	**0.00%**			0.00%
	(vii) Advances to Individuals against Shares, Bonds	**0.44**	**0.06**	**14.45%**	2.69	0.21	7.97%
	(viii) Advances to Individuals against Gold	**512.93**	**7.24**	**1.41%**	425.15	7.07	1.66%
	(ix) Micro finance loan/SHG Loan	**431.45**	**0.75**	**0.00**	115.69	0.00	0.00%
	(x) Other	**46,886.01**	**863.10**	**1.84%**	37,885.04	1,006.63	2.66%
	Total of Retail Loan	**82,234.01**	**1,593.20**	**1.94%**	**64,274.68**	**1,749.19**	**2.72%**
5	**Others, if any (please specify)**	**-**	**-**	**-**	**-**	**-**	**-**

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

70 EXPOSURE TO REAL ESTATE SECTOR - DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DOR/2023-24/106 MASTER DIRECTION - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 DOR.FIN.REC.NO.45/03.10.119/2023-24 UPDATED AS ON 21 MARCH 2024

Categories	March 31, 2024	March 31, 2023
A. Direct Exposure		
i. Residential Mortgages -	**14,209.36**	12,584.64
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.		
ii. Commercial Real Estate –	**7,067.96**	6,012.62
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits		
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures	**-**	-
a) Residential,	**-**	-
b) Commercial Real Estate	**-**	-
B. Indirect Exposure		
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	**-**	-
Total Exposure to Real Estate Sector	**21,277.32**	**18,597.26**

71 EXPOSURE TO CAPITAL MARKET - DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DOR/2023-24/106 MASTER DIRECTION - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 DOR.FIN.REC.NO.45/03.10.119/2023-24 UPDATED AS ON 21 MARCH 2024

Sr No.	Particulars	March 31, 2024	March 31, 2023
i)	Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity- oriented mutual funds the corpus of which is not exclusively invested in corporate debt	**2.30**	2.30
ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPO's / ESOP's), convertible bonds, convertible debentures and units of equity oriented mutual funds	**-**	0.01
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security ;	**-**	-
iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds ' does not fully cover the advances ;	**-**	-

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
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Sr No.	Particulars	March 31, 2024	March 31, 2023
v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers ;	-	-
vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources ;	-	-
vii)	Bridge loans to companies against expected equity flows / issues ;	-	-
viii)	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds		
ix)	Financing to stockbrokers for margin trading	-	-
x)	All exposures to Alternative Investment Funds	-	-
	i) Category I	-	-
	ii) Category II	-	-
	iii) Category III	-	-
xi)	All exposures to Venture Capital Funds (both registered and unregistered)		
	Total Exposure to Capital Market	**2.30**	**2.31**

72 UNHEDGED FOREIGN CURRENCY EXPOSURE - DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DOR/2023-24/106 MASTER DIRECTION - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 DOR.FIN.REC.NO.45/03.10.119/2023-24 UPDATED AS ON MARCH 21, 2024. REFER SIGNIFICANT ACCOUNTING POLICIES NOTE 2.5 AND NOTE 45 (C) (II)

73 INTRA-GROUP EXPOSURES DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DOR/2023-24/106 MASTER DIRECTION - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 DOR.FIN.REC.NO.45/03.10.119/2023-24 UPDATED AS ON MARCH 21, 2024.

Particulars	March 31, 2024	March 31, 2023
Total amount of intra-group exposures	**Nil**	Nil
Total amount of top 20 intra-group exposures	**Nil**	Nil
Percentage of intra-group exposures to total exposure of the NBFC on borrowers/ customers	**Nil**	Nil

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

74 COMPLAINTS DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DOR/2023-24/106 MASTER DIRECTION - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 DOR.FIN.REC.NO.45/03.10.119/2023-24 UPDATED AS ON 21 MARCH 2024.

Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Sr No.	Particulars	March 31, 2024	March 31, 2023
i)	Number of Complaints Pending at the beginning of the year	**61**	64
ii)	Number of Complaints received during the year	**4,102**	5,462
iii)	Number of Complaints disposed/redressed during the year	**4,078**	5,465
iiia)	Of which (iii), number of complaints rejected by the NBFC	**36**	125
iv)	Number of complaints pending at the end of the year	**85**	61
	Maintainable complaints received by the NBFC from Office of Ombudsman		
v)	Number of maintainable complaints received by the NBFC from Office of Ombudsman	**53**	106
va)	Of (v), number of complaints resolved in favour of the NBFC by Office of Ombudsman	**47**	92
vb)	Of (v), number of complaints resolved through conciliation/mediation/ advisories issued by Office of Ombudsman	**6**	14
vc)	Of (v), number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	**Nil**	Nil
vi)	Number of Awards unimplemented within the stipulated time (other than those appealed)	**Nil**	Nil

Note :- Complaints include any expression of dissatisfaction from a customer or any identified service deficiency

Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
Current Year					
Ground - 1 Recovery Agents/Direct Sales Agents	**-**	**338**	**668.18%**	**-**	**-**
Ground - 2 Loans and advances	**61**	**2,789**	**(47.22%)**	**73**	**-**
Ground - 3 Non-observance of fair practices code	**-**	**-**	**-**	**-**	**-**
Ground - 4 Levy of charges without prior notice/excessive charges/ foreclosure charges	**-**	**-**	**-**	**-**	**-**
Ground - 5 Facilities for customers visiting the office/adherence to prescribed working hours, etc.	**-**	**-**	**-**	**-**	**-**
Others	**-**	**975**	**627.61%**	**12**	**-**
Total	**61**	**4,102**	**(24.90%)**	**85**	**-**

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
Previous Years					
Ground - 1 Recovery Agents/Direct Sales Agents	1	44	(53.19%)	-	-
Ground - 2 Loans and advances	39	5,284	29.76%	61	-
Ground - 3 Non-observance of fair practices code	-	-	-	-	-
Ground - 4 Levy of charges without prior notice/excessive charges/ foreclosure charges	-	-	-	-	-
Ground - 5 Facilities for customers visiting the office/adherence to prescribed working hours, etc.	-	-	-	-	-
Others	24	134	(20.24%)	-	-
Total	64	5,462	26.03%	61	

75 BREACH OF COVENANT DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DOR/2023-24/106 MASTER DIRECTION - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 DOR.FIN.REC.NO.45/03.10.119/2023-24 UPDATED AS ON MARCH 21, 2024.

Disclose of all instances of breach of covenant of loan availed or debt securities issued.

There are no instances of breach of covenant of loan availed or debt securities issued during the current year 2023-24 as well as previous year 2022-23.

76 DIVERGENCE IN ASSET CLASSIFICATION AND PROVISIONING - RESERVE BANK OF INDIA NOTIFICATION RBI/DOR/2023-24/106 MASTER DIRECTION - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 DOR.FIN.REC.NO.45/03.10.119/2023-24 UPDATED AS ON MARCH 21, 2024.

A) **The additional provisioning requirements assessed by RBI (or National Housing Bank(NHB) in the case of Housing Finance Companies) exceeds 5 percent of the reported profits before tax and impairment loss on financial instruments for the reference period**

Not applicable

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

B) Additional Gross NPAs identified by RBI exceeds 5 per cent of the reported Gross NPAs for the reference period.

Not applicable

Sr No.	Particulars	March 31, 2023	March 31, 2022
1	Gross NPAs as on March 31, as reported by Company	Not applicable	Not applicable
2	Gross NPAs as on March 31, as assessed by the Reserve Bank of India		
3	Divergence in Gross NPAs (2-1)		
4	Net NPAs as on March 31, as reported by the Company		
5	Net NPAs as on March 31, as assessed by Reserve Bank of India		
6	Divergence in Net NPAs (5-4)		
7	Provisions for NPAs as on March 31, as reported by the Company		
8	Provisions for NPAs as on March 31, as assessed by Reserve Bank of India		
9	Divergence in provisioning (8-7)		
10	Reported Profit before tax and impairment loss on financial instruments for the year ended March 31.		
11	Reported Net Profit after Tax (PAT) for the year ended March 31.		
12	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, after considering the divergence in provisioning		

* March 31, 2022 is the close of the reference period in respect of which divergences were assessed

* March 31, 2023 is the close of the reference period in respect of which divergences were assessed

77 DISCLOSURE PURSUANT TO SECTION III OF ANNEX VII TO RESERVE BANK OF INDIA NOTIFICATION RBI/DOR/2023-24/106 MASTER DIRECTION - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 DOR.FIN.REC.NO.45/03.10.119/2023-24 UPDATED AS ON MARCH 21, 2024.

The Company endeavours to comply with requirements for getting its equity shares listed within the timelines prescribed under Scale Based Regulation.

(Currency : Indian Rupees in Crore)

78 RELATED PARTY DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DOR/2023-24/106 MASTER DIRECTION - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 DOR.FIN.REC. NO.45/03.10.119/2023-24 UPDATED AS ON MARCH 21, 2024.

Sr No.	Related party	Parent (HDFC Bank)		Subsidiaries		Associates/Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel		Others		Total	
	Items	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
A	**Details of Related Party Transactions for the Year:**														
(i)	Borrowings	**11,047.75**	3,350.00		-		-		-		-		-	**11,047.75**	3,350.00
(ii)	Placement of deposits	**-**	-		-		-		-		-		-	**-**	-
(iii)	Interest paid	**773.69**	677.81		-		-		-		-		-	**773.69**	677.81
(iv)	Interest received	**1.79**	2.71		-		-		-		-		-	**1.79**	2.71
(v)	Others	**2,222.08**	3,241.53		-		-	**12.50**	9.55		-	**256.01**	21.85	**2,490.59**	3,272.93
(va)	Charges for back office support services received / recoverable	**533.67**	984.41		-		-		-		-		-	**533.67**	984.41
(vb)	Charges for sales support services received / recoverable	**1,140.05**	1,821.96		-		-		-		-		-	**1,140.05**	1,821.96
(vc)	Tele collection charges / field collection charges received / recoverable for collection services rendered	**275.83**	255.65		-		-		-		-		-	**275.83**	255.65
(vd)	Others	**272.53**	179.51		-		-	**12.50**	9.55		-	**256.01**	21.85	**541.04**	210.90
B	**Balances outstanding:**														
(i)	Borrowings	**10,555.54**	11,295.33		-		-		-		-	**1,309.00**	1,866.60	**11,864.54**	13,161.93
(ii)	Deposits	**9.85**	9.85		-		-		-		-		-	**9.85**	9.85
(iii)	Placement of deposits	**0.16**	47.89		-		-		-		-		-	**0.16**	47.89
(iv)	Others	**534.36**	353.92		-		-		-		-	**9.79**	4.26	**544.15**	358.17
C	**Maximum balance during the year:**														
(i)	Borrowings	**14,237.30**	13,064.15		-		-		-		-	**1,401.60**	-	**15,638.90**	13,064.15
(ii)	Deposits	**9.85**	9.85		-		-		-		-	**-**	-	**9.85**	9.85
(iii)	Placement of deposits	**47.89**	88.66		-		-		-		-	**-**	-	**47.89**	88.66

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

79 DISCLOSURE ON LIQUIDITY RISK MANAGEMENT FRAMEWORK PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DOR/2023-24/106 MASTER DIRECTION - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 DOR. FIN.REC.NO.45/03.10.119/2023-24 UPDATED AS ON MARCH 21, 2024.

Quantitative Disclosure on Liquidity Coverage Ratio (LCR) for year ended March 31, 2024 is given below:

Particulars	Quarter Ended March 31, 2024			Quarter Ended December 31, 2023			Quarter Ended 30 September 2023			Quarter Ended June 30, 2023		
	Total Unweighted Value (average)*	Weight	Total Weighted value (average)*	Total Unweighted Value (average)*	Weight	Total Weighted value (average)*	Total Unweighted Value (average)*	Weight	Total Weighted value (average)*	Total Unweighted Value (average)*	Weight	Total Weighted value (average)*
High Quality Liquid Assets												
1 Total High Quality Liquid Assets (HQLA)	**1,875.72**	**100%**	**1,875.72**	**1,828.77**	**100%**	**1,828.77**	**1,387.56**	**100%**	**1,387.56**	**1,641.00**	**100%**	**1,641.00**
Cash & Bank Balances	**295.75**	**100%**	**295.75**	268.09	100%	268.09	243.28	100%	243.28	233.73	100%	233.73
Investment in T-Bills	**1,579.97**	**100%**	**1,579.97**	1,560.68	100%	1,560.68	1,144.28	100%	1,144.28	1,407.26	100%	1,407.26
Cash Outflows												
2 Deposits(for deposit taking companies)	**N.A.**	**115%**	**N.A.**	N.A.	115%	N.A.	N.A.	115%	N.A.	N.A.	115%	N.A.
3 Unsecured wholesale funding	**293.90**	**115%**	**337.98**	807.96	115%	929.16	-	115%	-	-	115%	-
4 Secured wholesale funding	**2,214.05**	**115%**	**2,546.16**	2,040.30	115%	2,346.35	2,409.12	115%	2,770.49	2,304.03	115%	2,649.63
5 Additional requirements, of which												
(i) Outflows related to derivative exposures and other collateral requirements**	**-**	**115%**	**-**	-	115%	-	-	115%	-	-	115%	-
(ii) Outflows related to loss of funding on debt products	**-**	**115%**	**-**	-	115%	-	-	115%	-	-	115%	-
(iii) Credit and liquidity facilities	**-**	**115%**	**-**	-	115%	-	-	115%	-	-	115%	-
6 Other contractual funding obligations	**1,072.59**	**115%**	**1,233.48**	962.36	115%	1,106.72	765.25	115%	880.03	491.19	115%	564.87
7 Other contingent funding obligations	**450.09**	**115%**	**517.61**	378.51	115%	435.29	308.64	115%	354.93	68.31	115%	78.56
8 Total Cash Outflows	**4,030.63**		**4,635.22**	**4,189.14**		**4,817.51**	**3,483.01**		**4,005.46**	**2,863.53**		**3,293.06**
Cash Inflows												
9 Secured Lending	**-**	**75%**	**-**	-	75%	-	-	75%	-	-	75%	-
10 Inflows from fully performing exposures	**3,727.04**	**75%**	**2,795.28**	3,434.40	75%	2,575.80	2,987.41	75%	2,240.56	2,987.41	75%	2,240.56
11 Other cash inflows	**6,228.75**	**75%**	**4,671.56**	4,797.60	75%	3,598.20	1,376.23	75%	1,032.17	1,376.23	75%	1,032.17
12 TOTAL CASH INFLOWS	**9,955.79**		**7,466.84**	**8,232.00**		**6,174.00**	**4,363.64**		**3,272.73**	**4,363.64**		**3,272.73**
13 TOTAL HQLA			**1,875.72**			1,828.77			1,387.56			1,641.00
14 TOTAL NET CASH OUTFLOWS			**1,158.81**			1,204.38			1,001.36			823.27
15 LIQUIDITY COVERAGE RATIO (%)			**161.87%**			**151.84%**			**138.57%**			**199.33%**

*The average weighted and unweighted amounts are calculated taking simple averages of daily observations

** Consist of outflows related to collateral requirements where downgrade triggers upto and including 3 notches downgrade

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Qualitative Disclosure on LCR

The Liquidity Coverage Ratio (LCR) is a global minimum standard to measure the Company's liquidity position. The Reserve Bank of India introduced the liquidity coverage ratio (LCR) requirement for all deposit-taking NBFCs and non-deposit taking NBFCs with an asset sise of ₹ 5,000 Crore and above. LCR seeks to ensure that the Company has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario. LCR is calculated by dividing the stock of HQLA's by its total net cash outflow over a 30 day calendar period.

The Company has adopted the liquidity risk framework as required under RBI regulation. It ensures a sound and robust liquidity risk management system by maintaining sufficient liquidity through inclusion of a cushion of unencumbered, high quality liquid asset to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The Board of Directors have delegated responsibility of balance sheet Liquidity Risk Management to the Asset Liability Committee.

The LCR is calculated by dividing a Company's stock of HQLA by it's total net cash outflows over a 30-day stress period. The guidelines for LCR were effective from December 1, 2020 with the minimum LCR to be 50% which would rise in equal annual steps to reach 100%, on December 1,2024. The present minimum LCR requirement is 85% effective from December 01, 2023. In order to determine High quality Liquid Assets, Company considers Cash and Bank Balances, Investment in Government Securities without any haircut. In order to determine net cash outflows, Company considers total expected cash outflow minus total expected cash inflows for the subsequent 30 calendar days. As per regulations, stressed cash flows is computed by assigning a predefined stress percentage to the overall cash inflows and cash outflows. Net cash outflow over next 30 days is computed as stressed outflows less minimum of stressed inflows, 75% of stressed outflow. Accordingly LCR would be computed by dividing Company's stock of HQLA by it's total net cash outflow.

Cash outflow under secured wholesale funding includes contractual obligations under Term loans, NCDs, Interest payable within 30 days. Outflow under other contractual funding obligations primarily includes outflow on account of Book overdraft and Sundry payables. In order to determine Inflows from fully performing exposures, Company considers the collection from performing advances in next 30 days. Other Cash inflows includes investments in mutual funds and lines of credit available from Banks/FIs. The Average LCR for the quarter ended March 31, 2024 was 161.87% as against 151.84% for the quarter ended 31st December, 2023 which is well above present prescribed minimum requirement of 85%. The average HQLA for the quarter ended March, 31, 2024 was ₹ 1876 Crore as against ₹ 1829 Crore for the quarter ended December 31, 2023. During the same period the composition of Government securities in the average HQLA was 84.23% for the quarter ended March 31, 2024 as against 85.34% for the quarter ended December 31, 2023.

Public Disclosure on LCR

Fund Concentration based on Significant counter parties

Sr. No	No of Significant counter Parties	Amount	% of Total Liabilities
1	23	50,357.59	63.89%

Note : The above is arrived including Securitisation exposure to Banks

Top Ten Borrowings as a % of Total Borrowings

Sr. No	Particulars	Amount	% of Total Liabilities
1	Top 10	36,787.03	49.49%

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

Fund Concentration Based on Significant Instrument /Products

Sr. No	No of Instruments	Amount	% of Total Liabilities
1	Non Covertible Debentures & Market Linked Debentures	33,699.96	42.76%
2	Term Loans fron Banks	31,661.03	40.17%
3	Subordinate Debts & Perpetual Debts	5,648.17	7.17%
4	External Commercial Borrowings	2,085.13	2.65%
5	Securitisation Borrowings	85.22	0.11%
6	Commercial Paper	1,151.16	1.46%

Stock Ratios

Sr. No	Stock Ratios	Ratio
1	Commercial Paper as a % of Total Public Funds	1.55%
2	Commercial Paper as a % of Total Liabilities*	1.46%
3	Commercial Paper as a % of Total Assets	1.24%
4	Non Convertible Debentures with (original maturity less than 1 year) as a % of Total Public Fund	N.A
5	Non Convertible Debentures with (original maturity less than 1 year) as a % of Total Liabilities	N.A
6	Non Convertible Debentures with (original maturity less than 1 year) as a % of Total Assets	N.A
7	Other Short Term Liabilities** as % of Total Public Funds	37.89%
8	Other Short Term Liabilities as % of Total Liabilities	35.74%
9	Other Short Term Liabilities as a % of Total Assets	30.43%

* Total liabilities refer to Total Outside Liabilities i.e. Balance Sheet Total excluding Share Capital and Reserves

**Other short term liabilities include all contractual obligation payable within a period of 1 year excluding commercial paper

Institutional set-up for liquidity risk management

The Company monitors its inflows and outflows in various buckets and ensures that there are no major mismatches in assets and liabilities in various buckets. The ALM is tabled and evaluated in the ALCO on a monthly basis. The Company ensures that there is adequate liquidity cushion available in the form of investments in G-Secs/ T-Bills / Mutual Funds etc. and unavailed Bank lines. The Company issues various instruments including Term Loans, Line of Credits, Non-Convertible Debentures, External Commercial Borrowings and other market instruments. The Company has a diversified mix of investors which includes Banks, Mutual Funds, Insurance firms, FIIs, Corporates, PFs etc.

(Currency : Indian Rupees in Crore)

Quantitative Disclosure on Liquidity Coverage Ratio (LCR) for year ended March 31, 2023 is given below:

	Particulars	Quarter Ended March 31, 2023			Quarter Ended December 31, 2022			Quarter Ended 30 September 2022			Quarter Ended June 30, 2022		
		Total Unweighted Value (average)*	Weight	Total Weighted value (average)*	Total Unweighted Value (average)*	Weight	Total Weighted value (average)*	Total Unweighted Value (average)*	Weight	Total Weighted value (average)*	Total Unweighted Value (average)*	Weight	Total Weighted value (average)*
High Quality Liquid Assets													
1	**Total High Quality Liquid Assets (HQLA)**	**1,061.33**	**100%**	**1,061.33**	**2,074.80**	**100%**	**2,074.80**	**1,074.37**	**100%**	**1,074.37**	**1,289.48**	**100%**	**1,289.48**
	Cash & Bank Balances	150.77	100%	150.77	246.87	100%	246.87	202.48	100%	202.48	173.47	100%	173.47
	Investment in T-Bills	910.57	100%	910.57	1,827.93	100%	1,827.93	871.89	100%	871.89	1,116.01	100%	1,116.01
Cash Outflows													
2	Deposits(for deposit taking companies)	N.A.	115%	N.A.	N.A.	115%	N.A.	N.A.	115%	N.A.	N.A.	115%	N.A.
3	Unsecured wholesale funding		115%	-	-	115%	-	-	115%	-	-	115%	-
4	Secured wholesale funding	1,708.20	115%	1,964.43	2,310.88	115%	2,657.51	1,558.25	115%	1,791.99	1,081.76	115%	1,244.02
5	Additional requirements, of which												
(i)	Outflows related to derivative exposures and other collateral requirements**	-	115%	-	-	115%	-	-	115%	-	500.00	115%	575.00
(ii)	Outflows related to loss of funding on debt products	-	115%	-		115%	-		115%	-		115%	-
(iii)	Credit and liquidity facilities		115%	-	-	115%	-	-	115%	-	-	115%	-
6	Other contractual funding obligations	414.76	115%	476.97	384.04	115%	441.65	319.41	115%	367.33	360.83	115%	414.96
7	Other contingent funding obligations	71.54	115%	82.27	54.65	115%	62.85	48.06	115%	55.27	46.17	115%	53.10
8	**Total Cash Outflows**	**2,194.50**		**2,523.67**	**2,749.57**		**3,162.01**	**1,925.72**		**2,214.59**	**1,988.76**		**2,287.08**
Cash Inflows													
9	Secured Lending												
10	Inflows from fully performing exposures	2,751.93	75%	2,063.94	2,665.55	75%	1,999.16	2,636.60	75%	1,977.45	2,524.92	75%	1,893.69
11	Other cash inflows	2,020.08	75%	1,515.06	2,047.70	75%	1,535.78	1,778.70	75%	1,334.03	1,411.00	75%	1,058.25
12	**TOTAL CASH INFLOWS**	**4,772.01**		**3,579.00**	**4,713.25**		**3,534.94**	**4,415.30**		**3,311.48**	**3,935.92**		**2,951.94**
13	TOTAL HQLA			1,061.33			2,074.80			1,074.37			1,289.48
14	TOTAL NET CASH OUTFLOWS			630.92			790.50			553.65			571.77
15	**LIQUIDITY COVERAGE RATIO (%)**			**168.22%**			**262.47%**			**194.05%**			**225.53%**

*The average weighted and unweighted amounts are calculated taking simple averages of monthly observations for the respective quarters

** Consist of outflows related to collateral requirements where downgrade triggers upto and including 3 notches downgrade

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Qualitative Disclosure on LCR

The Liquidity Coverage Ratio (LCR) is a global minimum standard to measure the Company's liquidity position. The Reserve Bank of India introduced the liquidity coverage ratio (LCR) requirement for all deposit-taking NBFCs and non-deposit taking NBFCs with an asset size of ₹ 5,000 Crore and above. LCR seeks to ensure that the Company has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario. LCR is calculated by dividing the stock of HQLA's by its total net cash outflow over a 30 day calendar period.

The Company has adopted the liquidity risk framework as required under RBI regulation. It ensures a sound and robust liquidity risk management system by maintaining sufficient liquidity through inclusion of a cushion of unencumbered, high quality liquid asset to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The Board of Directors have delegated responsibility of balance sheet Liquidity Risk Management to the Asset Liability Committee.

The LCR is calculated by dividing a Company's stock of HQLA by it's total net cash outflows over a 30 -day stress period. The guidelines for LCR were effective from December 1, 2020 with the minimum LCR to be 50% which would rise in equal annual steps to reach 100%, on December 1,2024. The present minimum LCR requirement is 70% effective from 1st December 2022. In order to determine High quality Liquid Assets, Company considers Cash and Bank Balances, Investment in Government Securities without any haircut. In order to determine net cash outflows, Company considers total expected cash outflow minus total expected cash inflows for the subsequent 30 calendar days. As per regulations, stressed cash flows is computed by assigning a predefined stress percentage to the overall cash inflows and cash outflows. Net cash outflow over next 30 days is computed as stressed outflows less minimum of stressed inflows, 75% of stressed outflow. Accordingly LCR would be computed by dividing Company's stock of HQLA by it's total net cash outflow.

Cash outflow under secured wholesale funding includes contractual obligations under Term loans, NCDs, Interest payable within 30 days. Outflow under other collateral requirement, the Company considers the loans which are callable under rating downgrade trigger up to and including 3- notch downgrade. Outflow under other contractual funding obligations primarily includes outflow on account of overdrawn balances with Banks and sundry payables. In order to determine Inflows from fully performing exposures, Company considers the collection from performing advances in next 30 days. Other Cash inflows includes investments in mutual funds, CPs which are maturing within 30 days. The Average LCR for the quarter ended 31st March, 2023 was 168.22% as against 262.47% for the quarter ended December 31, 2022 which is well above present prescribed minimum requirement of 70%. The average HQLA for the quarter ended 31st March, 2023 was 1061.33 Crore as against 2074.80 Crore for the quarter ended December 31, 2022. During the same period the composition of Government securities in the HQLA was 85.79% for the quarter ended March 31, 2023 as against 88.10% for the quarter ended December 31, 2022.

Public Disclosure on LCR

Fund Concentration based on Significant counter parties

Sr. No	No of Significant counter Parties	Amount	% of Total Liabilities
1	21	37,746.32	60.47%

Note : The above is arrived including Securitisation exposure to Banks

Top Ten Borrowings as a % of Total Borrowings

Sr. No	Particulars	Amount	% of Total Liabilities
1	Top 10	29,650.02	53.88%

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Fund Concentration Based on Significant Instrument /Products

Sr. No	No of Instruments	Amount	% of Total Liabilities
1	Non Covertible Debentures & Market Linked Debentures	27,246.28	43.65%
2	Term Loans fron Banks	21,968.00	35.19%
3	Subordinate Debts & Perpetual Debts	3,550.00	5.69%
4	External Commercial Borrowings	1,889.91	3.03%
5	Securitisation Borrowings	370.86	0.59%
6	Commercial Paper	-	0.00%

Stock Ratios

Sr. No	Stock Ratios	Ratio
1	Commercial Paper as a % of Total Public Funds	0.00%
2	Commercial Paper as a % of Total Liabilities*	0.00%
3	Commercial Paper as a % of Total Assets	0.00%
4	Non Convertible Debentures with (original maturity less than 1 year) as a % of Total Public Fund	N.A
5	Non Convertible Debentures with (original maturity less than 1 year) as a % of Total Liabilities	N.A
6	Non Convertible Debentures with (original maturity less than 1 year) as a % of Total Assets	N.A
7	Other Short Term Liabilities** as % of Total Public Funds	41.42%
8	Other Short Term Liabilities as % of Total Liabilities	36.52%
9	Other Short Term Liabilities as a % of Total Assets	30.86%

* Total liabilities refer to Total Outside Liabilities i.e. Balance Sheet Total excluding Share Capital and Reserves

**Other short term liabilities include all contractual obligation payable within a period of 1 year excluding commercial paper

Institutional set-up for liquidity risk management

The Company monitors its inflows and outflows in various buckets and ensures that there are no major mismatches in assets and liabilities in various buckets. The ALM is tabled and evaluated in the ALCO on a monthly basis. The Company ensures that there is adequate liquidity cushion available in the form of investments in G-Secs/ T-Bills / Mutual Funds etc. and unavailed Bank lines. The Company issues various instruments including Term Loans, Line of Credits, Non-Convertible Debentures, External Commercial Borrowings and other market instruments. The Company has a diversified mix of investors which includes Banks, Mutual Funds, Insurance firms, FIIs, Corporates, PFs etc.

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

80 DISCLOSURE ON RESTRUCTURING PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DOR/2023-24/106 MASTER DIRECTION - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 DOR.FIN.REC.NO.45/ 03.10.119/2023-24 UPDATED AS ON 21 MARCH 2024.

Sl No	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details																					
1	Restructured Accounts as on April 01 of the FY (opening figures)*	No. of borrowers	-	-	-	-	-	**4,119**	**3,758**	**16**	-	**7,893**	**1,555**	**668**	-	-	**2,223**	**5,674**	**4,426**	**16**	-	**10,116**
			-	-	-	-	-	*51,081*	*13,734*	*5*	-	*64,820*	*7,576*	*2,009*	-	-	*9,585*	*58,657*	*15,743*	*5*	-	*74,405*
		Amount outstanding	-	-	-	-	-	**425.04**	**406.85**	**8.01**	-	**839.90**	**73.75**	**36.91**	-	-	**110.66**	**498.79**	**443.76**	**8.01**	-	**950.55**
			-	-	-	-	-	*4,071.10*	*655.56*	*1.50*	-	*4,728.17*	*310.00*	*62.63*	-	-	*372.63*	*4,381.10*	*718.20*	*1.50*	-	*5,100.80*
		Provision thereon	-	-	-	-	-	**146.22**	**228.88**	**2.47**	-	**377.57**	**34.97**	**25.58**	-	-	**60.55**	**181.19**	**254.46**	**2.47**	-	**438.12**
			-	-	-	-	-	*1,371.25*	*398.37*	*0.41*	-	*1,770.04*	*155.28*	*49.90*	-	-	*205.18*	*1,526.52*	*448.27*	*0.41*	-	*1,975.21*
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the FY.	No. of borrowers	-	-	-	-	-	**232**	**(296)**	**64**	-	-	**84**	**(84)**	-	-	-	**316**	**(380)**	**64**	-	-
			-	-	-	-	-	*598*	*(614)*	*16*	-	-	*181*	*(181)*	-	-	-	*779*	*(795)*	*16*	-	-
		Amount outstanding	-	-	-	-	-	**49.27**	**(91.50)**	**42.23**	-	**0.00**	**11.07**	**(11.07)**	-	-	-	**60.34**	**(102.57)**	**42.23**	-	**0.00**
			-	-	-	-	-	*65.69*	*(73.70)*	*8.01*	-	*(0.00)*	*5.27*	*(5.27)*	-	-	-	*70.96*	*(78.97)*	*8.01*	-	*(0.00)*
		Provision thereon	-	-	-	-	-	**24.52**	**(48.18)**	**23.65**	-	-	**6.84**	**(6.84)**	-	-	-	**31.37**	**(55.02)**	**23.65**	-	**0.00**
			-	-	-	-	-	*20.70*	*(23.17)*	*2.47*	-	*0.00*	*3.57*	*(3.57)*	-	-	-	*24.27*	*(26.74)*	*2.47*	-	*(0.00)*
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY *	No. of borrowers	-	-	-	-	-	**1,956.00**	**1,058.00**	**3.00**	-	**3,017.00**	**576.00**	**128.00**	-	-	**704.00**	**2,532.00**	**1,186.00**	**3.00**	-	**3,721.00**
			-	-	-	-	-	*35,382*	*2,584*	-	-	*37,966.00*	*4,146.00*	*279.00*	-	-	*4,425.00*	*39,528.00*	*2,863.00*	-	-	*42,391.00*
		Amount outstanding	-	-	-	-	-	**222.16**	**140.45**	**0.68**	-	**363.29**	**38.19**	**5.50**	-	-	**43.70**	**260.35**	**145.95**	**0.68**	-	**406.99**
			-	-	-	-	-	*2,922.54*	*221.62*		-	*3,144.16*	*167.84*	*10.67*	-	-	*178.51*	*3,090.38*	*232.29*	-	-	*3,322.67*
		Provision thereon	-	-	-	-	-	**91.24**	**52.42**	**0.44**	-	**144.09**	**20.53**	**4.08**	-	-	**24.61**	**111.77**	**56.50**	**0.44**	-	**168.70**
			-	-	-	-	-	*958.99*	*(13.53)*	-	-	*945.46*	*85.38*	*(3.52)*	-	-	*81.87*	*1,044.38*	*(17.05)*	-	-	*1,027.33*

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Sl No	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details																					
5	Downgradations of restructures accounts during the FY	No. of borrowers	**-**	**-**	**-**	**-**	**-**	**(378)**	**378**	**-**	**-**	**-**	**(111)**	**111**	**-**	**-**	**-**	**(489)**	**489**	**-**	**-**	**-**
			-	*-*	*-*	*-*	*-*	*(3,307)*	*3,307*	*-*	*-*	*-*	*(574)*	*574*	*-*	*-*	*-*	*(3,881)*	*3,881*	*-*	*-*	*-*
		Amount outstanding	**-**	**-**	**-**	**-**	**-**	**(70.14)**	**70.14**	**-**	**-**	**-**	**(2.89)**	**2.89**	**-**	**-**	**-**	**(73.03)**	**73.03**	**-**	**-**	**-**
			-	*-*	*-*	*-*	*-*	*(398.05)*	*398.05*	*-*	*-*	*-*	*(31.86)*	*31.86*	*-*	*-*	*-*	*(429.92)*	*429.92*	*-*	*-*	*-*
		Provision thereon	**-**	**-**	**-**	**-**	**-**	**(20.20)**	**20.20**	**-**	**-**	**-**	**(1.61)**	**1.61**	**-**	**-**	**-**	**(21.81)**	**21.81**	**-**	**-**	**-**
			-	*-*	*-*	*-*	*-*	*(116.57)*	*116.57*	*-*	*-*	*-*	*(13.12)*	*13.12*	*-*	*-*	*-*	*(129.69)*	*129.69*	*-*	*-*	*-*
6	Write-offs of restructured accounts during the FY	No. of borrowers	**-**	**-**	**-**	**-**	**-**	**637**	**1,964**	**12**	**-**	**2,613**	**302**	**341**	**-**	**-**	**643**	**939**	**2,305**	**12**	**-**	**3,256**
			-	*-*	*-*	*-*	*-*	*8,871*	*10,085*	*5*	*-*	*18,961*	*1,482*	*1,455*	*-*	*-*	*2,937*	*10,353*	*11,540*	*5*	*-*	*21,898*
		Amount outstanding	**-**	**-**	**-**	**-**	**-**	**21.36**	**122.46**	**7.27**	**-**	**151.09**	**6.93**	**14.71**	**-**	**-**	**21.65**	**28.29**	**137.18**	**7.27**	**-**	**172.74**
			-	*-*	*-*	*-*	*-*	*391.16*	*351.44*	*1.50*	*-*	*744.10*	*41.81*	*41.66*	*-*	*-*	*83.47*	*432.97*	*393.10*	*1.50*	*-*	*827.57*
		Provision thereon	**-**	**-**	**-**	**-**	**-**	**9.07**	**88.20**	**2.01**	**-**	**99.28**	**4.31**	**10.99**	**-**	**-**	**15.31**	**13.38**	**99.19**	**2.01**	**-**	**114.59**
			-	*-*	*-*	*-*	*-*	*170.16*	*276.43*	*0.41*	*-*	*447.01*	*25.36*	*37.40*	*-*	*-*	*62.76*	*195.53*	*313.83*	*0.41*	*-*	*509.77*
7	Restructured Accounts as on March 31 of the FY (closing figures)*	No. of borrowers	**-**	**-**	**-**	**-**	**-**	**1,380**	**818**	**65**	**-**	**2,263**	**650**	**226**	**-**	**-**	**876**	**2,030**	**1,044**	**65**	**-**	**3,139**
			-	*-*	*-*	*-*	*-*	*4,119*	*3,758*	*16*	*-*	*7,893*	*1,555*	*668*	*-*	*-*	*2,223*	*5,674*	*4,426*	*16*	*-*	*10,116*
		Amount outstanding	**-**	**-**	**-**	**-**	**-**	**160.65**	**122.58**	**42.29**	**-**	**325.52**	**36.80**	**8.51**	**-**	**-**	**45.31**	**197.45**	**131.09**	**42.29**	**-**	**370.83**
			-	*-*	*-*	*-*	*-*	*425.04*	*406.85*	*8.01*	*-*	*839.90*	*73.75*	*36.91*	*-*	*-*	*110.66*	*498.79*	*443.76*	*8.01*	*-*	*950.55*
		Provision thereon	**-**	**-**	**-**	**-**	**-**	**50.24**	**60.29**	**23.67**	**-**	**134.20**	**15.36**	**5.27**	**-**	**-**	**20.64**	**65.60**	**65.56**	**23.67**	**-**	**154.83**
			-	*-*	*-*	*-*	*-*	*146.22*	*228.88*	*2.47*	*-*	*377.57*	*34.97*	*25.58*	*-*	*-*	*60.55*	*181.19*	*254.46*	*2.47*	*-*	*438.12*

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

Previous year figures are presented in italics.

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

81 PROVISIONS AND CONTINGENCIES

	March 31, 2024	March 31, 2023
Category wise breakup of Provisions & Contingencies shown in Statement of Profit and Loss		
Diminution on investment	**(0.35)**	2.19
Provision towards non-performing assets*	**(102.77)**	(409.21)
Provision made towards income tax	**770.67**	621.30
Provision for standard assets#	**(49.41)**	(105.79)
Provision for gratuity	**52.07**	28.04
Provisions for trade receivables	**2.37**	3.60

* Represents impairment loss allowance on stage 3 loans.

Represents impairment loss allowance on stage 1 and stage 2 loans.

82 SCHEDULE TO THE BALANCE SHEET OF AN NON-BANKING FINANCIAL COMPANY PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DOR/2023-24/106 MASTER DIRECTION - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 DOR.FIN.REC.NO. 45/03.10.119/2023-24 UPDATED AS ON 21 MARCH 2024.

Sr No.	Particulars	March 31, 2024	March 31, 2023
	Liabilities side:		
1	**Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:(*)**		
	(a) Debentures		
	- Secured (*)	**33,699.96**	27,096.41
	- Unsecured (*)	**5,648.17**	3,541.10
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits		
	(c) Term Loans (*)	**31,661.03**	21,968.00
	(d) Inter-corporate loans and borrowing	**-**	-
	(e) Commercial Paper	**1,151.16**	-
	(f) Public Deposits	**-**	-
	(g) Other Loans (*)	**2,170.35**	2,259.80
	(*) There is no overdue		
2	**Break-up of (1)(f) above (outstanding public deposit inculsive of interest accrued thereon but not paid**		
	(a) In the form of unsecured debenture	**-**	-
	(b) In the form of partly secured debenture i.e. debenture where there is s shortfall in the value of security	**-**	-
		-	**-**
	(c) Other public deposits	**-**	-
	Assets side:		

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Sr No.	Particulars	March 31, 2024	March 31, 2023
3	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**		
	(a) Secured	**67,874.88**	53,053.24
	(b) Unsecured	**22,287.42**	16,977.46
4	**Break up of Leased Assets and stock on Hire and other assets counting towards asset financing activities.**		
	(i) Lease Assets including lease rentals sundry debtors:		
	a) Financial Lease	**-**	-
	b) Operating Lease	**-**	-
	(ii) Stock on hire including hire charges under sundry debtors:		
	a) Assets on hire	**-**	-
	b) Repossessed Assets	**-**	-
	(iii) Other loans counting towards asset financing activities		
	a) Loans where assets have been repossessed	**55.63**	59.25
	b) Loans other than (a) above	**-**	-
5	**Break-up of Investments (net of provision for diminution in value):**		
	Current Investments:		
	I. Quoted:		
	i. Shares		
	a) Equity	**-**	-
	b) Preference	**-**	-
	ii. Debentures and Bonds	**-**	-
	iii. Units of Mutual Funds	**1,753.41**	411.65
	iv. Government Securities	**1,587.29**	773.66
	v. Others (please specify)	**37.33**	55.99
	II. Unquoted:		
	i. Shares		
	a) Equity	**-**	-
	b) Preference	**-**	-
	ii. Debentures and Bonds	**-**	-
	iii. Units of Mutual Funds	**-**	-
	iv. Government Securities	**-**	-
	v. Others (please specify)	**-**	-
	Long Term Investments:		
	I. Quoted:		
	i. Shares		
	a) Equity	**-**	-
	b) Preference	**-**	-
	ii. Debentures and Bonds	**-**	-
	iii. Units of Mutual Funds	**-**	-
	iv. Government Securities	**-**	-
	v. Others (please specify)	**-**	-

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Sr No.	Particulars	March 31, 2024	March 31, 2023
	II. Unquoted:		
	i. Shares		
	a) Equity	**2.30**	1.95
	b) Preference	**-**	-
	ii. Debentures and Bonds	**-**	-
	iii. Units of Mutual Funds	**-**	-
	iv. Government Securities	**-**	-
	v. Others (please specify)	**-**	-
6	**Borrower group-wise classification of assets financed as in (3) and (4) above: (Amount net of provisions)**		
	1. Related Parties		
	(a) Subsidiaries		
	i. Secured	**-**	-
	ii. Unsecured	**-**	-
	Total	**-**	**-**
	(b) Companies in the same Group		
	i. Secured	**-**	-
	ii. Unsecured	**-**	-
	Total	**-**	**-**
	(c) Other Related Parties		
	i. Secured	**-**	-
	ii. Unsecured	**-**	-
	Total	**-**	**-**
	2. Other than Related Parties		
	i. Secured	**67,930.51**	53,053.24
	ii. Unsecured	**22,287.42**	16,977.46
	Total	**90,217.93**	**70,030.70**
7	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)**		
	1. Related Parties		
	(a) Subsidiaries		
	i. Market Value / Break up or fair value or NAV	**-**	-
	ii. Book Value (Net of Provisions)	**-**	-
	(b) Companies in the same Group		
	i. Market Value / Break up or fair value or NAV	**-**	-
	ii. Book Value (Net of Provisions)	**-**	-
	(c) Other Related Parties		
	i. Market Value / Break up or fair value or NAV	**-**	-
	ii. Book Value (Net of Provisions)	**-**	-
	2. Other than Related Parties		
	i. Market Value / Break up or fair value or NAV	**3,380.33**	-
	ii. Book Value (Net of Provisions)	**3,377.04**	**1,241.30**

Notes to the Standalone Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Sr No.	Particulars	March 31, 2024	March 31, 2023
8	**Other Information**		
	(i) Gross credit impaired assets		
	(a) Related parties	**-**	-
	(b) Other than related parties	**1,711.82**	1,914.85
	(ii) Net credit impaired assets		
	(a) Related parties	**-**	-
	(b) Other than related parties	**567.99**	668.25
	(iii) Assets Acquired in satisfaction of debt	**-**	-

83 PENALTIES IMPOSED BY RBI AND OTHER REGULATORS

No penalties have been imposed by RBI and Other Regulators during current year (Previous year - NIL).

84 DISCLOSURE ON FRAUDS PURSUANT TO RBI MASTER DIRECTION

The frauds detected and reported for the year amounted to ₹ 1.88 Crore (Previous year ₹ 0.58 Crore).

85 DETAILS OF FINANCING OF PARENT COMPANY PRODUCTS

There is no financing during the current year.

86 DETAILS OF SINGLE BORROWER LIMITS (SBL)/ GROUP BORROWER LIMITS (GBL) EXCEEDED

The Company has not exceeded the single borrower limits / group borrower limits as set as by Reserve Bank of India.

87 ADVANCES AGAINST INTANGIBLE SECURITIES

The Company has not given any loans against intangible securities.

88 OVERSEAS ASSETS (FOR THOSE WITH JOINT VENTURES AND SUBSIDIARIES ABROAD)

There are no overseas asset owned by the Company.

89 DRAW DOWN FROM RESERVES

The Company has made no drawdown from existing reserves.

90 OFF-BALANCE SHEET SPVS SPONSORED

The Company is now required to provide its financial statements under Ind AS, which requires all securitisation related SPV's to be consolidated in the books of the originator (the Company). Accordingly, these SPV's stand consolidated and none of the SPV's sponsored are off-balance sheet.

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

91 RATINGS

The Credit Analysis & Research Limited (CARE) and CRISIL Limited (CRISIL) have assigned ratings for the various facilities availed by the Company, details of which are given below:

Facility	March 31, 2024		March 31, 2023	
	CARE	CRISIL	CARE	CRISIL
Bank facilities	**AAA/Stable**	**AAA/Stable**	AAA/Stable	AAA/Stable
Non-convertible debentures	**AAA/Stable**	**AAA/Stable**	AAA/Stable	AAA/Stable
Short term debt program	**A1+**	**A1+**	A1+	A1+
Subordinated bond issue	**AAA/Stable**	**AAA/Stable**	AAA/Stable	AAA/Stable
Perpetual bond issue	**AAA/Stable**	**AAA/Stable**	AAA/Stable	AAA/Stable
Market Linked Debentures	**Withdrawn**	**Withdrawn**	PP-MLD AAA/ Stable	PP-MLD AAAr/ Stable

92 REGISTRATION UNDER OTHER REGULATORS

The Company is not registered under any other regulator other than Reserve Bank of India and Insurance Regulatory & Development Authority of India (IRDAI).

93 RBI CIRCULAR RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 DATED APRIL 07, 2021.

Under the circular all the lending institutions were required to refund/adjust the “interest on interest” charged to the borrower during the moratorium period i.e March 1,2020 to August 31,2020 in confirmity with the supreme court judgement. The status of the same is mentioned in below table

Sr No.	Particulars	March 31, 2024	March 31, 2023
1	Aggregate amount	**-**	-
2	Refunded/Adjusted	**-**	-
3	Outstanding Balance	**-**	-

94 DISCLOSURE PURSUANT TO REGULATION 53(F) READ WITH SCHEDULE V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Sr No.	Particulars	March 31, 2024	March 31, 2023
a)	**Loans and advances in the nature of loans to subsidiaries**	**-**	**-**
	Name of the Company		
	Amount		
b)	**Loans and advances in the nature of loans to associates**	**-**	**-**
	Name of the Company		
	Amount		
c)	**Loans and advances in the nature of loans to firms/companies in which directors are interested**	**-**	**-**
	Name of the Company	**-**	-
	Amount	**-**	-
d)	**Investments by the loanee in the shares of parent company and subsidiary company, when the Company has made a loan or advance in the nature of loan.**	**-**	**-**

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

95 DISCLOSURE PURSUANT TO REGULATION 54 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Debentures are secured by way of a first and pari passu mortgage in favour of the Security Trustee on the Company's Office no 319, 3rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and/or further secured by way of hypothecation of receivables under financing activity with a minimum requirement of asset cover of 1.0 times. Assets cover as on March 31, 2024 is 1.1 times.

96 RELATIONSHIP WITH STRUCK OFF COMPANIES ON THE BASIS OF AVAILABLE DATA ON THE DATE OF REPORTING

Sr No.	Name of Struck off Company	Nature of transactions	As at 31-Mar-2024 (Amt in Crore)	As at 31-Mar-2023 (Amt in Crore)	Relation ship with the struck off company, if any, to be disclosed
1	Goldman Venture Private limited	Shareholder	*	*	Shareholder
2	Galaxy Park Hospitality Private Limited	Loan	-	0.48	Borrower
3	Glamoroso Family Saloon And Spa Private Limited	Loan	0.26	0.28	Borrower
4	GVK Alliance Networks Private Limited	Loan	0.49	0.53	Borrower
5	Onus Labs Private Limited	Loan	0.24	0.30	Borrower
6	Peesscon India Reality Private Limited	Loan	-	0.13	Borrower
7	Shanti Sarup And Sons Private Limited	Loan	-	0.70	Borrower
8	Arun Electrochemical Systems Pvt Ltd	Loan	0.08	0.19	Borrower
9	Rushi Herbal Pvt Ltd	Loan	-	-0.02	Borrower
10	A S P Appliances P Ltd	Loan	-	1.01	Borrower
11	Natkhat Agro Foods Private Limited	Loan	0.18	0.20	Borrower
12	Jeevan Jyothi General And Maternity Hospital Private Limited	Loan	0.65	0.69	Borrower
13	Deli Carrier Pack And Move Private Limited	Loan	0.18	0.21	Borrower
14	DRS Enterprises Private Limited	Loan	-	0.15	Borrower
15	NMG Food And Beverages Private Limited	Loan	-	0.05	Borrower
16	R S Vegetable Exporters India Private Limited	Loan	0.05	0.09	Borrower
17	Brand X Zone Private Limited	Loan	-	0.04	Borrower
18	Prarabdh Bharti Bhawan Opc Private Limited	Loan	0.02	0.03	Borrower
19	Shri Ganesha Global Gulal Private Limited	Loan	-	0.15	Borrower
20	Royal Friends Enterprises Private Limited	Loan	-	-0.00	Borrower
21	Raj Kumar And Sons Ornaments Pvt Ltd	Loan	-	-0.01	Borrower
22	Grahalaya Constructions Private Limited	Loan	-	-0.00	Borrower
23	Kapco Foods India Private Limited	Loan	0.18		Borrower
24	M P Appliances Private Limited	Loan	0.56		Borrower
25	PRS Gases Company LLP	Loan	0.15		Borrower
26	Indonex Services Private Limited	Loan	-	-0.00	Borrower

Note:- In the absence of purchase price of share held by Goldman Venture Private Limited face value is considered for reporting purpose.

* Less than ₹ 1000/-.

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

97 DETAILS OF REVENUE FROM INSURANCE SEGMENT

Particulars	As at March 31, 2024	As at March 31, 2023
Commission Income	**206.73**	40.89

98 The disclosure on the following matters required under Schedule III as amended not being relevant or applicable in case of the Company, same are not covered such as

a) The Company has not traded or invested in crypto currency or virtual currency during the financial year

b) There are no undisclosed transaction which have not been recorded in the books.

c) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

d) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority

e) The Company has not entered into any scheme of arrangement

f) No Registration or satisfaction of charges are pending to be filed with ROC.

99 a) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b) No funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c) The accounting software used by the Company to maintain its books of accounts has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all transactions recorded in the software.

100 Previous year numbers have been regrouped / reclassified, wherever considered necessary, to correspond with current year presentation. There are no significant regrouping / reclassifications during the year under report.

Notes to the Standalone Financial Statements
for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

101 DIVIDEND DISTRIBUTED TO EQUITY SHAREHOLDERS

The Company has paid an interim dividend of ₹ 2.00 per equity share during the year. Further, the Board has proposed a final dividend of ₹ 1.00 per equity share for financial year ended March 31, 2024 in the Board of Directors meeting held on April 16, 2024.

Accounting Period	Net Profit for the accounting period (₹ in Crore)	Rate of dividend (%)	Amount of Dividend (₹ in Crore)	Dividend Payout ratio (%)
FY 2023-24	2,460.84	30%	237.64	9.66%
FY 2022-23	1,959.35	20%	158.26	8.08%
FY 2021-22	1,011.40	10%	79.04	7.82%

102 STANDARDS ISSUED BUT NOT YET EFFECTIVE

On March 31, 2024, there is no Ind AS amendment rules / notification issued by the Ministry of Corporate Affairs ('MCA') which is not effective as on date.

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firms' Registration
No: 105102W

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firms' Registration
No: 105146W/W-100621

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Padmini Khare Kaicker
Partner
Membership No: 044784

Sd/-
Hasmukh B. Dedhia
Partner
Membership No: 033494

Sd/-
Arijit Basu
Part Time Non-Executive
Chairman & Independent Director
DIN: 06907779

Sd/-
G. Ramesh
Managing Director & CEO
DIN: 05291597

Sd/-
Dipti Khandelwal
Company Secretary
Membership No: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 16, 2024

Independent Auditor's Report

To
The Members of
HDB Financial Services Limited

Report on the audit of the Consolidated Financial Statements

OPINION

1. We have audited the accompanying Consolidated Ind AS Financial Statements of HDB Financial Services Limited('the Parent') and its controlled structured entity (the parent and its controlled structured entity together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2024 and the Consolidated Statement of Profit / Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year ended on that date, and notes to the Consolidated Financial Statements, including a summary of material accounting policy information and other explanatory information ('the Consolidated Financial Statements').
2. In our opinion and to the best of our information and according to the explanations given to us the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the Consolidated State of Affairs of the Group as at 31 March 2024, and its Consolidated Profit/Loss And Other Comprehensive Income, Consolidated Changes in Equity and its Consolidated Cash Flows for the year ended on that date.

BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained along with the consideration of audit reports of the other auditors referred to in the 'Other Matters' paragraph below is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

KEY AUDIT MATTERS

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current year. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
Assessment of impairment loss provision on loans based on Expected Credit Loss model (ECL) under IND AS 109. Refer to the accounting policies in ' Note 3(B) to the Consolidated Ind AS Financial Statements: Expected Credit Loss', 'Note 2.11 to the Consolidated Ind AS Financial Statements: Revenue Recognition' and 'Note 2.2(G) to the Consolidated Ind AS Financial Statements: Impairment of Financial Assets and 'Note 45 to the Consolidated Ind AS Financial Statements: Risk Management'.	
Under Ind AS 109, "Financial Instruments", allowance for loan losses are determined using expected credit loss ('ECL') estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus are: • Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.	Our audit procedures were focussed on assessing the appropriateness of management's judgement and estimates used in the impairment analysis that included, but were not limited to, the following: • Reviewed the Board approved Policy and approach concerning the management of credit and other risks. • Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions.

Key Audit Matter	How the matter was addressed in our audit
• Model estimations - Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. • Economic scenarios - Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Consolidated Ind AS Financial Statements as a whole and hence we have identified the same as a Key Audit Matter. Disclosures: The disclosures (including disclosures prescribed by RBI) regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	• Assessed the design, implementation and operating effectiveness of key internal financial controls including monitoring process of overdue loans, measurement of provision, stage-wise classification of loans, identification of NPA accounts, assessing the reliability of management information, which included overdue reports. • Evaluated the appropriateness of the Company's determination of Significant Increase in Credit Risk ("SICR") in accordance with the applicable accounting standard and the basis for classification of various exposures into various stages. • Reviewed the critical assumptions and input data used in the estimation of expected credit loss for specific key credit risk parameters, such as the movement between stages, Exposure at default, (EAD), probability of default (PD) or loss given default (LGD); • Tested key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and computation of probability of default and loss given default percentages. • Verified the manner of preparation of information w.r.t. to provisions and disclosures in the Consolidated Ind AS Financial Statement. • Involved Information system resource to obtain comfort over data integrity and process of report generation through interface of various information systems. • Tested controls placed over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. • Performed test of details over model calculations testing through re-performance, where possible. • Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Consolidated Ind AS Financial Statements are appropriate and sufficient. Obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable including the report on review of ECL model of the Company for the year, as performed by an independent expert, whose report is placed before the Board of Directors of the Company.

Key Audit Matter	How the matter was addressed in our audit
Information Technology system used for the financial reporting process	
IT systems and controls The Company's financial reporting processes are dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology ('IT') systems. The Financial accounting system of the Company is interfaced with several other IT systems including Loan Management & Originating systems and several other systemic workflows. IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data. These include implementation of preventive and detective controls across critical applications and infrastructure. Due to the pervasive nature of role of information technology systems in financial reporting, the testing of the general computer controls of these systems was considered a Key Audit Matter.	With the assistance of our IT specialist, our key audit procedures for assessment of the IT systems and controls over financial reporting covered following broad aspects: • Obtained an understanding of the Company's key IT systems, IT General Controls which covered access controls, program/ system changes, program development and computer operations i.e. job processing, data/ system backup and incident management and application controls relevant to our audit. • Tested the design, implementation and operating effectiveness of the general IT controls over the key IT systems that are critical to financial reporting. • Reviewed user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems and related application controls. • Reviewed of the report of IS Audit carried in earlier year(s) by an independent firm of Chartered Accountants pertaining to IT systems general controls including access rights over applications, operating systems and databases relied upon for financial reporting. • Evaluated the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. Tested compensating controls or performed alternate audit procedures to assess whether there were any unaddressed IT risks that would impact the controls or completeness and/or accuracy of data.

OTHER INFORMATION

5. The Parent's Board of Directors are responsible for the other information. The other information comprises the information included in the Parent's annual report but does not include the Consolidated Financial Statements and our auditors' report thereon. The Other Information is expected to be made available to us after the date of this auditor's report.

6. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

7. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done , we conclude that there is a material misstatement of this other information, we are required to report that fact.

8. When we read the Annual Report, if we conclude that there is a material misstatement therein, we will communicate the matter to those charged with

governance and take appropriate action as applicable under the relevant laws and regulations.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

9. The Parent's Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements, that give a true and fair view of the Consolidated State of Affairs, Consolidated Profit and Other Comprehensive Income, Consolidated Changes in Equity and Consolidated Cash Flows of the Group is in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India. The respective Board of Directors of the Parent are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection of the appropriate accounting software for ensuring compliance with applicable laws and regulations including those related to retention of audit logs; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Parent, as aforesaid.

10. In preparing the Consolidated Financial Statements, the Board of Directors of the Parent are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

11. The respective Board of Directors of the companies included in the Parent are responsible for overseeing the financial reporting process of the Group .

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

12. Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    13.1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    13.2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to the Consolidated Financial Statements and the operating effectiveness of such controls.

    13.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

    13.4. Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

13.5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

13.6. Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entity included in the Consolidated Financial Statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

14. We communicate with those charged with governance of the Parent and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

17. We did not audit the financial information of 1 controlled structured entity, whose financial information reflect total assets of -Nil as at 31 March 2024, total revenues of Rs. -Nil and net cash flows amounting to Rs. -Nil for the year ended on that date, as considered in the Consolidated Financial Statements. These financial information are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of controlled structured entity , and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid controlled structured entity , is based solely on such unaudited financial information.

    In our opinion and according to the information and explanations given to us by the Management, these unaudited financial information is not material to the Group.

18. Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

19. As required by section 143(3) of the Act, based on our audit and as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

    19.1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

19.2. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.

19.3. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

19.4. In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act read with the relevant rules thereunder.

19.5. On the basis of the written representations received from the directors of the Parent as on 31 March 2024, taken on record by the Board of Directors of the Parent, none of the directors of the Parent, are disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.

19.6. With respect to the adequacy of internal financial controls with reference to the Consolidated Financial Statements of the Parent, the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.

19.7. In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Parent, to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Parent, incorporated in India is not in excess of the limit laid down under Section 197 of the Act.

20. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us as noted in the 'Other Matters' paragraph:

20.1. The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March 2024 on the consolidated financial position of the Group – Refer Note 39.2 to the consolidated financial statements.

20.2. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 39.3 to the Consolidated Financial Statements in respect of such items as it relates to the Group.

20.3. There were no sums which were required to be transferred to the Investor Education and Protection Fund by the Parent.

20.4. The management of the Parent whose financial statements have been audited under the Act have represented to us, to best of their knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

20.5. The management of the Parent, whose financial statements have been audited under the Act have represented to us , to best of their knowledge and belief, that no funds have been received by the Parent from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Parent shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Independent Auditor's Report (Contd.)

20.6. Based on such audit procedures, that have been considered reasonable and appropriate in the circumstances, performed by us nothing has come to our or other auditor's notice that has caused us or other auditors to believe that the representation under para 20.4 and 20.5 contain any material misstatement.

20.7. In our opinion and according to the information and explanations given to us,

a) The final dividend paid by the Parent during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

b) The interim dividend declared and paid by the Parent during the year and until the date of this report is in compliance with Section 123 of the Act.

c) As stated in Note 58 to the consolidated financial statements, the Board of Directors of the Parent have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend is in accordance with Section 123 of the Act to the extent it is applies to declaration of dividend.

20.8. Based on our examination which included test checks, the Parent has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. The audit trail feature is not applicable to the controlled structure entity as it not being audited under the act.

21. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 ('CARO') issued by Central Government in terms of Section 143(11) of the Act, to be included in Auditor's report, according to the information and explanations given to us and as per nature of business, provisions of CARO 2020 report are not applicable to controlled structure entity.

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

Sd/-
Padmini Khare Kaicker
Partner
Membership No. 044784
UDIN: 24044784BKFJKN9497

Place: Mumbai
Date: 16 April 2024

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number 105146W/W100621

Sd/-
Hasmukh B Dedhia
Partner
Membership No. 033494
UDIN: 24033494BKCQZH9841

Place: Mumbai
Date: 16 April 2024

Annexure 'A' to the Independent Auditors' report on the Consolidated Financial Statements of HDB Financial Services Limited for the year ended 31 March 2024

(Referred to in paragraph 19 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

OPINION

1. In conjunction with our audit of the Consolidated Financial Statements of HDB Financial Services Limited as of and for the year ended 31 March 2024, we have audited the internal financial controls with reference to the Consolidated Financial Statements of HDB Financial Services Limited ('the Parent') and its controlled structured entity, which are companies incorporated in India, as of that date.

2. In our opinion, the Parent Company and its structured controlled entity, have, in all material respects, an adequate internal financial controls with reference to the Consolidated Financial Statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the Guidance Note').

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

3. The Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

4. Our responsibility is to express an opinion on internal financial controls with reference to the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SA'), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Consolidated Financial Statements. Those SAs and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Consolidated Financial Statements were established and maintained and if such controls operated effectively in all material respects.

5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to the Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

6. We believe that the audit evidence we have obtained and also refer to 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the Consolidated Financial Statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. A company's internal financial controls with reference to the Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with

Annexure 'A' to the Independent Auditors' report on the Consolidated Financial Statements of HDB Financial Services Limited for the year ended 31 March 2024 (Contd.)

reference to the Consolidated Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Because of the inherent limitations of internal financial controls with reference to the Consolidated Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Consolidated Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OTHER MATTERS

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls system with reference to the Consolidated Financial Statements in so far as it relates to the Parent Company, as section 143(3)(i) of the Act is not applicable to controlled structured entity.

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

Sd/-
Padmini Khare Kaicker
Partner
Membership No. 044784
UDIN: 24044784BKFJKN9497

Place: Mumbai
Date: 16 April 2024

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number 105146W/W100621

Sd/-
Hasmukh B Dedhia
Partner
Membership No. 033494
UDIN: 24033494BKCQZH9841

Place: Mumbai
Date: 16 April 2024

Consolidated Balance Sheet
as at March 31, 2024

(Currency : Indian Rupees in Crore)

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
ASSETS:			
1 **Financial Assets**			
(a) Cash and cash equivalents	4	**647.85**	395.90
(b) Bank balances other than (a) above	5	**54.66**	257.92
(c) Derivative financial instruments	6	**1.91**	165.34
(d) Trade receivables	7	**124.61**	65.76
(e) Loans	8	**86,721.26**	66,382.67
(f) Investments	9	**3,380.33**	1,243.25
(g) Other financial assets	10	**39.50**	34.87
		90,970.12	**68,545.71**
2 **Non-Financial Assets**			
(a) Current tax assets (Net)	11	**41.29**	25.11
(b) Deferred tax assets (Net)	12	**939.95**	1,000.87
(c) Property, plant and equipment	13	**162.53**	122.37
(d) Capital work-in-progress		**-**	-
(e) Other intangible assets		**22.15**	20.41
(f) Right of use Assets	14	**326.51**	244.27
(g) Other non-financial assets	15	**93.96**	91.65
		1,586.39	**1,504.68**
TOTAL ASSETS		**92,556.51**	**70,050.39**
LIABILITIES AND EQUITY:			
Liabilities			
3 **Financial Liabilities**			
(a) Derivative financial instruments	6	**4.77**	-
(b) Trade payables	16		
(i) Total outstanding dues of micro enterprises and small enterprises		**-**	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		**509.00**	291.84
(c) Debt securities	17	**34,851.12**	27,096.41
(d) Borrowings (other than debt securities)	18	**33,831.38**	24,227.80
(e) Subordinated liabilities	19	**5,648.17**	3,541.10
(f) Other financial liabilities	20	**2,955.27**	2,778.43
		77,799.71	**57,935.58**
4 **Non-Financial Liabilities**			
(a) Current tax liabilities (net)	21	**58.65**	41.97
(b) Provisions	22	**502.94**	368.96
(c) Other non-financial liabilities	23	**452.50**	266.91
		1,014.09	**677.84**
5 **Equity**			
(a) Equity share capital	24	**793.08**	791.40
(b) Other equity	25	**12,949.63**	10,645.57
		13,742.71	**11,436.97**
TOTAL LIABILITIES AND EQUITY		**92,556.51**	**70,050.39**
Accounting policies and notes to the Consolidated Financial Statements.	2 - 59		

The notes referred to above form an integral part of the Consolidated Financial Statements.
As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firms' Registration
No: 105102W

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firms' Registration
No: 105146W/W-100621

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Padmini Khare Kaicker
Partner
Membership No: 044784

Sd/-
Hasmukh B. Dedhia
Partner
Membership No: 033494

Sd/-
Arijit Basu
Part Time Non-Executive
Chairman & Independent Director
DIN: 06907779

Sd/-
G. Ramesh
Managing Director & CEO
DIN: 05291597

Sd/-
Dipti Khandelwal
Company Secretary
Membership No: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 16, 2024

Consolidated Statement of Profit and Loss

for the year ended March 31, 2024

(Currency : Indian Rupees in Crore)

Particulars			Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023
1	**Revenue from operations**				
	(a)	Interest income	26	**11,156.72**	8,927.78
	(b)	Sale of services		**1,949.55**	2,633.93
	(c)	Other financial charges		**953.11**	756.41
	(d)	Net gain on fair value changes	27	**113.69**	85.07
	(e)	Net gain / (loss) on derecognition of financial instruments under amortised cost category		**(1.95)**	(0.31)
	Total Revenue from operations			**14,171.12**	**12,402.88**
2	**Expenses**				
	(a)	Finance Costs	28	**4,864.32**	3,511.92
	(b)	Impairment on financial instruments	29	**1,067.39**	1,330.40
	(c)	Employee Benefits Expenses	30	**3,850.75**	4,057.57
	(d)	Depreciation, amortisation and impairment	13,14	**145.14**	111.84
	(e)	Others expenses	31	**938.85**	763.75
	Total Expenses			**10,866.45**	**9,775.48**
3	**Profit/(loss) before tax**			**3,304.67**	**2,627.40**
4	**Tax Expense:**		11,12		
	(a)	Current tax		**770.67**	621.30
	(b)	Deferred tax (credit)		**73.16**	46.75
	Total Tax expense			**843.83**	**668.05**
5	**Profit for the year**			**2,460.84**	**1,959.35**
6	**Other Comprehensive Income**				
	(a)	Items that will not be reclassified to profit or loss			
		- Remeasurement loss on defined benefit plan		**(31.54)**	(5.48)
		- Income tax relating to items that will not be reclassified to profit or loss		**7.94**	1.38
	Sub total (a)			**(23.60)**	**(4.10)**
	(b)	Items that will be reclassified to profit or loss			
		- Movement in cash flow hedge reserve		**(17.10)**	19.59
		- Income tax relating to items that will be reclassified to profit or loss		**4.30**	(4.93)
	Sub total (b)			**(12.80)**	**14.66**
	Other Comprehensive Income			**(36.40)**	**10.56**
7	**Total Comprehensive Income for the year**			**2,424.44**	**1,969.91**
8	**Earnings per equity share (for continuing operations)**		32	**31.08**	24.78
		Basic (₹)		**31.04**	24.76
		Diluted (₹)			
Accounting policies and notes to the Consolidated Financial Statements.			2 - 59		

The notes referred to above form an integral part of the Consolidated Financial Statements.
As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firms' Registration
No: 105102W

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firms' Registration
No: 105146W/W-100621

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Padmini Khare Kaicker
Partner
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Part Time Non-Executive
Chairman & Independent Director
DIN: 06907779

Sd/-
G. Ramesh
Managing Director & CEO
DIN: 05291597

Sd/-
Dipti Khandelwal
Company Secretary
Membership No: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 16, 2024

Consolidated Statement of Changes in Equity

as at March 31, 2024

(Currency : Indian Rupees in Crore)

A EQUITY SHARE CAPITAL

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	**791.40**	790.44
- Changes in Equity Share Capital due to prior period errors	**-**	-
- Restated balance at the beginning of the current reporting year	**-**	-
- Changes in Equity Share Capital during the year	**1.68**	0.96
Balance at the end of the reporting year	**793.08**	**791.40**

B OTHER EQUITY

Particulars	Reserves and Surplus					Other Comprehensive Income (OCI)	Total
	Securities Premium Account	Employee stock Options Outstanding Account	Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	Retained Earnings-Other than Remeasurement of Post Employment Benefit Obligations	Retained Earnings-Remeasurement of Post Employment Benefit Obligations	Cash Flow Hedges Reserve	
Balance as at April 01, 2023	**3,127.72**	**39.61**	**1,685.09**	**5,844.33**	**(57.65)**	**6.46**	**10,645.57**
Profit for the year	-	-	-	2,460.84	-	-	**2,460.84**
Other Comprehensive Income	-	-	-	-	(23.60)	(12.81)	**(36.41)**
Total Comprehensive Income for the year	-	-	-	2,460.84	(23.60)	(12.81)	**2,424.43**
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	-	-	492.17	(492.17)	-	-	**-**
Premium on issue of shares	69.78	-	-	-	-	-	**69.78**
Share based payment	-	55.24	-	-	-	-	**55.24**
Transfer on allotment of shares pursuant to ESOP scheme	25.63	(25.63)	-	-	-	-	**-**
Dividends	-	-	-	(87.05)	-	-	**(87.05)**
Interim Dividend	-	-	-	(158.33)	-	-	**(158.33)**
Balance as at March 31,2024	**3,223.13**	**69.22**	**2,177.26**	**7,567.62**	**(81.25)**	**(6.35)**	**12,949.63**

Consolidated Statement of Changes in Equity as at March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Particulars	Reserves and Surplus					Other Comprehensive Income (OCI)	Total
	Securities Premium Account	Employee stock Options Outstanding Account	Reserve Fund U/S 45-IC (1) of Reserve Bank of India Act, 1934	Retained Earnings- Other than Remeasurement of Post Employment Benefit Obligations	Retained Earnings- Remeasurement of Post Employment Benefit Obligations	Cash Flow Hedges Reserve	
Balance as at April 01, 2022	**3,055.19**	**35.53**	**1,293.22**	**4,427.10**	**(53.55)**	**(8.20)**	**8,749.29**
Profit for the year	-	-	-	1,959.35	-	-	**1,959.35**
Other Comprehensive Income	-	-	-	-	(4.10)	14.66	**10.56**
Total Comprehensive Income for the year	-	-	-	1,959.35	(4.10)	14.66	**1,969.91**
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	-	-	391.87	(391.87)	-	-	**-**
Premium on issue of shares	32.96	-	-	-	-	-	**32.96**
Share based payment	-	43.64	-	-	-	-	**43.64**
Transfer on allotment of shares pursuant to ESOP scheme	39.56	(39.56)	-	-	-	-	**-**
Dividends	-	-	-	(79.04)	-	-	**(79.04)**
Dividend Distribution Tax	-	-	-	(71.20)	-	-	**(71.20)**
Balance As At March 31, 2023	**3,127.72**	**39.61**	**1,685.09**	**5,844.33**	**(57.65)**	**6.46**	**10,645.57**

As required by section 45-IC of the RBI Act 1934, the Group maintains a reserve fund and transfers there in a sum not less than twenty per cent of its net profit every year as disclosed in the statement of profit and loss and before any dividend is declared. The Group cannot appropriate any sum from the reserve fund except for the purpose specified by Reserve Bank of India from time to time. Till date RBI has not specified any purpose for appropriation of Reserve fund maintained under section 45-IC of RBI Act,1984.

Accounting policies and notes to the Consolidated Financial Statements. Note 2 - 59
The notes referred to above form an integral part of the Consolidated Financial Statements.
As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firms' Registration
No: 105102W

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firms' Registration
No: 105146W/W-100621

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Padmini Khare Kaicker
Partner
Membership No: 044784

Sd/-
Hasmukh B. Dedhia
Partner
Membership No: 033494

Sd/-
Arijit Basu
Part Time Non-Executive
Chairman & Independent Director
DIN: 06907779

Sd/-
G. Ramesh
Managing Director & CEO
DIN: 05291597

Sd/-
Dipti Khandelwal
Company Secretary
Membership No: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 16, 2024

Consolidated Statement of Cash Flow

for the year ended March 31, 2024

(Currency : Indian Rupees in Crore)

	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(loss) before tax	**3,304.67**	2,627.40
	Adjustments for		
	Interest Income	**(11,156.72)**	(8,927.78)
	Interest Expenses	**4,771.63**	3,502.92
	(Profit)/loss on sale of asset	**(0.85)**	(1.01)
	Realised net loss/ (gain) on FVTPL investments	**(89.91)**	(90.67)
	Unrealised gain on FVTPL investments	**(23.78)**	5.60
	Discount on commercial paper	**77.01**	9.00
	Provision for compensated absence and gratuity	**29.87**	6.59
	Employee share based payment expenses	**55.24**	43.64
	Depreciation, amortisation and impairment	**145.14**	111.84
	Impairment on financial instruments	**1,067.39**	1,330.40
	Operating cash flow before working capital changes	**(1,820.31)**	**(1,382.07)**
	Adjustments for working capital changes:		
	(Increase)/ decrease in Loans	**(21,405.98)**	(10,462.68)
	(Increase)/ decrease in trade receivables	**(58.85)**	76.06
	(Increase)/ decrease in other financial assets and others	**291.32**	(0.19)
	Increase/(decrease) in other financial and non financial liabilities & provisions	**(44.60)**	506.53
	Increase/(decrease) in trade payables	**217.16**	44.93
	Cash generated from/(Used in) operations before adjustments for interest received and interest paid	**(22,821.26)**	**(11,217.42)**
	Interest Paid	**(4,110.50)**	(3,842.14)
	Interest Received	**10,946.14**	8,841.36
	Cash generated from/(Used in) operations	**(15,985.62)**	**(6,218.20)**
	Direct taxes (paid)/net of refunds	**(750.42)**	(632.41)
	Net cash flow generated from/(used in) operating activities (A)	**(16,736.04)**	**(6,850.61)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of investments	**(52,917.26)**	(49,267.66)
	Sale of investments	**50,893.87**	50,350.80
	Purchase of fixed assets	**(123.35)**	(111.32)
	Sale of fixed assets	**1.18**	1.50
	Net cash generated (used in)/ from investing activities (B)	**(2,145.56)**	**973.32**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Debt securities issued	**22,167.71**	10,099.18
	Debt securities repaid	**(14,490.01)**	(8,210.60)
	Borrowings other than debt securities issued	**29,910.87**	17,207.75
	Borrowings other than debt securities repaid	**(20,307.29)**	(12,507.21)
	Subordinated debt issued	**2,337.07**	-
	Subordinated debt repaid	**(230.00)**	(600.00)
	Proceeds from issue of shares and security premium	**71.45**	33.93
	Repayment of lease liabilities	**(80.87)**	(76.81)
	Dividend paid	**(245.38)**	(150.25)
	Net cash generated (used in)/ from financing activities (C)	**19,133.55**	**5,795.99**

Consolidated Statement of Cash Flow
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**251.95**	**(81.30)**
Add : Cash and cash equivalents as at the beginning of the year	**395.90**	477.20
Cash and cash equivalents as at the end of the year*	**647.85**	395.90
* Components of cash and cash equivalents		
Balances with banks	**606.10**	358.51
Demand drafts on hand	**6.30**	8.87
Cash on hand	**35.45**	28.52
	647.85	**395.90**

Note:- There are no conditions or restrictions in using the cash and cash equivalents.

Accounting policies and notes to the Consolidated Financial Statements. Note 2 - 59

The notes referred to above form an integral part of the Consolidated Financial Statements.

The above Consolidated statement of cash flow has been prepared under the indirect method set out in Ind AS 7 - Statement of Cash Flow.

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firms' Registration
No: 105102W

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firms' Registration
No: 105146W/W-100621

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Padmini Khare Kaicker
Partner
Membership No: 044784

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Hasmukh B. Dedhia
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G. Ramesh
Managing Director & CEO
DIN: 05291597

Sd/-
Dipti Khandelwal
Company Secretary
Membership No: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 16, 2024

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

(Currency : Indian Rupees in Crore)

1 GROUP OVERVIEW

HDB Financial Services Limited ('the Group'), (Corporate Identity Number U65993GJ2007PLC051028) incorporated in Ahmedabad, India, is a Systemically Important Non Deposit taking Non-Banking Financial Group ('NBFC') as defined under section 45-IA of the Reserve Bank of India ('RBI') Act, 1934, is registered with the Reserve Bank of India (RBI) with registration no. N.01.00477. The Reserve Bank of India, under Scale Based Regulations has categorised the Company as Upper Layer (NBFC-UL), vide it's circular dated September 14, 2023.

It provides lending services and business process outsourcing services. It also provides services related to the marketing and promotion of various financial products.

It's registered registered office is situated at Radhika, 2nd floor, Law Garden Road, Navrangpura, Ahmedabad - 380009, India, while its corporate office is located in Mumbai, India. It is a subsidiary of HDFC Bank Limited.

2 ACCOUNTING POLICIES

2.1 Statement of Compliance, Basis of Preparation and Presentation of Financial Statements

(A) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards ('Ind AS') notified 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 relevant provisions of the Act. Any directions issued by the RBI or other regulators are implemented as and when they become applicable. The Regulatory disclosure as required by Master Direction - Non Banking Financial company - Systemically Important Non-Deposit taking Group and Deposit taking Group (Reserve Bank) Direction, 2016, further, it has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC).CC.PD.No.109/22.10.106/ 2019-20 dated March 13, 2020, in addition to the Regulatory disclosure as required by Master Direction - Non Banking Financial Group - Systemically Important Non-Deposit taking Group and Deposit taking Group (Reserve Bank) Direction, 2023.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use. These consolidated financial statements have been subjected to audit by the Statutory Auditors, have been reviewed by the Audit Committee and approved by the Board of Directors and authorised for issue on April 16, 2026.

(B) Presentation of financial statements

The Balance Sheet, the Statement of Changes in Equity and the Statement of Profit and Loss are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies ('NBFCs') that are required to comply with Ind AS. The Statement of Cash Flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its controlled structured entities (collectively known as 'the Group') as at March 31, 2024. The Group consolidates an entity when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of the entity begins when the Group obtains control over the entity and ceases when the Group loses control of the entity.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of structured entities to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The financial statement of the following controlled structured trusts (all incorporated in India) have been consolidated as per Ind-AS 110 - Consolidated Financial Statements.

Name of the entity	Proportion of Ownership Interest (%)*	
	March 31, 2024	March 31, 2023
Venus Trust March 2022	3.65%	3.65%
Venus Trust March 2021	-	1.10%
Venus Trust September 2020	-	0.84%

* the Group's share of pass through certificates issued by the trust.

The above structured entities are the entities that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, but the relevant activities are directed by means of contractual agreements. The primary use of structured entities is to provide the Group access to liquidity through asset securitisations.

(C) Basis of preparation

The financial statements have been prepared under the historical cost convention on the accrual basis except for certain financial instruments and plan assets of defined benefit plans, which are measured at fair values at the end of each reporting period as explained in the accounting policies below. All amounts disclosed in the financial statements and notes have been rounded off to the nearest INR Crores in compliance with Schedule III of the Act, unless otherwise stated.

(D) Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs') which is also the Group's functional currency. All amounts are rounded-off to the nearest Crores, unless otherwise indicated.

(E) Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) and disclosures as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are recognised in the periods in which the Group becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognised prospectively in the period in which the estimate is revised and future periods. The estimates and judgements that have significant impact on the carrying amount of assets and liabilities at each balance sheet date are discussed at Note 3.

2.2 Financial Instruments

(A) Date of recognition

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

(B) Initial measurement

Recognised financial instruments are initially measured at transaction price, which equates fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in statement of profit and loss.

Trade receivable are initially measured at transaction price.

(C) Classification and subsequent measurement

(i) Financial assets

Based on the business model, the contractual characteristics of the financial assets and specific elections where appropriate, the Group classifies and measures financial assets in the following categories:

- Amortised cost
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')

(a) Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows ('Asset held to collect contractual cash flows'); and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

After initial measurement and based on the assessment of the business model as asset held to collect contractual cash flows and SPPI, such financial assets are subsequently measured at amortised cost using Effective Interest Rate ('EIR') method. Interest income and impairment expenses are recognised in statement of profit and loss. Interest income from these financial assets is included in finance income using the EIR method. Any gain and loss on derecognition is also recognised in statement of profit and loss.

The EIR method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Group records loans and government securities at amortised cost.

(b) Financial assets at fair value through other comprehensive income

Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the assets, ('Contractual cash flows of assets collected through hold and sell model') and contractual cash flows that are SPPI, are subsequently measured at FVOCI. Movements in the carrying amount of such financial assets are recognised in Other Comprehensive Income ('OCI'), except dividend income

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

which is recognised in statement of profit and loss. Amounts recorded in OCI are not subsequently transferred to the statement of profit and loss. Equity instruments at FVOCI are not subject to an impairment assessment.

(c) **Financial assets at fair value through profit and loss**

Financial assets, which do not meet the criteria for categorisation as at amortised cost or as FVOCI, are measured at FVTPL. Subsequent changes in fair value are recognised in statement of profit and loss.

The Group records investments in equity instruments and mutual funds at FVTPL.

(ii) **Financial liabilities and equity instrument**

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(a) **Equity instrument**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group is recognised at the proceeds received, net of directly attributable transaction costs.

(b) **Financial liabilities**

Financial liabilities are measured at amortised cost. The carrying amounts are determined based on the EIR method. Interest expense is recognised in statement of profit and loss.

Any gain or loss on de-recognition of financial liabilities is also recognised in statement of profit and loss.

Undrawn loan commitments are not recorded in the balance sheet. However, these financial instruments are in the scope of expected credit loss ('ECL') calculation.

(D) Reclassification

Financial assets are not reclassified subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line or in the period the Group changes its business model for managing financial assets. Financial liabilities are not reclassified.

(E) Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, the Group has a legally enforceable right to offset the recognised amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(F) Derecognition

(i) **Financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The contractual rights to receive cash flows from the financial asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset and the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Group neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amount it may have to pay.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de-recognised and the proceeds received are recognised as a collateralised borrowing.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit and loss.

(ii) **Financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying value of the original financial liability and the new financial liability with modified terms is recognised in statement of profit and loss.

(G) Impairment of financial assets

The Group applies the expected credit loss ('ECL') model in accordance with Ind AS 109 for recognising impairment loss on financial assets. The ECL allowance is based on the credit losses expected to arise from all possible default events over the expected life of the financial asset ('lifetime ECL'), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12-month ECL. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is calculated on a collective basis, considering the retail nature of the underlying portfolio of financial assets.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. When determining whether the risk of default on a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on a provision matrix which takes into account the Group's historical credit loss experience, current economic conditions, forward looking information and scenario analysis.

The expected credit loss is a product of exposure at default ('EAD'), probability of default ('PD') and loss given default ('LGD'). The Group has devised an internal model to evaluate the PD and LGD based on the parameters set out in Ind AS 109. Accordingly, the financial assets have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial asset. The Group categorises financial assets at the reporting date into stages based on the days past due ('DPD') status as under:

- Stage 1: 0 to 30 days past due
- Stage 2: 31 to 90 days past due
- Stage 3: more than 90 days past due

Loan accounts where principal and/or interest are past due for more than 90 days continue to be classified as stage 3 till overdues across all loans are cleared.

LGD is an estimate of loss from a transaction given that a default occurs. PD is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD. EAD represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Group.

The Group incorporates forward looking information into both assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of external actual and forecast information, the Group forms a 'base case'

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

view of the future direction of relevant economic variables. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. The Group regularly reviews its models in the context of actual loss experience and makes adjustments when such differences are significantly material. Adjustments including reversal of ECL is recognised through statement of profit and loss.

After initial recognition, trade receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group follows the simplified approach required by Ind AS 109 for recognition of impairment loss allowance on trade receivables, which requires lifetime ECL to be recognised at each reporting date, right from initial recognition of the receivables.

(H) Write offs

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no reasonable expectation of recovering the asset in its entirety or a portion thereof. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in statement of profit and loss.

2.3 Impairment of non-financial assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired due to events or changes in circumstances indicating that their carrying amounts may not be realised. If any such indication exists, the Group estimates the recoverable amount of the asset or the cash generating unit ('CGU'). If such recoverable amount of the asset or the recoverable amount of the CGU to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the revised recoverable amount, subject to maximum of the depreciated historical cost.

2.4 Foreign exchange transactions and translations

(A) Initial recognition

Transactions in foreign currencies are recognised at prevailing exchange rates between reporting currency and foreign currency on transaction date.

(B) Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of profit and loss. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis.

2.5 Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognised at fair value at the date of a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting policy

The Group makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Group would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liabilty (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit and loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in Finance Cost in the statement of profit and loss. When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

The Group's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind-AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationships exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

2.6 Cash and cash equivalents

Cash and cash equivalents includes cash at banks and on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

The Group follows the policy of crediting the customer's account only on receipt of amount in the bank and as such no cheques in hand are taken into consideration.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

2.7 Upfront servicers fees booked on direct assignment

Servicer fees receivable for servicing loan contracts under direct assignment are discounted at the applicable rate entered into with the assignee and recognised upfront in the balance sheet and amortised on a straight line basis over the remaining contractual maturity of the underlying loans.

2.8 Property, plant and equipment

(A) Recognition and measurement

Tangible property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. The cost of property, plant and equipment comprise purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Advances paid towards acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-financial assets and cost of assets not put to use before such date are disclosed under Capital work-in-progress

(B) Subsequent expenditure

Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefits / functioning capability from / of such assets.

(C) Depreciation, estimated useful lives and residual value

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives in the manner prescribed in Schedule II of the Act. The estimated lives used and differences from the lives prescribed under Schedule II are noted in the table below:-

Type of Assets	Estimated useful life as assessed by the Group	Estimated useful life under Schedule II of the Act
Computers	2-5 years	3 years
Software and system development	3 years	3 years
Office equipment	3-5 years	5 years
Motor cars	4 years	8 years
Furniture and fixtures	3-7 years	10 years
Building	60 years	60 years
Leasehold improvements	Tenure of lease agreements	Tenure of lease agreements

The Group uniformly estimates a zero residual value for all these assets. Items costing less than ₹ 5,000 are fully depreciated in the year of purchase. Depreciation is pro-rated in the year of acquisition as well as in the year of disposal.

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Consequently, the useful life of certain computer-related assets, furniture and fixtures, office equipment and motor cars differ from the life prescribed in Schedule II of the Act.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate, and treated as changes in accounting estimates.

Property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income/expense in the statement of profit and loss in the year the asset is de-recognised.

2.9 Other intangible assets

Software and system development expenditure are capitalised at cost of acquisition including cost attributable to readying the asset for use. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. The useful life of these intangible assets is estimated at 3 years with zero residual value. Any expenses on such software for support and maintenance payable annually are charged to the statement of profit and loss.

2.10 Dividends

Provision is made for the amount of any dividend declared on or before the end of the reporting period but not distributed at the end of the reporting period, being appropriately authorised and no longer at the discretion of the Group. The final dividend on shares is recorded as a liability on the date of approval by the shareholders, and interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors.

2.11 Revenue recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments is applicable) is measured at the amount of transaction price. Amounts disclosed as revenue are net of goods and services tax ('GST') and amounts collected on behalf of third parties. Ind AS 115 Revenue from Contracts with Customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Group recognises revenue from contracts with customers based on a five-step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Specific policies for the Group's different sources of revenue are explained below:

(A) Income from lending business

Interest income

Interest income on a financial asset at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ('EIR'). The EIR is the rate that exactly discounts estimated future cash flows of the financial asset through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The internal rate of return on financial asset after netting off the fees received and cost incurred approximates the effective interest rate method of return for the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs).

Other financial charges

Cheque bouncing charges, late payment charges, foreclosure charges and application money are recognised on a point-in-time basis, and are recorded when realised since the probability of collecting such monies is established when the customer pays.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

(B) Income from BPO services and other financial charges

Income from BPO services comprise of sales support services, back office, operations, processing support, running collection call centres and collecting overdue amounts from borrowers. Performance obligations are satisfied over time and revenue is recorded on a monthly basis.

(C) Income from direct assignment

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss. EIS evaluated and adjusted for ECL and expected prepayment.

2.12 Finance costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortised cost. Financial instruments include bank term loans, non-convertible debentures, commercial papers, subordinated debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

2.13 Employee benefits

(A) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(B) Provident fund

Retirement benefit in the form of provident fund, is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

(C) ESIC and Labour welfare fund

The Group's contribution paid/payable during the year to ESIC and Labour welfare fund are recognised in the statement of profit and loss.

(D) Gratuity

The Group operates a defined benefit gratuity plan that provides for gratuity benefit to all employees. The Group makes annual contributions to a fund administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. The benefit is in the form of lump sum payments to vested employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non- routine settlements; and
- Net interest expense or income

(E) Share-based payments

The Group recognises compensation expense relating to share-based payments in net profit using fair value in accordance with Ind AS 102 - Share-based Payment. The estimated fair value of awards

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(Currency : Indian Rupees in Crore)

is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding amount.

2.14 Provisions and contingences

The Group recognises a provision when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that may arises from past events but probably will not require an outflow of resources to settle the obligation.

When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resource is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

2.15 Leases

Effective 01 April 2019, the Group has adopted Ind AS 116 - Leases and applied it to all lease contracts existing on April 01, 2019 using the modified retrospective method. Based on the same and as permitted under the specific transitional provisions in the standard, the Group is not required to restate the comparative figures.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

The following policies apply subsequent to the date of initial application, April 01, 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease , it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in statement of profit and loss.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

2.16 Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables, respectively, in the balance sheet.

2.17 Income tax

(A) Current tax

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 in respect of taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years.

(B) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

2.18 Earnings per share

The Group reports basic and diluted earnings per equity share. Basic earnings per equity share have been computed by dividing net profit / loss attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share have been computed by dividing the net profit attributable to the equity share holders after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Managing Director ('MD') of the Group has been identified as the CODM as defined by Ind AS 108 Operating Segments, who assesses the financial performance and position of the Group and makes strategic decisions.

Operating segments identified by the Group comprises as under:

- Lending services
- BPO services

The accounting policies consistently used in the preparation of the financial statements are also applied to item of revenue and expenditure in individual segments. 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 enterprises as a whole and are not allocable to a segment on a reasonable basis have been disclosed as 'Unallocated'. 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'.

2.20 Repossession and Collateral

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements.

To the extent possible, the Group uses active market data and external valuers for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models or through external valuers. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

The Group physically repossess and take into custody properties or other assets and also engages external agents to recover funds, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. The Group does not use the assets repossessed for the internal operations. Assets held under legal repossession processes are not recorded on the balance sheet as it does not meet the recognition criteria in other standards. Value of the repossessed asset is not netted off from the exposure at default for calculation of expected credit loss.

2.21 Statement of cash flows

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following estimates and judgements, which have a significant impact on the carrying amounts of assets and liabilities at each balance sheet date.

(A) Fair value of financial instruments

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at measurement date
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs) that the Group can access at measurement date

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 43.

(B) Expected credit loss

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and credit assessment and including forward looking information.

The inputs used by the Group in determining the ECL have been detailed in Note 45.

(C) Effective interest rate

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected behavioural life of the financial asset to the gross carrying amount of the financial asset.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges) as well expected changes to the base rate and other transaction costs and fees paid or received that are integral parts of the instrument.

(D) Business model assessment

Classification and measurement of financial assets depends on the results of the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

(E) Useful life and expected residual value of assets

Depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

of Group's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

(F) Leases

- The determination of lease term for some lease contracts in which the Group is a lessee, including whether the Group is reasonably certain to exercise lessee options.
- The determination of the incremental borrowing rate used to measure lease liabilities.

(G) Deferred Tax

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences become deductible. The Group considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

(H) Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(I) Provisions and contingences

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in statutory litigation in the ordinary course of the Group's business. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

Notes to the Consolidated Financial Statements as at March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

4 CASH AND CASH EQUIVALENTS

	As at March 31, 2024	As at March 31, 2023
Cash on hand	35.45	28.52
Balances with banks	606.10	358.51
Demand drafts on hand	6.30	8.87
Total	**647.85**	**395.90**

5 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31, 2024	As at March 31, 2023
Deposits with bank	2.12	101.92
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments.	45.90	93.63
Collateral with Banks for Derivative	6.38	61.71
Interest accrued but not due on fixed deposits	0.26	0.66
Total	**54.66**	**257.92**

6 DERIVATIVE FINANCIAL INSTRUMENTS

	As at March 31, 2024			As at March 31, 2023		
	Notional amounts	Fair Value- Assets	Fair Value- Liabilities	Notional amounts	Fair Value- Assets	Fair Value- Liabilities
Part I						
(i) **Currency derivatives:**						
Currency swaps	2,085.13	-	4.77	1,889.91	166.17	-
Subtotal (i)	2,085.13	-	4.77	1,889.91	166.17	-
(ii) **Interest rate derivatives**						
Forward Rate Agreements and Interest Rate swaps	1,750.00	1.92	-	-	-	-
Subtotal (ii)	1,750.00	1.92	-	-	-	-
Less : Provision on derivative financial instruments	-	0.01	-	-	0.83	-
Total Derivative Financial Instruments (i)+(ii)	3,835.13	1.91	4.77	1,889.91	165.34	-
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) **Fair value hedging:**						
Currency derivatives	-	-	-	-	-	-
Interest Rate derivatives	-	-	-	-	-	-
Subtotal (i)	-	-	-	-	-	-

Notes to the Consolidated Financial Statements
as at March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

	As at March 31, 2024			As at March 31, 2023		
	Notional amounts	Fair Value-Assets	Fair Value-Liabilities	Notional amounts	Fair Value-Assets	Fair Value-Liabilities
(ii) Cash flow hedging:						
Currency derivatives	**2,085.13**	**-**	**4.77**	1,889.91	166.17	-
Interest rate derivatives	**1,700.00**	**1.92**	**-**	-	-	-
Subtotal (ii)	**3,785.13**	**1.92**	**4.77**	**1,889.91**	**166.17**	**-**
(iii) Undesignated Derivatives						
Currency Swaps	**-**	**-**	**-**	-	-	-
Subtotal (iii)	**-**	**-**	**-**	-	-	-
Less : Provision on derivative financial instruments		**0.01**		-	0.83	-
Total Derivative Financial Instruments (i)+(ii)+(iii)	**3,785.13**	**1.91**	**4.77**	**1,889.91**	**165.34**	**-**

The Group enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges. The table above shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

7 TRADE RECEIVABLES

	As at March 31, 2024	As at March 31, 2023
Receivables Considered good - Secured	**-**	-
Receivables Considered good - Unsecured	**124.01**	59.10
Receivables which have significant increase in the credit risk	**8.10**	12.22
Receivables credit impaired	**1.77**	1.34
Unbilled Trade Receivables	**-**	-
	133.88	**72.66**
Less: Impairment loss allowance	**9.27**	6.90
Total	**124.61**	**65.76**

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person, or from firms or private companies respectively in which any director is a partner, a director or a member.

Reconciliation of impairment Loss allowance on trade receivables:

	As at March 31, 2024	As at March 31, 2023
Balance as at beginning of the period	**6.90**	3.30
Increase during the period	**7.63**	5.98
Decrease during the period	**(5.26)**	(2.38)
Balance at end of the period	**9.27**	**6.90**

Notes to the Consolidated Financial Statements as at March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

Trade receivables ageing schedule :

Particulars	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Undisputed Trade Receivables - Considered good	**123.95**	**0.06**	**-**	**-**	**-**	**124.01**
	(58.53)	*(0.60)*	*0.03*	*0.00*	*0.00*	*(59.10)*
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	**5.00**	**1.66**	**1.27**	**0.17**	**-**	**8.10**
	(11.21)	*(0.94)*	*(0.01)*	*(0.00)*	*(0.06)*	*(12.22)*
(iii) Undisputed Trade Receivables- credit impaired	**1.12**	**0.65**	**-**	**-**	**-**	**1.77**
	(0.78)	*(0.56)*	*(0.00)*	*(0.00)*	*0.00*	*(1.34)*
(iv) Disputed Trade Receivables- considered good	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-
(v) Disputed Trade Receivables- which have significant increase in credit risk	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-
(vi) Disputed Trade receivables - credit impaired	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-
(vii) Unbilled Trade Receivables	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-
TOTAL	**130.07**	**2.37**	**1.27**	**0.17**	**-**	**133.88**
	(70.52)	***(2.10)***	***0.02***	***(0.00)***	***(0.06)***	***(72.66)***

8 LOANS (AT AMORTISED COST)

		As at March 31, 2024	As at March 31, 2023
A	**Term Loans in India**	**90,217.93**	**70,030.70**
B	**Public sector**	**-**	**-**
	Others	**90,217.93**	70,030.70
	Total	**90,217.93**	**70,030.70**
C	**Secured (Secured by tangible assets)**	**67,930.51**	**53,053.24**
	Unsecured	**22,287.42**	16,977.46
	Total	**90,217.93**	**70,030.70**
	Less: Impairment loss allowance	**3,496.67**	3,648.03
	Total	**86,721.26**	**66,382.67**
D	**Term Loans in India - at amortised cost**		
	- Public sector	**-**	-
	- Others		
	Secured (Secured by tangible assets)	**67,930.51**	53,053.24
	Unsecured	**22,287.42**	16,977.46
	Total Gross Loans	**90,217.93**	**70,030.70**
	Less: Impairment loss allowance	**3,496.67**	3,648.03
	Total	**86,721.26**	**66,382.67**

Notes to the Consolidated Financial Statements as at March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on year-end stage classification. The amounts presented are gross of Impairment loss allowance.

Stage	As at March 31, 2024	As at March 31, 2023
Stage 1	**87,218.17**	66,793.02
Stage 2	**1,287.94**	1,322.83
Stage 3	**1,711.82**	1,914.85
Total	**90,217.93**	**70,030.70**

Loans or advances in the nature of loans are granted to promoters, directors, KMPs, and the related parties, either severally or jointly with any other person.

Particulars	As at March 31, 2024	% to the total Loans and Advances in the nature of loans	As at March 31, 2023	% to the total Loans and Advances in the nature of loans
Promoter	**Nil**	Nil	Nil	Nil
Directors	**Nil**	Nil	Nil	Nil
KMPs	**Nil**	Nil	Nil	Nil
Related parties	**Nil**	Nil	Nil	Nil

9 INVESTMENTS

	As at March 31, 2024	As at March 31, 2023
Recorded at Fair value through statement of profit and loss		
Outside India	**-**	-
In India		
Mutual fund units	**1,753.41**	411.65
Treasury bills / G-Sec	**-**	773.66
Securities receipt of ARC	**37.33**	55.99
Unquoted equity shares	**2.30**	1.95
Recorded at Amortised Cost		
Outside India	**-**	-
In India		
Treasury bills / G-Sec	**1,587.29**	-
Total	**3,380.33**	**1,243.25**

10 OTHER FINANCIAL ASSETS

	As at March 31, 2024	As at March 31, 2023
Security deposits at amortised cost (Unsecured, considered good)	**28.22**	24.54
Prepaid rent (Security deposits, Unsecured, considered good)	**10.31**	7.14
Retained interest on assigned loan	**0.86**	2.81
Servicing assets on assigned loan	**0.11**	0.38
Total	**39.50**	**34.87**

Notes to the Consolidated Financial Statements as at March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

11 CURRENT TAX ASSETS (NET)

	As at March 31, 2024	As at March 31, 2023
Current tax assets		
Advance tax and tax deducted at source (Net of provision for tax ₹ 770.67 Crore) (Previous Year : ₹ 621.30 Crore)	**41.29**	25.11
Total	**41.29**	**25.11**

12 DEFERRED TAX ASSETS (NET)

	Balance as at April 01, 2022	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at March 31, 2023	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at March 31, 2024
Deferred Tax Asset							
Depreciation and amortisation	35.60	13.82	-	49.42	18.20	-	**67.62**
Provision for employee benefits	14.30	5.68	1.38	21.35	5.17	7.94	**34.46**
Loans - Impairment	1,046.03	(93.91)	-	952.12	(38.30)	-	**913.82**
Securitisation and others	(31.08)	47.82	-	16.74	8.11	-	**24.85**
Cash Flow Hedges Reserve	2.76	-	(4.93)	(2.17)	-	4.30	**2.13**
Deferred Tax Asset	**1,067.61**	**(26.59)**	**(3.55)**	**1,037.46**	**(6.82)**	**12.24**	**1,042.88**
Deferred Tax Liabilities							
Borrowings	(7.15)	3.86	-	(3.29)	(5.08)	-	**(8.37)**
Investments - MTM and others	(18.84)	1.41	-	(17.43)	(5.98)	-	**(23.41)**
Loans - DSA	13.00	(11.44)	-	1.56	(41.67)	-	**(40.11)**
Lease	(3.45)	(13.99)	-	(17.44)	(13.60)	-	**(31.04)**
Deferred Tax Liabilities	**(16.44)**	**(20.16)**	**-**	**(36.59)**	**(66.34)**	**-**	**(102.93)**
Net Deferred Tax Assets	**1,051.17**	**(46.75)**	**(3.55)**	**1,000.87**	**(73.16)**	**12.24**	**939.95**
Movement in Net deferred tax Asset during the year						**(60.92)**	

The components of income tax expense for the years ended 31 March 2024 and 2023 are:

	As at March 31, 2024	As at March 31, 2023
Current tax:		
In respect of current year	**770.67**	621.30
In respect of prior years	**-**	-
Deferred Tax:		
Deferred tax relating to origination and reversal of temporary differences	**73.16**	46.75
Adjustments due to changes in tax rates		
In respect of prior years	**-**	-
Total Income Tax recognised in statement of profit or loss	**843.83**	**668.05**
Current tax	**770.67**	621.30
Deferred tax (Debit)	**73.16**	46.75

Notes to the Consolidated Financial Statements as at March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Income Tax recognised in Other comprehensive income

	As at March 31, 2024	As at March 31, 2023
Deferred tax related to items recognised in Other comprehensive income during the year:		
Income tax relating to items that will not be reclassified to profit or loss	**7.94**	1.38
Income tax relating to items that will be reclassified to profit or loss	**4.30**	(4.93)
Total Income tax recognised in Other comprehensive income (Debit)	**12.24**	**(3.55)**

The reconciliation of estimated income tax expense at tax rate to income tax expense reported in profit or loss is as follows:

	As at March 31, 2024	As at March 31, 2023
Profit before tax	**3,304.67**	2,627.40
Applicable income tax rate (%)	**25.17**	25.17
Income tax expense calculated at applicable income tax rate	**831.72**	661.26
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Effect of income exempt from tax	**-**	-
Effect of expenses/provisions not deductible in determining taxable profit	**21.78**	16.46
Effect of tax incentives (net)	**(9.67)**	(9.67)
Effects of income not considered as taxable on compliance of condition	**-**	-
Adjustments due to changes in tax rates	**-**	-
Income tax for earlier year	**-**	-
Income tax expense recognised in profit and loss	**843.83**	**668.05**

Notes to the Consolidated Financial Statements as at March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

13 PROPERTY, PLANT AND EQUIPMENT (PPE) AND OTHER INTANGIBLE ASSETS

Description	Office equipment	Furniture and fixtures	Leasehold improvements	Computers	Building	Motor cars	Total PPE Tangibles	Software and System development	Total Other Intangibles	Total
Balance as at April 01, 2023	**71.01**	**97.72**	**88.58**	**210.24**	**0.15**	**9.05**	**476.76**	**69.39**	**69.39**	**546.15**
Additions during the year	19.52	11.59	18.98	53.73	-	5.19	109.01	14.36	14.36	123.37
Disposals/Adjustments during the year	8.25	6.52	6.52	6.45	-	1.21	28.95	-	-	28.95
Balance as at March 31, 2024	**82.29**	**102.79**	**101.04**	**257.53**	**0.15**	**13.03**	**556.82**	**83.75**	**83.75**	**640.57**
Accumulated Depreciation / impairment as at April 01, 2023	**56.22**	**84.74**	**59.49**	**150.55**	**0.03**	**3.36**	**354.41**	**48.98**	**48.98**	**403.39**
Depreciation charge during the year	8.74	10.42	9.47	37.16	0.00	2.74	68.53	12.62	12.62	81.15
Disposals/Adjustments during the year	8.24	6.49	6.23	6.45	-	1.21	28.62	-	-	28.62
Accumulated Depreciation / impairment as at March 31, 2024	**56.72**	**88.67**	**62.73**	**181.26**	**0.03**	**4.89**	**394.29**	**61.60**	**61.60**	**455.89**
Net carrying amount as at March 31, 2024	**25.57**	**14.12**	**38.31**	**76.27**	**0.12**	**8.14**	**162.53**	**22.15**	**22.15**	**184.68**
Balance as at April 01, 2022	**63.13**	**95.15**	**80.72**	**158.76**	**0.15**	**8.85**	**406.76**	**50.81**	**50.81**	**457.57**
Additions during the year	9.81	4.03	11.69	62.66	-	4.53	92.72	18.59	18.59	111.31
Disposals/Adjustments during the year	1.93	1.46	3.83	11.18	-	4.33	22.72	0.01	0.01	22.73
Balance as at March 31, 2023	**71.01**	**97.72**	**88.58**	**210.24**	**0.15**	**9.05**	**476.76**	**69.39**	**69.39**	**546.15**
Accumulated Depreciation / impairment as at April 01, 2022	**51.86**	**80.51**	**51.96**	**138.71**	**0.03**	**5.56**	**328.63**	**38.80**	**38.80**	**367.43**
Depreciation charge for the year	6.29	5.68	11.28	23.02	0.00	1.73	48.01	10.19	10.19	58.20
Disposals/Adjustments during the year	1.93	1.45	3.75	11.18	-	3.93	22.23	0.01	0.01	22.24
Accumulated Depreciation / impairment as at March 31, 2023	**56.22**	**84.74**	**59.49**	**150.55**	**0.03**	**3.36**	**354.41**	**48.98**	**48.98**	**403.39**
Net carrying amount as at March 31, 2023	**14.79**	**12.98**	**29.09**	**59.69**	**0.12**	**5.69**	**122.35**	**20.41**	**20.41**	**142.76**

Note : No revaluation of any class of asset is carried out during the year.

Notes to the Consolidated Financial Statements as at March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

14 RIGHT OF USE ASSETS

	As at March 31, 2024	As at March 31, 2023
Right of Use Assets (ROU) (Refer note 34)	**326.51**	244.27
Total	**326.51**	**244.27**

15 OTHER NON-FINANCIAL ASSETS

	As at March 31, 2024	As at March 31, 2023
Capital advances	**38.29**	9.02
Advances recoverable in cash or in kind (Unsecured, considered good)	**55.67**	82.63
Total	**93.96**	**91.65**

16 TRADE PAYABLES

	As at March 31, 2024	As at March 31, 2023
Trade payables		
i) total outstanding dues to micro and small enterprises	**-**	-
ii) total outstanding dues of creditors other than micro and small enterprises	**509.00**	291.84
Total	**509.00**	**291.84**

16.1 Trade Payables includes ₹ Nil payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Group during the year to "Suppliers" registered under this act. The above is based on the information available with the Group which has been relied upon by the auditors.

16.2 Trade payables ageing schedule :

Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
i) MSME	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
ii) Others	**505.84**	**1.71**	**0.62**	**0.83**	**509.00**
	(288.23)	*(1.59)*	*(0.36)*	*(1.66)*	*(291.84)*
iii) Disputed dues - MSME	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
iv) Disputed dues - Others	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
v) Unbilled Trade payables	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
Total	**505.84**	**1.71**	**0.62**	**0.83**	**509.00**
	(288.23)	***(1.59)***	***(0.36)***	***(1.66)***	***(291.84)***

Notes to the Consolidated Financial Statements as at March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

17 DEBT SECURITIES

	As at March 31, 2024	As at March 31, 2023
At Amortised Cost		
Secured		
Privately placed redeemable Non Convertible Debenture	**33,896.68**	27,246.28
Secured by pari passu charge by mortgage of Company's Office no.130, 3rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and receivables under financing activity.		
Unsecured		
Commercial paper	**1,175.00**	-
Total	**35,071.68**	**27,246.28**
Less: Unamortised borrowing cost	**220.56**	149.87
Debt Securities (Net of unamortised cost)	**34,851.12**	**27,096.41**
Debt securities in India	**35,071.68**	27,246.28
Debt securities outside India	**-**	-
Total	**35,071.68**	**27,246.28**
Less: Unamortised borrowing cost	**220.56**	149.87
Debt Securities (Net of unamortised cost)	**34,851.12**	**27,096.41**

17.1 - No non convertible debentures, non convertible perpetual debentures and any other borrowing is guaranteed by directors and/or others.

17.2 - Terms of repayment of privately placed redeemable non convertible debenture.

Rate of interest (%)	0-1 years	1-3 years	3-5 years	>5 years	Total
4.5-5.5	**400.00**	**-**	**-**	**-**	**400.00**
	(2,423.00)	*(1,593.00)*	-	-	*(4,016.00)*
5.5-6.5	**6,578.00**	**3,630.00**	**-**	**-**	**10,208.00**
	(1,910.00)	*(5,203.00)*	*(1,060.00)*	-	*(8,173.00)*
6.5-7.5	**1,650.00**	**936.00**	**-**	**-**	**2,586.00**
	(5,341.10)	*(1,286.00)*	*(130.00)*	-	*(6,757.10)*
7.5-8.5	**1,723.00**	**15,417.50**	**2,062.18**	**1,500.00**	**20,702.68**
	-	*(4,368.00)*	*(1,364.00)*	*(1,200.00)*	*(6,932.00)*
8.5-9.5	**-**	**-**	**-**	**-**	**-**
	-	*(1,045.00)*	-	-	*(1,045.00)*
9.5-10.5	**-**	**-**	**-**	**-**	**-**
	-	-	*(323.18)*	-	*(323.18)*
Total	**10,351.00**	**19,983.50**	**2,062.18**	**1,500.00**	**33,896.68**
	(9,674.10)	***(13,495.00)***	***(2,877.18)***	***(1,200.00)***	***(27,246.28)***

17.3 - All the above non convertible debentures are secured by specific charge on receivables under financing activities. Minimum security cover of 1.0 times is required to be maintained throughout the year (Refer Note 53).

Notes to the Consolidated Financial Statements
as at March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

18 BORROWINGS (OTHER THAN DEBT SECURITIES)

	As at March 31, 2024	As at March 31, 2023
At Amortised Cost		
Borrowings (other than debt securities)		
Secured		
(a) External commercial borrowings (ECB)	**2,085.13**	1,889.91
(b) Term loan against hypothecation of Receivables under financing activity	**31,661.03**	21,968.00
(c) Borrowing under Securitisation	**85.22**	370.86
Total	**33,831.38**	**24,228.77**
Less: Unamortised borrowing cost	**-**	0.97
Borrowings (Other than Debt Securities) net of unamortised cost	**33,831.38**	**24,227.80**
Borrowings in India	**31,746.25**	22,338.86
Borrowings outside India	**2,085.13**	1,889.91
Total	**33,831.38**	**24,228.77**
Less: Unamortised borrowing cost	**-**	0.97
Borrowings (Other than Debt Securities) net of unamortised cost	**33,831.38**	**24,227.80**

18.1 - No term loans, external commercial borrowings , commercial paper and any other borrowing is guaranteed by directors and / or others.

18.2 - During the year presented there were no defaults in the repayment of principal and interest.

18.3 - Terms of repayment of External commercial borrowings in foreign currency

Rate of interest (%)	0-3 years	3-5 years	>5 years	Total
6- 9	**2,085.13**	**-**	**-**	**2,085.13**
	(1,889.91)	-	-	*(1,889.91)*

The Group had availed total External Commercial Borrowing (ECBs) of US$ 250 Mn for financing prospective borrower as per the ECB guidelines issued by Reserve Bank of India ("RBI") from time to time. Out of same US$ 250 Mn was raised in FY 2023-24. The borrowing has a maturity of three years. In terms of the RBI guidelines, borrowings have been swapped into rupees and fully hedged for the entire maturity by way of cross currency swaps.

18.4 - Terms of repayment of Term loans from Banks.

Marginal Cost of Funds Based Lending Rate (MCLR) (a)	0-1 years	1-3 years	3-5 years	>5 years	Total
Overnight MCLR + (0.00% to 0.75%)	**500.00**	**200.00**	**125.00**	**-**	**825.00**
	(200.00)	*(200.00)*	*(200.00)*	-	*(600.00)*
1 Month MCLR + (0.00% to 0.75%)	**2,224.40**	**1,964.29**	**567.50**	**-**	**4,756.19**
	(41.67)	-	-	-	*(41.67)*
3 Month MCLR + (0.00% to 1.5%)	**427.50**	**858.75**	**-**	**-**	**1,286.25**
	(998.39)	*(2,088.81)*	*(526.13)*	*(20.00)*	*(3,633.33)*
6 Month MCLR + (0.00% to 0.75%)	**-**	**-**	**-**	**-**	**-**
	(200.00)	*(400.00)*	*(400.00)*	-	*(1,000.00)*
Total (a)	**3,151.90**	**3,023.04**	**692.50**	**-**	**6,867.44**
	(1,440.06)	***(2,688.81)***	***(1,126.13)***	***(20.00)***	***(5,275.00)***

Notes to the Consolidated Financial Statements as at March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Rate linked to T-Bills rates (b)	0-1 years	1-3 years	3-5 years	>5 years	Total
7 Days T-Bills rates (0.00% to 4.00%)	-	-	-	-	-
	(80.00)	*(80.00)*	-	-	*(160.00)*
1 Month T-Bills rates (0.00% to 4.00%)	**2,741.66**	**4,532.50**	**1,795.00**	**-**	**9,069.16**
	(566.66)	*(1,291.67)*	*(452.08)*	-	*(2,310.41)*
3 Month T-Bills rates (0.00% to 4.00%)	**2,017.50**	**1,742.57**	**1,219.44**	**211.11**	**5,190.62**
	(875.83)	*(1,618.33)*	*(73.97)*	-	*(2,568.13)*
Repo Rate (0.00% to 3.50%)	**3,676.76**	**2,458.55**	**403.13**	**-**	**6,538.44**
	(2,820.88)	*(4,463.22)*	*(390.62)*	-	*(7,674.73)*
Mumbai Interbank Offer rate (MIBOR) (0.00% to 3.50%)	-	-	-	-	-
	(30.00)	*(37.50)*	-	-	*(67.50)*
Total (b)	**8,435.92**	**8,733.62**	**3,417.57**	**211.11**	**20,798.22**
	(4,373.37)	***(7,490.72)***	***(916.67)***	-	***(12,780.76)***

Fixed Interest rate (c)	0-1 years	1-3 years	3-5 years	>5 years	Total
4.50% - 8.35%	**1,926.80**	**1,943.57**	**125.00**	**-**	**3,995.37**
	(1,725.21)	*(1,903.21)*	*(283.82)*	-	*(3,912.24)*
Total (a)+(b)+(c)	**13,514.62**	**13,700.23**	**4,235.07**	**211.11**	**31,661.03**
	(7,538.64)	***(12,082.74)***	***(2,326.62)***	***(20.00)***	***(21,968.00)***

18.4.1 -Term loans includes ₹ 9,730.54 Crore (Previous year ₹ 7,082.45 Crore) from related parties.

18.5 - All the above Term loans are secured by specific charge on receivables under financing activities. Minimum security cover of 1.0 time is required to be maintained throughout the year.

18.6 - Terms of repayment of Borrowing under Securitisation.

Rate of interest (%)	0-1 years	1-3 years	3-5 years	Total
3.50% to 6.00%	**85.22**	**-**	**-**	**85.22**
	(285.09)	*(85.77)*	-	*(370.86)*

18.7 - Term Loans were used fully for the purpose for which the same were obtained.

18.8 - Periodic Statements of securities filed with lending banks are as per book of accounts.

19 SUBORDINATED LIABILITIES

	As at March 31, 2024	As at March 31, 2023
At Amortised Cost		
Unsecured		
(a) Privately placed subordinated (Tier II) redeemable bonds	**4,670.00**	2,900.00
(b) Redeemable non convertible perpetual bonds	**1,000.00**	650.00
Total	**5,670.00**	**3,550.00**
Less: Unamortised borrowing cost	**21.83**	8.90
Subordinated Liabilities net of unamortised cost	**5,648.17**	**3,541.10**

Notes to the Consolidated Financial Statements as at March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

	As at March 31, 2024	As at March 31, 2023
Subordinated Liabilities in India	**5,670.00**	3,550.00
Subordinated Liabilities outside India	**-**	-
Total	**5,670.00**	**3,550.00**
Add: Interest accrued	**-**	-
Less: Unamortised borrowing cost	**21.83**	8.90
Subordinated Liabilities net of unamortised cost	**5,648.17**	**3,541.10**

19.1 - No subordinate debts and any other borrowing is guaranteed by directors and / or others.

19.2 - Terms of repayment of Privately placed unsecured subordinated (Tier II) redeemable bonds and redeemable non convertible perpetual bonds

Rate of interest (%)	<5 year	>5 years	Total
7.35-10.50	**2,070.00**	**3,600.00**	**5,670.00**
	(1,400.00)	*(2,150.00)*	*(3,550.00)*

20 OTHER FINANCIAL LIABILITIES

	As at March 31, 2024	As at March 31, 2023
Interest accrued	**1,833.21**	1,172.43
Overdrawn balances in current account with banks	**679.13**	1,220.95
Deposits (not as defined in Section 2(31) of Companies Act, 2013)	**10.19**	10.19
Creditors for other expenses	**1.96**	14.09
Statutory liabilities	**59.57**	81.80
Unclaimed Dividend	**0.04**	0.01
Lease Liability (ROU)	**371.17**	278.96
Total	**2,955.27**	**2,778.43**

21 CURRENT TAX LIABILITIES (NET)

	As at March 31, 2024	As at March 31, 2023
Provisions for tax (Net of advance tax ₹ 565.00 Crore, Previous Year ₹ 405.00 Crore)	**58.65**	41.97
Total	**58.65**	**41.97**

Particulars	Opening Balance	Additions during the year	Reversals during the year	Closing Balance
As at March 31, 2024	**41.97**	**20.25**	**3.57**	**58.65**
As at March 31, 2023	59.73	0.04	17.80	41.97

Notes to the Consolidated Financial Statements as at March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

22 PROVISIONS

	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
Gratuity (funded)	**107.90**	78.03
Salary, bonus and reimbursements	**366.26**	255.07
Contribution to provident fund	**28.78**	35.86
Total	**502.94**	**368.96**

23 OTHER NON-FINANCIAL LIABILITIES

	As at March 31, 2024	As at March 31, 2023
Provision for expenses	**452.50**	266.91
Total	**452.50**	**266.91**

Particulars	Opening Balance	Additions during the year	Reversals during the year	Closing Balance
As at March 31, 2024	**266.91**	**351.59**	**166.00**	**452.50**
As at March 31, 2023	183.02	266.91	183.02	266.91

24 EQUITY SHARE CAPITAL

	Face Value ₹ each	As at March 31, 2024 Number of shares	As at March 31, 2023 Number of shares	As at March 31, 2024	As at March 31, 2023
Authorised equity shares	10	**1,00,15,50,000**	1,00,15,50,000	**1001.55**	1001.55
Issued, Subscribed & Paid up equity shares fully paid up	10	**79,30,74,566**	79,13,99,083	**793.08**	791.40
				793.08	**791.40**

24.1 Reconciliation of the number of shares

	As at March 31, 2024		As at March 31, 2023	
	Number	Amount	Number	Amount
Equity shares of ₹ 10 fully paid up				
Shares outstanding at the beginning of the year	**79,13,99,083**	**791.40**	79,04,40,031	790.44
Shares issued - exercised for ESOP scheme	**16,75,483**	**1.68**	9,59,052	0.96
Shares issued - right issue	**-**	**-**	-	-
Shares outstanding at the end of the year	**79,30,74,566**	**793.08**	79,13,99,083	791.40

24.2 Terms/rights attached to equity shares.

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Group, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by shareholders at the Annual General Meeting.

Notes to the Consolidated Financial Statements as at March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

24.3 Details of shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at March 31, 2024			As at March 31, 2023		
	No. of Shares held	% of Holding	% Change during the year	No. of Shares held	% of Holding	% Change during the year
Equity shares of ₹ 10 fully paid up						
HDFC Bank Limited (Holding Company and promoter)	**75,05,96,670**	**94.64**	**0.00%**	75,05,96,670	94.84	0.00%

24.4 Number of shares reserved for ESOPs

Particulars	As at March 31, 2024	As at March 31, 2023
Equity shares of ₹ 10 fully paid up		
Number of Shares reserved for ESOPs (Refer note 35)	**87,28,798**	**75,79,538**

25 OTHER EQUITY

		As at March 31, 2024	As at March 31, 2023
Other equity			
(i)	Securities Premium Account	**3,223.13**	3,127.72
(ii)	Employee Stock Options Outstanding Account	**69.22**	39.61
(iii)	Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	**2,177.26**	1,685.09
(iv)	Retained Earnings-Other than Remeasurement of Post Employment Benefit Obligations	**7,567.62**	5,844.33
(v)	Retained Earnings- Remeasurement of Post Employment Benefit Obligations	**(81.25)**	(57.65)
(vi)	Cash Flow Hedges Reserve	**(6.35)**	6.46
		12,949.63	**10,645.57**

(i) Securities Premium Account

Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

(ii) Employee Stock Options Outstanding Account

Under IND AS 102, fair value of the options granted is required to be accounted as expense over the life of the vesting period as employee compensation costs, reflecting the period of receipt of service.

(iii) Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934

Reserve fund is created as per the terms of section 45-IC(1) of the Reserve Bank of India Act, 1934 as a statutory reserve.

(iv) Retained Earnings-Other than Remeasurement of Post Employment Benefit Obligations

Retained earnings represents the surplus in Profit and Loss Account and appropriations.

(v) Retained Earnings- Remeasurement of Post Employment Benefit Obligations

The Group recognises change on account of remeasurement of the net defined benefit liability (asset) as part of retained earnings.

(vi) Cash Flow Hedges Reserve

It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

26 INTEREST INCOME

	For the year ended March 31, 2024	For the year ended March 31, 2023
On Financial Assets measured at Amortised Cost :		
Interest on Loans	**11,043.60**	8,853.58
Interest on deposits with Banks	**17.10**	9.30
Interest income from Investment	**96.02**	-
On Financial Assets measured at fair value through profit or loss (FVTPL) :		
Interest income from Investment	**-**	64.90
Total	**11,156.72**	**8,927.78**

27 NET GAIN/ (LOSS) ON FAIR VALUE CHANGES

	For the year ended March 31, 2024	For the year ended March 31, 2023
Net gain/ (loss) on financial instruments at fair value through profit or loss (FVTPL)		
Investments	**113.69**	85.07
	113.69	**85.07**
Net gain/ (loss) on financial instruments at fair value through profit or loss (FVTPL)		
Realised	**89.91**	90.67
Unrealised	**23.78**	(5.60)
Total	**113.69**	**85.07**

28 FINANCE COSTS

	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expenses on financial liabilities measured at amortised cost		
Interest on borrowings (includes Interest on lease liabilities ₹ 26.82 Crore, Previous Year ₹ 21.23 Crore)	**2,047.55**	1,460.89
Interest on debt securities	**2,390.10**	1,661.90
Interest on subordinated liabilities	**333.98**	352.39
Discount on commercial paper	**77.01**	9.00
Other borrowing costs	**15.68**	27.74
Total	**4,864.32**	**3,511.92**

29 IMPAIRMENT ON FINANCIAL INSTRUMENTS

	For the year ended March 31, 2024	For the year ended March 31, 2023
Impairment on financial instruments at amortised cost		
Loans	**1,065.02**	1,326.80
Trade receivables	**2.37**	3.60
Total	**1,067.39**	**1,330.40**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

30 EMPLOYEE BENEFITS EXPENSES

	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries and wages (including bonus)	**3,471.04**	3,667.39
Contribution to provident and other funds	**274.31**	306.08
Employee share based payment expenses	**55.24**	43.64
Staff welfare expenses	**50.16**	40.46
Total	**3,850.75**	**4,057.57**

31 OTHER EXPENSES

	For the year ended March 31, 2024	For the year ended March 31, 2023
Rent	**15.25**	7.56
Rates and taxes	**3.62**	1.93
Telephone	**61.73**	38.12
Power and fuel	**34.41**	32.69
Repairs and maintenance- premises	**9.22**	7.17
Repairs and maintenance-others	**3.19**	3.00
Credit report charges	**45.29**	49.49
Commission and brokerage	**0.50**	2.48
Auditor's remuneration (Refer Note No. 33)	**1.74**	1.50
Insurance	**1.63**	1.54
Loss on sale of asset	**(0.85)**	(1.01)
Expenses towards Corporate Social Responsibility Initiative (Refer Note No. 41)	**31.30**	21.78
Others administrative expenses	**731.82**	597.50
Total	**938.85**	**763.75**

32 EARNING PER SHARE

	For the year ended March 31, 2024	For the year ended March 31, 2023
Net Profit (₹ in Crore)	**2,460.84**	1,959.35
Weighted average number of equity shares		
Basic	**79,18,48,757**	79,07,12,391
Diluted	**79,28,40,651**	79,14,93,138
Earnings per share (₹)		
Basic	**31.08**	24.78
Diluted	**31.04**	24.76
Face value per share (₹)	**10.00**	10.00

The dilutive effect on the earnings per share is caused by the potential shares that would be issued upon the exercise of the ESOP Options. As a result of the dilution, the denominator increased by 9,91,893 shares (Previous Year 7,80,747 shares).

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

33 AUDITOR'S REMUNERATION

	For the year ended March 31, 2024	For the year ended March 31, 2023
As Auditor	**1.54**	1.30
For taxation matters	**-**	-
For company law matters	**-**	-
For other services	**-**	-
For reimbursement of expenses	**0.06**	0.08
Sub Total	**1.60**	**1.38**
GST	**0.14**	0.12
Total	**1.74**	**1.50**

34 LEASES

The Group has entered into leasing arrangements for premises. Majority of the leases are cancellable by the Group. ROU has been included after the line 'Property, Plant and Equipment' and Lease Liability has been included under 'Other Financial Liabilities' in the Balance Sheet.

I. Lease disclosures under Ind-AS 116 for the current year ended March 31, 2024

(i) Amounts recognised in the Balance sheet

Sr No.	Particulars	March 31, 2024	March 31, 2023
a)	**Right-of-use assets (net)**	**326.51**	**244.27**
b)	**Lease liabilities**		
	Current	**60.38**	52.61
	Non-current	**310.79**	226.35
	Total Lease liabilities	**371.17**	**278.96**
c)	**Additions to the Right-of-use assets**	**135.63**	**94.57**

(ii) Amounts recognised in the Statement of Profit and Loss

Sr No.	Particulars	March 31, 2024	March 31, 2023
a)	Depreciation charge for right-of-use assets	**64.01**	53.64
b)	Interest expense (included in finance cost)	**26.82**	21.23
c)	Expense relating to short-term leases	**15.25**	7.56

(iii) Cash Flows

Particulars	March 31, 2024	March 31, 2023
The total cash outflow of leases	**83.85**	69.89

(iv) Future Commitments

Particulars	March 31, 2024	March 31, 2023
Future undiscounted lease payments to which leases is not yet commenced	**34.97**	10.38

(v) Maturity analysis of undiscounted lease liability

Period	March 31, 2024	March 31, 2023
Not later than one year	**87.69**	72.89
Later than one year and not later than five years	**263.77**	196.62
Later than five years	**128.28**	86.70
Total	**479.74**	**356.21**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

35 ACCOUNTING FOR EMPLOYEE SHARE BASED PAYMENTS

In accordance with resolution approved by the shareholders, the Group has reserved shares, for issue to employees through Employee Stock Option Scheme (ESOP). On the approval of Nomination and Remuneration Committee (NRC), each ESOP is issued. The NRC has approved ESOP-10 on October 13, 2017, ESOP-11 on January 15, 2019, ESOP-12 on October 05, 2020, ESOP-13 on January 14, 2021, ESOP-13A on August 31, 2021, ESOP-14 on October 27, 2021, ESOP-15A on May 18, 2022, ESOP-15B on October 31, 2022, ESOP-16A on June 12, 2023, ESOP-16B on October 23, 2023 and ESOP-16C on October 23, 2023. Under the term of the ESOP, the Group may issue stock options to employees and directors of the Group, each of which is convertible into one equity share.

Such options vest at a definitive date, save for specific incidents, prescribed in the scheme as framed/approved by the NRC. Such options are exercisable for a period following vesting at the discretion of the NRC, subject to a maximum of four years from the date of vesting.

Description of share based payments plans

Particulars		Vesting requirements	Maximum term of option	Method of settlement	Modifications to share based payment plans	Any other details as disclosed in the audited Ind-AS financials
i.	ESOP - 10	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2017	7 years	Equity settled	NA	NA
ii.	ESOP - 11	30% at the end of each 12 and 24 months and 40% at the end of 36 months from January 31, 2019	7 years	Equity settled	NA	NA
iii.	ESOP - 12	60% at the end of 12 months and 40% at the end of 24 months from October 31, 2020	6 years	Equity settled	NA	NA
iv.	ESOP - 13	30% at the end of each 12 and 24 months and 40% at the end of 36 months from January 31, 2021	7 years	Equity settled	NA	NA
v.	ESOP - 13A	30% at the end of each 12 and 24 months and 40% at the end of 36 months from August 31, 2021	7 years	Equity settled	NA	NA
vi.	ESOP - 14	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2021	7 years	Equity settled	NA	NA
vii.	ESOP - 15A	30% at the end of each 12 and 24 months and 40% at the end of 36 months from May 31, 2022	7 years	Equity settled	NA	NA
viii.	ESOP - 15B	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2022	7 years	Equity settled	NA	NA
ix.	ESOP - 16A	30% at the end of each 12 and 24 months and 40% at the end of 36 months from June 30, 2023	10 years	Equity settled	NA	NA
x.	ESOP - 16B	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2023	10 years	Equity settled	NA	NA
xi.	ESOP - 16C	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2023	10 years	Equity settled	NA	NA

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Method used for accounting for shared based payment plan.

The Group uses fair value to account for the compensation cost of stock options to employees of the Group.

Movement in the options outstanding under the Employees Stock Option Plan for the year ended March 31, 2024

Particulars	Outstanding, beginning of year	Granted during the year	Exercised during the year	Forfeited / lapsed during the year	Outstanding, end of year	Options exercisable, end of year
ESOP - 10	42,000	-	-	-	42,000	42,000
ESOP - 11	74,020	-	54,000	3,870	16,150	16,150
ESOP - 12	2,78,090	-	1,12,583	7,990	1,57,517	1,57,517
ESOP - 13	6,67,395	-	3,28,030	16,770	3,22,595	3,22,595
ESOP - 13A	37,000	-	14,000	-	23,000	3,000
ESOP – 14	17,99,723	-	5,28,264	61,325	12,10,134	4,14,902
ESOP – 15A	11,83,140	-	1,47,750	-	10,35,390	2,07,192
ESOP – 15B	34,98,170	-	4,90,856	2,76,492	27,30,822	5,12,907
ESOP – 16A	-	13,79,770	-	35,000	13,44,770	-
ESOP – 16B	-	4,36,400	-	9,380	4,27,020	-
ESOP – 16C	-	14,29,400	-	10,000	14,19,400	-
Total	75,79,538	32,45,570	16,75,483	4,20,827	87,28,798	16,76,263
Weighted average exercise price (₹)	456.57	486.66	426.48	479.42	472.43	423.28

Movement in the options outstanding under the Employees Stock Option Plan for the year ended March 31, 2023

Particulars	Outstanding, beginning of year	Granted during the year	Exercised during the year	Forfeited / lapsed during the year	Outstanding, end of year	Options exercisable, end of year
ESOP - 10	42,000	-	-	-	42,000	42,000
ESOP - 11	1,06,430	-	32,410	-	74,020	74,020
ESOP - 12	7,02,910	-	3,94,140	30,680	2,78,090	2,78,090
ESOP - 13	9,33,155	-	2,13,570	52,190	6,67,395	2,64,275
ESOP - 13A	50,000	-	13,000	-	37,000	2,000
ESOP – 14	22,34,820	-	3,05,932	1,29,165	17,99,723	3,40,916
ESOP – 15A	-	11,83,140	-	-	11,83,140	-
ESOP – 15B	-	35,81,490	-	83,320	34,98,170	-
Total	**40,69,315**	**47,64,630**	**9,59,052**	**2,95,355**	**75,79,538**	**10,01,301**
Weighted average exercise price (₹)	383.81	496.09	353.71	425.60	456.57	352.60

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Following summarises the information about stock options outstanding as at March 31, 2024

Plan	Exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)
ESOP – 10	**213**	**42,000**	**0.59**
ESOP – 11	**274**	**16,150**	**1.84**
ESOP – 12	**300**	**1,57,517**	**2.59**
ESOP – 13	**348**	**3,22,595**	**3.84**
ESOP – 13A	**409**	**23,000**	**4.42**
ESOP – 14	**433**	**12,10,134**	**4.59**
ESOP – 15A	**457**	**10,35,390**	**5.17**
ESOP – 15B	**509**	**27,30,822**	**5.59**
ESOP – 16A	**424**	**13,44,770**	**9.25**
ESOP – 16B	**533**	**4,27,020**	**9.59**
ESOP – 16C	**533**	**14,19,400**	**9.59**

Following summarises the information about stock options outstanding as at March 31, 2023

Plan	Exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)
ESOP – 10	213	42,000	1.53
ESOP – 11	274	74,020	2.79
ESOP – 12	300	2,78,090	3.52
ESOP – 13	348	6,67,395	4.64
ESOP – 13A	409	37,000	5.42
ESOP – 14	433	17,99,723	5.58
ESOP – 15A	457	11,83,140	6.13
ESOP – 15B	509	34,98,170	6.59

Fair Value methodology

The fair value of options have been estimated on the dates of each grant using the Black-Scholes model. The shares of Group are not listed on any stock exchange. Accordingly, the Group had considered the volatility of the Group's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model for the stock options granted by the Group are:

Particulars	ESOP 16A	ESOP 16B	ESOP 16C
Dividend yield	0.21%	0.38%	0.38%
Expected volatility	45.70%	38.75%	38.75%
Risk- free interest rate	6.83%	7.26%	7.26%
Expected life of the option	3.49	3.46	3.46

The Group recorded an employee stock compensation expense of ₹ 55.24 Crore (previous year ₹ 43.64 Crore) in Statement of Profit and Loss.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

36 SEGMENT REPORTING

Sr No.	Particulars	March 31, 2024	March 31, 2023
i.	**Segment Revenue**		
	Lending business	12,221.57	9,768.95
	BPO Services	1,949.55	2,633.93
	Unallocated	-	-
	Income from Operations	14,171.12	12,402.88
ii.	**Segment Results**		
	Lending business	3,178.35	2,508.48
	BPO Services	157.62	140.70
	Unallocated	(31.30)	(21.78)
	Profit before tax	3,304.67	2,627.40
	Income Tax expenses		
	Current tax	770.67	621.30
	Deferred tax Asset	73.16	46.75
	Net Profit	2,460.84	1,959.35
iii.	**Capital Employed**		
	Segment assets		
	Lending business	91,470.27	68,921.03
	BPO Services	105.01	103.38
	Unallocated	981.23	1,025.98
	Total Assets	92,556.51	70,050.39
	Segment Liabilities		
	Lending business	78,151.30	58,216.53
	BPO Services	192.83	180.38
	Unallocated	469.67	216.52
	Total Liabilities	78,813.80	58,613.43
	Net Segment assets / (liabilities)	13,742.71	11,436.96
iv.	**Capital Expenditure (including net CWIP)**		
	Lending business	115.03	86.48
	BPO Services	8.32	24.83
	Unallocated	-	-
	Total	123.35	111.31
v.	**Depreciation**		
	Lending business	131.47	86.49
	BPO Services	13.67	25.35
	Unallocated	-	-
	Total	145.14	111.84
vi.	**Other non cash expenditure**		
	Lending business	1,067.38	1,330.40
	BPO Services	-	-
	Unallocated	-	-
	Total	1,067.38	1,330.40

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

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 & CEO of the Group has been identified as the CODM as defined by Ind AS 108 Operating Segments, who assesses the financial performance and position of the Group and makes strategic decisions.

b) Operating Segment

Primary Segment (Business Segment)

The Group 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 Group are primarily concentrated in India, the Group 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.

37 RELATED PARTY DISCLOSURES

Name of the related Party and Nature of Relationship

Holding Company :
HDFC Bank Limited

Enterprise under common control of Holding Company :
HDFC Securities Limited
HDFC Ergo General Insurance Company Limited
HDFC Life Insurance Company Limited

Key Management Personnel (KMP) :
Arijit Basu (Part Time Non Executive Chairman & Independent Director)
Adayapalam Viswanathan (Independent Director)
Arundhati Mech (Independent Director)
Dr. Amla Samanta (Independent Director)

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Jayesh Chakravarthi (Independent Director)
Smita Affinwalla (Independent Director)
Venkatraman Srinivasan (Independent Director)
Jimmy Tata (Non Executive Director)
G Ramesh (Managing Director & CEO)

Other related parties :

HDBFS Employees Welfare Trust

Details of Related Party Transactions for the Year:

Related Party	Nature Of Transaction	March 31, 2024	March 31, 2023
HDFC Bank Limited	Bank charges	**9.56**	15.35
	Charges for back office support services received / recoverable	**533.67**	984.41
	Charges for sales support services received / recoverable	**1,140.05**	1,821.96
	Commission Expenses	**0.81**	-
	Corporate logo license fees	**26.16**	17.19
	Dividend paid	**232.68**	142.61
	Fixed deposits placed	**-**	-
	Interest paid on non-convertible debentures	**198.23**	301.45
	Interest paid on term loan and OD account	**575.46**	376.36
	Interest received on fixed deposits	**1.79**	2.71
	Investment banking fees paid	**0.18**	0.01
	IPA charges	**0.02**	0.00
	Reimbursement of IT expense, secondment charge & other common expenses	**0.36**	1.51
	Rent paid for premises taken on sub-lease	**2.75**	2.83
	Securities purchased during the year	**200.00**	-
	Term loan availed during the year	**6,700.00**	3,350.00
	Tele collection charges / field collection charges received / recoverable for collection services rendered	**275.83**	255.65
HDFC Securities Ltd.	Commission on sourcing of loans	**-**	0.01
	Rent income for premises given on sub-lease	**0.09**	0.10
	Recovery of expenses	**0.12**	0.01
Key Management Personnel	a) Short term employee benefits	**7.35**	6.02
	b) Post-employment benefits	**-**	-
	c) Other long-term benefits	**-**	-
	d) Termination benefits	**-**	-
	e) Share based Payments #	**1.51**	0.37
	f) Commission paid	**0.81**	0.74
HDFC Life Insurance Company Limited	Income from Insurance commission	**46.19**	7.45
	Receipt of funds	**150.00**	-
	Redemption of bonds(Including Premium)	**42.21**	-
HDFC Ergo General Insurance Company Limited	Income from Insurance commission	**15.20**	13.72
	Insurance Premium Expense (Car & Group policy)	**2.21**	0.55

#The intrinsic value of the stock options granted is Nil. However, the Company in compliance with Ind-AS 102 has been charged to the statement of profit and loss of ₹ 5.07 Crore (previous year ₹ 3.81 Crore) with a corresponding credit to the reserves.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Balances outstanding:

Related Party	Nature Of Transaction	March 31, 2024	March 31, 2023
HDFC Bank Limited	Securitisation	**-**	53.71
	Balance in current accounts	**534.13**	327.51
	Balance receivable	**-**	16.50
	Balance payable	**0.23**	0.05
	Fixed deposit	**-**	47.73
	Security deposit paid	**0.16**	0.16
	Security deposit received	**9.85**	9.85
	Term loan outstanding	**9,634.71**	7,082.45
	Non convertible debentures issued	**825.00**	4,155.00
	WCDL Loan Outstanding	**95.83**	4.16
HDFC Securities Ltd.	Balance receivable	**0.15**	0.04
HDFC Life Insurance Company Limited**	Balance payable - Securities	**1,239.00**	1,156.60
	Balance payable - Expenses	**-**	-
	Balance receivable	**7.12**	2.24
HDFC Asset Management Company Limited	Balance payable	**-**	640.00
HDFC Ergo General Insurance Company Limited**	Balance payable	**70.00**	70.00
	Balance receivable	**2.53**	1.98

** excludes amounts pertaining to insurance premiums payable that are in the nature of pass through.

38 EMPLOYEE BENEFITS

A) Defined contribution plan

The contribution made to various statutory funds is recognised as expense and included in Note 30 'Employee benefits expense' under 'Contribution to provident and other funds' in Statement of Profit and Loss.

B) Defined benefit plan (Gratuity)

The Group contributes to the group gratuity fund based on the actuarial valuation determined as at the year-end through the HDFC Life Insurance Group ('HDFC Life') Limited and Life Insurance Corporation of India Limited (LIC). HDFC Life and LIC have certified the Fair Value of the Plan Assets .

Details of Actuarial Valuation as at March 31, 2024.

Particulars	March 31, 2024	March 31, 2023
A. Change in defined benefit obligation		
1 Defined benefit obligation at beginning of period	**164.71**	166.90
2 Service cost		
a. Current service cost	**14.74**	19.16
b. Past service cost	**-**	-
c. (Gain) / loss on settlements	**-**	-
3 Interest expenses	**12.22**	7.96
4 Cash flows		
a. Benefit payments from plan	**(61.24)**	(33.07)
b. Benefit payments from employer	**(19.00)**	-
c. Settlement payments from plan	**-**	-
d. Settlement payments from employer	**-**	-

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

Particulars				March 31, 2024	March 31, 2023
	5	Remeasurements			
		a.	Effect of changes in demographic assumptions	**0.72**	(5.91)
		b.	Effect of changes in financial assumptions	**15.07**	(4.03)
		c.	Effect of experience adjustments	**14.93**	13.70
	6	Transfer In /Out			
		a.	Transfer In	**-**	-
		b.	Transfer out	**-**	-
	7	Defined benefit obligation at end of period		**142.14**	164.71
B.	**Change in fair value of plan assets**				
	1	Fair value of plan assets at beginning of period		**86.68**	95.57
	2	Interest income		**6.43**	4.56
	3	Cash flows			
		a.	Total employer contributions		
			(i) Employer contributions	**3.20**	21.36
			(ii) Employer direct benefit payments	**-**	-
			(iii) Employer direct settlement payments	**-**	-
		b.	Participant contributions	**-**	-
		c.	Benefit payments from plan assets	**(61.24)**	(33.07)
		d.	Benefit payments from employer	**-**	-
		e.	Settlement payments from plan assets	**-**	-
		f.	Settlement payments from employer	**-**	-
	4	Remeasurements			
		a.	Return on plan assets (excluding interest income)	**(0.83)**	(1.73)
	5	Transfer In /Out			
		a.	Transfer In	**-**	-
		b.	Transfer out	**-**	-
	6	Fair value of plan assets at end of period		**34.25**	86.68
C.	**Amounts recognised in the Balance Sheet**				
	1	Defined benefit obligation		**142.14**	164.71
	2	Fair value of plan assets		**(34.25)**	(86.68)
	3	Funded status		**107.89**	78.03
	4	Effect of asset ceiling		**-**	-
	5	Net defined benefit liability (asset)		**107.89**	78.03
D.	**Components of defined benefit cost**				
	1	Service cost			
		a.	Current service cost	**14.74**	19.16
		b.	Past service cost	**-**	-
		c.	(Gain) / loss on settlements	**-**	-
		d.	Total service cost	**14.74**	19.16
	2	Net interest cost			
		a.	Interest expense on DBO	**12.22**	7.96
		b.	Interest (income) on plan assets	**6.43**	4.56
		c.	Interest expense on effect of (asset ceiling)	**-**	-
		d.	Total net interest cost	**5.79**	3.40
	3	Remeasurements (recognised in OCI / Retained Earnings)			
		a.	Effect of changes in demographic assumptions	**0.72**	(5.91)
		b.	Effect of changes in financial assumptions	**15.07**	(4.03)
		c.	Effect of experience adjustments	**14.93**	13.70

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)
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Particulars			March 31, 2024	March 31, 2023
		d. Return on plan assets (excluding interest income)	**(0.83)**	(1.73)
		e. Changes in asset ceiling (excluding interest income)	**-**	-
		f. Total remeasurements included in OCI / Retained Earnings	**31.54**	5.48
	4	Total defined benefit cost recognised in P&L and OCI	**52.07**	28.04
E.	**Re-measurement**			
		a. Actuarial Loss/(Gain) on DBO	**30.72**	3.75
		b. Returns above Interest Income	**0.83**	1.73
		c. Change in Asset ceiling	**-**	-
		Total Re-measurements (OCI / Retained Earnings)	**31.54**	5.48
F.	**Employer Expense (P&L)**			
		a. Current Service Cost	**14.74**	19.16
		b. Interest Cost on net DBO	**5.79**	3.40
		c. Past Service Cost	**-**	-
		d. Total P&L Expenses	**20.53**	22.56
G.	**Net defined benefit liability (asset) reconciliation**			
	1	Net defined benefit liability (asset)	**78.02**	71.33
	2	Defined benefit cost included in P&L	**20.53**	22.56
	3	Total remeasurements included in OCI / Retained Earnings	**31.54**	5.48
	4	a. Employer contributions	**(3.20)**	(21.36)
		b. Employer direct benefit payments	**(19.00)**	-
		c. Employer direct settlement payments	**-**	-
	5	Net transfer	**-**	-
	6	Net defined benefit liability (asset) as of end of period	**107.89**	78.02
H.	**Reconciliation of OCI (Re-measurement)**			
	1	Recognised in OCI at the beginning of period	**75.74**	70.26
	2	Recognised in OCI during the period	**31.54**	5.48
	3	Recognised in OCI / Retained Earnings at the end of the period	**107.28**	75.74
I.	**Sensitivity analysis - DBO end of Period**			
	1	Discount rate +100 basis points	**(3.88)**	(3.19)
	2	Discount rate -100 basis points	**4.27**	3.43
	3	Salary Increase Rate +1%	**3.98**	3.36
	4	Salary Increase Rate -1%	**(3.70)**	(3.18)
	5	Attrition Rate +1%	**(1.52)**	(0.66)
	6	Attrition Rate -1%	**1.65**	0.69
J.	**Significant actuarial assumptions**			
	1	Discount rate Current Year (p.a.)	**7.21%**	7.42%
	2	Discount rate Previous Year (p.a.)	**7.42%**	4.77%
	3	Salary increase rate (p.a.)	**3.00% - 15.00%**	3.00% - 10.00%
	4	Attrition Rate (%)	**9.00% - 89.00%**	9.00% - 71.00%
	5	Retirement Age (years)	**60**	60
	6	Pre-retirement mortality	**IALM (2012-14) Urban**	IALM (2012-14) Urban
	7	Disability	**Nil**	Nil

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(Currency : Indian Rupees in Crore)

Particulars			March 31, 2024	March 31, 2023
K.	**Data**			
	1	No.	**86,753.00**	1,15,137
	2	Average age (yrs.)	**30.07**	29.11
	3	Average past service (yrs.)	**2.49**	2.47
	4	Average salary monthly (₹)	**9,200.53**	9,159.64
	5	Future service (yrs.)	**29.93**	30.89
	6	Weighted average duration of DBO	**4.00**	3.00
L.	**Expected cash flows for following year**			
	1	Expected contributions / Addl. Provision Next Year	**72.36**	36.85
	2	Expected total benefit payments		
		Year 1	**59.93**	64.60
		Year 2	**20.54**	37.29
		Year 3	**12.81**	22.65
		Year 4	**10.35**	15.34
		Year 5	**9.08**	11.09
		Next 5 years	**34.89**	27.97

Category of Plan assets	% of Fair value to total planned assets (as at March 31, 2024)
Government securities and corporate bonds/debentures	**97.07%**
Money market instruments and fixed deposits	**1.92%**
Net current assets and other approved security	**1.01%**
Total	**100.00%**

The Group's gratuity plan obligation is determined by actuarial valuation and is funded by investments in government securities. As such, the valuation and the funding are exposed to certain risks, including mainly salary increments, attrition levels, interest rates and investment yields. If salaries and interest rates rise faster than assumed or if the attrition rates are lower than assumed, then the Group's gratuity obligation would rise faster in future periods and an increase in market yields of government securities would reduce the value of the plan's investments, leading to higher future funding requirements. The Group monitors plan obligations and investments regularly with a view to ensuring that there is adequate funding on an ongoing basis, thus mitigating any potential adverse consequences of the risks described.

C) Compensated absences

The Group neither has a policy of encashment of unavailed leaves for its employees nor allow the leaves to be carry forward to next year.

D) The Parliament has approved the Code on Social Security, 2020 ('Code') which may impact the contribution by the Group towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed after which the financial impact can be ascertained. The Group will complete its evaluation and will give appropriate impact, if any, in the financial result following the Code becoming effective and the related rules being framed and notified.

39 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Sr No.	Particulars	March 31, 2024	March 31, 2023
1	Claims against the Company not acknowledged as debt (Refer Note 39.1)	**105.44**	99.53
2	Estimated amount of contracts remaining to be executed on capital account and not provided for:	**85.10**	45.00
	(Net of Advances amounting to ₹ 37.13 Crore, previous year ₹ 9.02 Crore)		
3	Undrawn committed sanctions to borrowers	**372.07**	134.31

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

39.1 Claims against the Group not acknowledged as debt

Particulars	March 31, 2024	March 31, 2023
Suit filed by borrowers	**19.80**	13.88
Other contingent liabilities in respect of :		
1. Provident Fund matter - (see (a) below)	**50.14**	50.14
2. Payment of Bonus (Amendment) Act, 2015 - (see (b) below)	**34.88**	34.88
3. Payment of Labour Welfare Fund	**0.32**	0.32
4. Maharashtra Professional Tax Assessment	**0.31**	0.31
Total	**105.44**	**99.53**

a) Provident Fund matter

The Group has received a notice of demand from the Provident Fund department amounting to ₹ 50.14 Crore. The Group had filed an appeal challenging the Provident Fund Commissioner's order before the Provident Fund Appellate Tribunal, wherein the Group had received a favourable outcome. However, a sum of ₹ 1 Crore has been deposited under protest with the Provident Fund Appellate Authority. This amount is shown under Other financial assets.

The Provident Fund department has challenged order of the appellate authority in the High Court. The management of the Group is of the view that no material losses will arise in respect of the legal claim and accordingly the same has been disclosed as a contingent liability. In the eventuality of any claim arising out of this case, the same will be billed to the customer in the year the claim is final and accordingly no provision has been made.

b) Payment of Bonus (Amendment) Act, 2015

As per the amendment to the Payment of Bonus (Amendment) Act, 2015 vide notification number DL-(N)04/70007/2003-16 issued on January 01, 2016 by Government of India, the Group would be required to pay statutory bonus to all eligible employees as per the amendments specified thereunder, with effect from April 01, 2014. However, various High Courts have granted a stay on retrospective effect of Payment of Bonus (Amendment) Act, 2015 from financial year 2014-15. In light of the above, the Group has decided to disclose such bonus amounting to ₹ 34.88 Crore as a contingent liability.

39.2 The Group's pending litigations comprise of claims against the Group by the customers and proceedings pending with other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in the financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

39.3 The Group has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts has been made in the books of account.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)
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40 MATURITY ANALYSIS OF ASSETS & LIABILITIES

Particulars	March 31, 2024		March 31, 2023	
	Within 12 months	After 12 months	Within 12 months	After 12 months
ASSETS				
Financial Assets				
(a) Cash and cash equivalents (CCE)	**647.85**	**-**	395.90	-
(b) Bank balances other than CCE	**48.28**	**6.38**	257.92	-
(c) Derivative financial instruments	**-**	**1.91**	165.34	-
(d) Trade receivables	**124.61**	**-**	65.76	-
(e) Loans	**31,476.37**	**55,244.89**	24,418.76	41,963.91
(f) Investments	**3,340.70**	**39.63**	1,185.31	57.94
(g) Other financial assets	**-**	**39.50**	-	34.87
	35,637.81	**55,332.31**	**26,488.99**	**42,056.72**
Non-financial Assets				
(a) Current tax assets (Net)	**41.29**	**-**	25.11	-
(b) Deferred tax assets (Net)	**-**	**939.95**	-	1,000.87
(c) Property, plant and equipment	**-**	**162.53**	-	122.37
(d) Capital work-in-progress	**-**	**-**	-	-
(e) Other intangible assets	**-**	**22.15**	-	20.41
(f) Right of Use Assets	**66.39**	**260.12**	54.03	190.24
(g) Other non-financial assets	**55.67**	**38.29**	50.40	41.25
	163.35	**1,423.04**	129.54	1,375.14
TOTAL ASSETS	**35,801.16**	**56,755.35**	**26,618.53**	**43,431.86**
LIABILITIES				
Financial Liabilities				
(a) Derivative financial instruments	**-**	**4.77**	-	-
(b) Trade payables	**403.27**	**105.73**	291.84	-
(c) Debt securities	**11,467.72**	**23,383.40**	9,620.89	17,475.52
(d) Borrowings other than debt securities	**13,599.84**	**20,231.54**	9,663.25	14,564.55
(e) Subordinated liabilities	**499.88**	**5,148.29**	229.42	3,311.68
(f) Other financial liabilities	**2,406.58**	**548.69**	2,310.87	467.57
	28,377.29	**49,422.42**	22,116.27	35,819.32
Non-Financial Liabilities				
(a) Current tax liabilities (net)	**58.65**	**-**	41.97	-
(b) Provisions	**428.52**	**74.42**	314.34	54.62
(c) Other non-financial liabilities	**452.50**	**-**	266.91	-
	939.67	**74.42**	623.22	54.62
TOTAL LIABILITIES	**29,316.96**	**49,496.84**	**22,739.49**	**35,873.94**
NET	**6,484.20**	**7,258.51**	**3,879.04**	**7,557.92**

41 CORPORATE SOCIAL RESPONSIBILITY

The average profit before tax of the Group for last three financial years was ₹ 1,498.34 Crore, basis which the Group's Prescribed CSR Budget for FY 2023-24 was ₹ 29.97 Crore. In FY 2022-23 an excess amount of ₹ 0.76 Crore was spent against the Prescribed CSR Budget for FY 2022-23, hence after adjusting the excess spend, the Group's CSR Obligation for FY 2023-24 was ₹ 29.21 Crore.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

a) Amount spent during the year on:

Particulars	March 31, 2024			March 31, 2023		
	Amount Spent	Amount Unpaid/ provision	Total	Amount Spent	Amount Unpaid/ provision	Total
Construction / acquisition of any asset	-	-	-	-	-	-
On purpose other than (i) above	31.30	Not Applicable	31.30	21.78	Not Applicable	21.78

b) In case of Section 135(5) unspent amount:

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
Not Applicable				

c) In case of Section 135(5) Excess amount spent

Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing Balance
(0.76)	29.97	31.30	(2.09)

d) In case of Section 135(6) Details of ongoing projects

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In Separate CSR Unspent Account		From Company's Bank Account	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent Account
(0.76)	-	29.97	31.30	-	(2.09)	-

e) Nature of CSR activities

CSR activities conducted during the year was focused on promoting healthcare, enhancing employability skills for unemployed individuals, supporting restoration of waterbodies and other water conservation activities, among other interventions.

42 DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

As per the confirmation received from the parties following is the status of MSME parties.

Particulars	March 31, 2024	March 31, 2023
The Principal amount remaining unpaid at the end of the year	-	-
The Interest Amount remaining unpaid at the end of the year	-	-
Interest paid along with amount of payment made to the supplier beyond the appointed day	-	-
Amount of interest due and payable for the period of delay on payments made beyond the appointed day	-	-
Amount of interest accrued and remaining unpaid	-	-
Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-
Balance of MSME parties at the end of the year	-	-

Note - The above is based on the information available with the Group which has been relied upon by the auditors.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

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43 FAIR VALUE MEASUREMENT

a) Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below:

b) Total financial assets measured at fair value on a recurring basis :

The following tables show an analysis of the fair value of financial assets by level of the fair value hierarchy.

Particulars	Category	Fair value hierarchy	Fair Value March 31, 2024	Fair Value March 31, 2023
Mutual fund units	FVTPL	Level 1	**1,753.41**	411.65
Unquoted equity shares	FVTPL	Level 3	**2.30**	1.95
Securities receipt of ARC	FVTPL	Level 2	**37.33**	55.99
Derivative financial instruments	FVTPL	Level 2	**1.92**	165.34

Level 1:

Units held in mutual funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions.

Treasury bills are valued based on market quotes.

Level 2:

Fair value of debt securities, borrowings other than debt securities and subordinated liabilities have estimated by discounting expected future cash flows discounting rate near to report date based on comparable rate / market observable data. Fair valuation of cross currency swaps is achieved by estimating forward exchange rates to calculate the present value of future net cash flows, adjusted for currency-specific risks. The fair value of INR interest rate swaps is determined by discounting future fixed and floating rate payments using the appropriate floating rates, reflecting the current market conditions and interest rate expectations.

Level 3:

Fair value of loans have estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product.

Unquoted equity shares are measured at fair value using suitable valuation models viz., net asset value technique.

c) The table below presents information pertaining to the fair values and carrying values of the Group's financial assets and liabilities.

Particulars	Category	Fair value hierarchy	March 31, 2024 Carrying value	March 31, 2024 Fair value	March 31, 2023 Carrying value	March 31, 2023 Fair value
Financial Assets						
(a) Cash and cash equivalents (CCE)	Amortised cost		**647.85**	**647.85**	395.90	395.90
(b) Bank balances other than CCE	Amortised cost		**54.66**	**54.66**	257.92	257.92
(c) Derivative financial instruments	FVTPL	Level 2	**1.91**	**1.91**	165.34	165.34
(d) Trade receivables	Amortised cost		**124.61**	**124.61**	65.76	65.76
(e) Loans	Amortised cost	Level 3	**86,721.26**	**87,859.69**	66,382.67	63,647.52

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

Particulars		Category	Fair value hierarchy	March 31, 2024		March 31, 2023	
				Carrying value	Fair value	Carrying value	Fair value
(f)	Investments - Mutual funds	FVTPL	Level 1	**1,753.41**	**1,753.41**	411.65	411.65
	Investments - G-Sec & Treasury bills	FVTPL	Level 1	**-**	**-**	773.66	773.66
	Investments - G-Sec & Treasury bills	Amortised cost		**1,587.29**	**1,590.36**	-	-
	Investments - In Security Receipts	FVTPL	Level 2	**37.33**	**37.33**	55.99	55.99
	Investments - Unquoted equity shares	FVTPL	Level 3	**2.30**	**2.30**	1.95	1.95
(g)	Other financial assets	Amortised cost		**39.50**	**39.50**	34.87	34.87
				90,970.12	**92,111.62**	68,545.71	65,810.56
Financial Liabilities							
(a)	Derivative financial instruments	FVTPL	Level 2	**4.77**	**4.77**	-	-
(b)	Trade payables	Amortised cost		**509.00**	**509.00**	291.84	291.84
(c)	Debt securities	Amortised cost	Level 2	**34,851.12**	**35,439.59**	27,096.41	27,322.07
(d)	Borrowings other than Securitisation	Amortised cost	Level 2	**33,746.16**	**34,001.76**	23,856.94	23,087.21
	Borrowings under Securitisation	Amortised cost	Level 2	**85.22**	**83.40**	370.86	364.45
(e)	Subordinated liabilities	Amortised cost	Level 2	**5,648.17**	**5,847.17**	3,541.10	3,623.40
(f)	Other financial liabilities	Amortised cost		**2,955.27**	**2,955.27**	2,778.42	2,778.42
				77,799.71	**78,840.96**	57,935.57	57,467.39

(i) Short-term and other financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months) and for other financial assets and other financial liabilities that are insignificant in value, the carrying amounts, net of impairment, if any, are a reasonable approximation of their fair value. Such instruments include cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, trade payables, other financial assets and other financial liabilities.

(ii) Loans

These financial assets are recorded at amortised cost, the fair values of which are estimated at portfolio level using a discounted cash flow model based on contractual cash flows discounted using market rates incorporating the counterparties' credit risk.

(iii) Debt securities, borrowings and subordinated liabilities

Fair value is estimated at portfolio level by a discounted cash flow model incorporating market interest rates and the Group's own credit risk or based on market-observable data such as secondary market prices for its traded debt, as relevant.

44 CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to ensure compliance with regulatory capital requirements. In line with this objective, the Group ensures adequate capital at all times and manages its business in a way in which capital is protected, satisfactory business growth is ensured, cash flows are monitored, borrowing covenants are honoured and ratings are maintained.

Regulatory capital-related information is presented as part of the RBI mandated disclosures. The RBI norms require capital to be maintained at prescribed levels. In accordance with such norms, Tier I capital of the Group comprises of share capital, share premium, reserves and perpetual debt, Tier II capital comprises of subordinated debt and provision on loans that are not credit-impaired. There were no changes in the capital management process during the periods presented.

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45 RISK MANAGEMENT

While risk is inherent in the Group's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls.

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Committee is responsible for managing risk decisions and monitoring risk levels and reports to the Supervisory Board.

The Group's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

a) Credit risk

The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and industry concentrations, and by monitoring exposures in relation to such limits.

Financial assets measured on a collective basis

The Group splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Secured / unsecured i.e. based on whether the loans are secured
- Nature of security i.e. the nature of the security if the loans are determined to be secured
- Nature of loan i.e. based on the nature of loan

Significant increase in credit risk

The Group considers an exposure to have significantly increased in credit risk when the borrower crosses 30 DPD but is within 90 DPD.

Impairment assessment

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower crosses 90 days past due on its contractual payments. Further, the borrower is retained in Stage 3 (credit-impaired) till all the overdue amounts are repaid i.e. borrower becomes 0 days past due on its contractual payments.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Loss given default

The credit risk assessment is based on a standardised LGD assessment framework that incorporates the probability of default and subsequent recoveries, discounted.

Current economic data and forward-looking economic forecasts and scenarios are used in order to determine the Ind AS 109 LGD rate. The Group uses data obtained from third party sources and combines such data with inputs to the Group's ECL models including determining the weights attributable to the multiple scenarios.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

Credit quality of assets

a) **The table below shows credit quality and maximum exposure to credit risk based on year-end stage classification. The amounts presented are gross of Impairment The amounts presented are gross of Impairment loss allowance.**

Stage	March 31, 2024	March 31, 2023
Stage 1	**87,218.17**	66,793.73
Stage 2	**1,287.94**	1,322.12
Stage 3	**1,711.82**	1,914.85
Total	**90,217.93**	**70,030.70**

b) **An analysis of changes in the gross carrying amount and corresponding ECL allowances in relations to loans is as under:**

	March 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	**66,793.02**	**1,322.83**	**1,914.85**	**70,030.70**
Originated or new	**60,425.23**	**333.45**	**140.57**	**60,899.25**
Matured or repaid	**(36,969.23)**	**(837.86)**	**(1,687.72)**	**(39,494.81)**
Transfers to Stage 1	**478.89**	**(270.58)**	**(208.31)**	**-**
Transfers to Stage 2	**(1,249.64)**	**1,280.69**	**(31.05)**	**-**
Transfers to Stage 3	**(2,260.10)**	**(540.59)**	**2,800.69**	**-**
Amounts written off (net of recovery)	**-**	**-**	**(1,217.21)**	**(1,217.21)**
Gross carrying amount - closing balance	**87,218.17**	**1,287.94**	**1,711.82**	**90,217.93**

	March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	56,142.18	2,125.38	3,058.76	61,326.32
Originated or new	44,483.31	210.59	107.86	44,801.76
Matured or repaid	(31,096.12)	(1,099.72)	(2,059.75)	(34,255.59)
Transfers to Stage 1	875.26	(572.33)	(302.93)	-
Transfers to Stage 2	(1,346.94)	1,407.22	(60.28)	-
Transfers to Stage 3	(2,264.67)	(748.31)	3,012.98	-
Amounts written off (net of recovery)	-	-	(1,841.79)	(1,841.79)
Gross carrying amount - closing balance	**66,793.02**	**1,322.83**	**1,914.85**	**70,030.70**

	March 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	**2,028.93**	**372.50**	**1,246.60**	**3,648.03**
Originated or new	**1,011.70**	**121.73**	**111.03**	**1,244.46**
Increase / (decrease) in provision on existing financial assets (Net of recovery)	**(889.44)**	**34.01**	**676.82**	**(178.61)**
Transfers to Stage 1	**158.92**	**(57.01)**	**(101.91)**	**-**
Transfers to Stage 2	**(84.57)**	**97.27**	**(12.70)**	**-**
Transfers to Stage 3	**(251.15)**	**(190.05)**	**441.20**	**-**
Amounts written off (net of recovery)	**-**	**-**	**(1,217.21)**	**(1,217.21)**
Impairment loss allowance - closing balance	**1,974.39**	**378.45**	**1,143.83**	**3,496.67**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

	March 31, 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Impairment loss allowance - opening balance	1,996.81	511.25	1,655.81	4,163.87
Originated or new	711.35	74.53	86.91	872.79
Increase / (decrease) in provision on existing financial assets (Net of recovery)	(489.95)	(0.68)	943.79	453.16
Transfers to Stage 1	200.90	(102.26)	(98.64)	-
Transfers to Stage 2	(102.61)	122.39	(19.78)	-
Transfers to Stage 3	(287.57)	(232.73)	520.30	-
Amounts written off (net of recovery)	-	-	(1,841.79)	(1,841.79)
Impairment loss allowance - closing balance	**2,028.93**	**372.50**	**1,246.60**	**3,648.03**

c) Modified financial assets

The Group renegotiates loans given to customers in financial difficulties (referred to as forbearance activities, restructuring or rescheduling) to maximise collection opportunities and minimise the risk of default. Under the Companies forbearance policy, loan forbearance is granted on a selective basis if the customer is currently in default on its debt or if there is a high risk of default, there is evidence that the customer made all reasonable efforts to pay under the original contractual terms and the customer is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Risk Management Committee regularly reviews reports on forbearance activities.

Upon renegotiation, such accounts are classified as Stage 3. Such accounts are upgraded to Stage 1 only upon observation of satisfactory repayments of one year from the date of such down-gradation and accordingly loss allowance is measured using 12 month PD.

Exposure to modified financial assets	**March 31,2024**	**March 31, 2023**
Gross carrying amount	**1,137.69**	2,384.91
Impairment allowance	**366.82**	1,091.00
Net carrying amount	**770.87**	1,293.91

Analysis of risk concentration

The following table shows risk concentration of the Group's loans basis risk exposure into smaller homogeneous portfolios, based on shared credit risk characteristics as under:

Exposure to modified financial assets	**March 31,2024**	**March 31, 2023**
Carrying value of Loans	**86,721.26**	66,382.67
Mortgage backed loans	**20,658.54**	17,676.86
Other assets backed loans	**38,706.72**	28,669.31
Personal loans	**20,916.78**	15,828.13
Others	**6,439.22**	4,208.37
Total	**86,721.26**	**66,382.67**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)
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Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are, as follows:

- For corporate and small business lending, charges over real estate properties, inventory and trade receivables and, in special circumstances, government guarantees
- For retail lending, mortgages over residential properties

The Group also obtains guarantees from parent companies for loans to their subsidiaries.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

Collateral coverage - credit impaired loans

Loan to Value (LTV) range	March 31, 2024	March 31, 2023
Upto 50 % Coverage	**527.43**	659.53
51-75 % Coverage	**40.39**	8.58
76-100 % Coverage	**0.17**	0.02
Above 100% Coverage	**-**	-
Total	**567.99**	**668.13**

b) Liquidity risk and funding management

Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. To limit this risk, management has arranged for diversified funding sources, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

Maturity profile of financial liabilities

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities as at 31, March.

March 31, 2024	Less than 1 year	1 years to 3 years	3 years to 5 years	5 years and above	Total
Trade payables	**403.27**	**105.73**	**-**	**-**	**509.00**
Debt securities	**11,467.72**	**19,771.45**	**2,112.65**	**1,499.31**	**34,851.12**
Borrowings	**13,514.62**	**15,785.35**	**4,235.07**	**211.11**	**33,746.16**
Borrowings under Securitisation	**85.22**	**-**	**-**	**-**	**85.22**
Subordinated liabilities	**499.87**	**389.45**	**1,177.48**	**3,581.37**	**5,648.17**
Total	**25,970.70**	**36,051.98**	**7,525.20**	**5,291.79**	**74,839.67**

March 31, 2023	Less than 1 year	1 years to 3 years	3 years to 5 years	5 years and above	Total
Trade payables	291.84	-	-	-	**291.84**
Debt securities	11,287.03	15,700.20	3,220.45	1,393.20	**31,600.88**
Borrowings	10,257.28	13,961.22	2,628.58	41.07	**26,888.15**
Borrowings under Securitisation	293.82	86.99	-	-	**380.81**
Subordinated liabilities	545.86	1,036.75	1,125.54	2,490.14	**5,198.29**
Total	**22,675.83**	**30,785.16**	**6,974.57**	**3,924.41**	**64,359.97**

Notes to the Consolidated Financial Statements
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c) Market risk

Market risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

i) Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Group's statement of profit and loss.

	% Increase/decrease in rate		Increase/decrease in profit	
	March 31, 2024	**March 31, 2023**	**March 31, 2024**	**March 31, 2023**
Borrowings that are re-priced	**0.25%**	0.25%	**73.77**	48.75
Loans that are re-priced	**0.25%**	0.25%	**50.49**	41.78

ii) Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Group arise majorly on account of foreign currency borrowings. The Group manages this foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge, the Group negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Group's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Group holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

d) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or from external events.

The operational risks of the Group are managed through comprehensive internal control systems and procedures and key back up processes. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The Group also undertakes Risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure.

The Group has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the Group's readiness.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2024 (Contd.)
(Currency : Indian Rupees in Crore)

46 IMPACT OF HEDGING ACTIVITIES

a) Disclosure of effects of hedge accounting on financial position:

March 31, 2024								
Type of hedge and risks	**Nominal value**		**Carrying amount of hedging instrument**		**Maturity date**	**Changes in fair value of hedging instrument**	**Change in the value of hedged item used as the basis for recognising hedge effectiveness**	**Line item in Balance Sheet**
Cash flow hedge	**Assets**	**Liabilities**	**Assets**	**Liabilities**				
Foreign exchange forward contracts (Cross currency interest rate swaps)	**2,085.13**	**-**	**-**	**4.77**	**Jan 12, 2027**	**(170.94)**	**(170.94)**	**Borrowings**
Interest rate swaps	**1,750.00**	**-**	**1.92**	**-**	**May 27, 2026 & Sep 26,2028**	**1.92**	**1.92**	**Borrowings**

March 31, 2023								
Type of hedge and risks	**Nominal value**		**Carrying amount of hedging instrument**		**Maturity date**	**Changes in fair value of hedging instrument**	**Change in the value of hedged item used as the basis for recognising hedge effectiveness**	**Line item in Balance Sheet**
Cash flow hedge	**Assets**	**Liabilities**	**Assets**	**Liabilities**				
Foreign exchange forward contracts (Cross currency interest rate swaps)	1,889.91	-	165.34	-	June 18, 2023	33.73	33.73	Borrowings

b) Disclosure of effects of hedge accounting on financial performance

March 31, 2024				
Type of hedge	**Change in the value of the hedging instrument recognised in other comprehensive Income**	**Hedge ineffectiveness recognised in statement of profit and loss**	**Amount reclassified from cash flow hedge reserve to statement of profit or loss**	**Line item affected in statement of profit and loss because of the reclassification**
Cash flow hedge				
Foreign exchange risk and interest rate risk	**(170.94)**	**-**	**151.93**	**Finance cost**
Interest rate risk	**1.92**	**-**	**-**	**Finance cost**

March 31, 2023				
Type of hedge	**Change in the value of the hedging instrument recognised in other comprehensive Income**	**Hedge ineffectiveness recognised in statement of profit and loss**	**Amount reclassified from cash flow hedge reserve to statement of profit or loss**	**Line item affected in statement of profit and loss because of the reclassification**
Cash flow hedge				
Foreign exchange risk and interest rate risk	33.73	-	(14.13)	Finance cost

Notes to the Consolidated Financial Statements
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47 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Particulars	April 01, 2023	Cash flows	Exchange Difference	Other	March 31, 2024
Debt securities	27,096.41	7,825.40	-	(70.69)	**34,851.13**
Borrowings other than debt securities	23,856.94	10,040.17	(151.93)	0.97	**33,746.16**
Borrowings under Securitisation	370.86	(285.64)	-	-	**85.22**
Subordinated liabilities	3,541.10	2,120.00	-	(12.93)	**5,648.17**
Total	**54,865.31**	**19,699.93**	**(151.93)**	**(82.65)**	**74,330.67**

Particulars	April 01, 2022	Cash flows	Exchange Difference	Other	March 31, 2023
Debt securities	25,332.31	1,738.71	-	25.39	27,096.41
Borrowings other than debt securities	18,296.08	5,534.35	-	26.51	23,856.94
Borrowings under Securitisation	1,205.64	(834.78)	-	-	370.86
Subordinated liabilities	4,139.05	(608.90)	-	10.95	3,541.10
Total	**48,973.08**	**5,829.38**	**-**	**62.85**	**54,865.31**

(i) Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.

(ii) Total Liabilities comprises of Debt securities, Borrowings (other than debt securities) and Subordinated Liabilities

48 EXPENDITURE / REMITTANCES IN FOREIGN CURRENCIES

a) Expenditure in Foreign Currencies

Particulars	March 31, 2024	March 31, 2023
Processing charges for debt instrument	**2.49**	-
Professional charges	**0.02**	0.05
Annual software application fee	**3.30**	4.16
Other Expenditure	**0.04**	-

b) There is no dividend paid in foreign currency.

49 EVENT AFTER REPORTING DATE

There have been no events after the reporting date that require adjustment/disclosure in the financial statements.

50 TRANSFER OF FINANCIAL ASSETS

50.1 Transferred financial assets that are not derecognised in their entirety

The following details provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

A) Securitisation

The Group has transferred certain pools of fixed rate loan receivables backed by underlying assets by entering into securitisation transactions with the Special Purpose Vehicle Trusts (SPV Trust) sponsored by commercial banks for consideration received in cash at the inception of the transaction.

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The Group, being Originator of these loan receivables, also acts as Servicer with a responsibility of collection of receivables from its borrowers and depositing the same in Collection and Payout Account maintained by the SPV Trust for making scheduled payouts to the investors in Pass Through Certificates (PTCs) issued by the SPV Trust. These securitisation transactions also requires the Group to provide for first loss credit enhancement in various forms, such as corporate guarantee, cash collateral, subscription to subordinated PTCs etc. as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement, the Group is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided.

In view of the above, the Group has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the derecognition criteria as set out in Ind AS 109. Consideration received in this transaction is presented as 'Borrowing under Securitisation' under Note 18.

The details of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Particulars	March 31, 2024	March 31, 2023
Carrying amount of transferred assets measured at amortised cost	**79.94**	356.14
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	**85.22**	370.86
Fair value of assets	**71.23**	337.98
Fair value of associated liabilities	**83.40**	364.45
Net position at Fair Value	**(12.17)**	(26.47)

B) Assignment

The Group has sold some loans (measured at amortised cost) by way of direct bilateral assignment, as a source of finance.

As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the Group's balance sheet.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset.

Particulars	March 31, 2024	March 31, 2023
Carrying amount of de-recognised financial asset	**17.11**	55.84
Carrying amount of retained assets at amortised cost*	**1.82**	6.09
Gain on sale of the de-recognised financial asset	**Nil**	Nil

*excludes Excess Interest Spread (EIS) on de-recognised financial assets

50.2 Transferred financial assets that are derecognised in their entirety but where the Group has continuing involvement

The Group has not transferred any assets that are derecognised in their entirety where the Group continues to have continuing involvement.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024 (Contd.)

(Currency : Indian Rupees in Crore)

51 DISCLOSURE PURSUANT TO REGULATION 53(F) READ WITH SCHEDULE V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Sr No.	Particulars	March 31, 2024	March 31, 2023
a)	Loans and advances in the nature of loans to subsidiaries	-	-
	Name of the Company	-	-
	Amount	-	-
b)	Loans and advances in the nature of loans to associates	-	-
	Name of the Company	-	-
	Amount	-	-
c)	Loans and advances in the nature of loans to firms/companies in which directors are interested	-	-
	Name of the Company	-	-
	Amount	-	-
d)	Investments by the loanee in the shares of parent company and subsidiary company, when the Company has made a loan or advance in the nature of loan.	-	-

52 RELATIONSHIP WITH STRUCK OFF COMPANIES ON THE BASIS OF AVAILABLE DATA ON THE DATE OF REPORTING

Sr No.	Name of Struck off Company	Nature of transactions	As at March 31, 2024 (Amt in Crore)	As at March 31, 2023 (Amt in Crore)	Relation ship with the struck off company, if any, to be disclosed
1	Goldman Venture Private limited	Shareholder	*	*	Shareholder
2	Galaxy Park Hospitality Private Limited	Loan	-	0.48	Borrower
3	Glamoroso Family Saloon And Spa Private Limited	Loan	**0.26**	0.28	Borrower
4	GVK Alliance Networks Private Limited	Loan	**0.49**	0.53	Borrower
5	Onus Labs Private Limited	Loan	**0.24**	0.30	Borrower
6	Peesscon India Reality Private Limited	Loan	-	0.13	Borrower
7	Shanti Sarup And Sons Private Limited	Loan	-	0.70	Borrower
8	Arun Electrochemical Systems Pvt Ltd	Loan	**0.08**	0.19	Borrower
9	Rushi Herbal Pvt Ltd	Loan	-	(0.02)	Borrower
10	A S P Appliances P Ltd	Loan	-	1.01	Borrower
11	Natkhat Agro Foods Private Limited	Loan	**0.18**	0.20	Borrower
12	Jeevan Jyothi General And Maternity Hospital Private Limited	Loan	**0.65**	0.69	Borrower
13	Deli Carrier Pack And Move Private Limited	Loan	**0.18**	0.21	Borrower
14	DRS Enterprises Private Limited	Loan	-	0.15	Borrower
15	NMG Food And Beverages Private Limited	Loan	-	0.05	Borrower
16	R S Vegetable Exporters India Private Limited	Loan	**0.05**	0.09	Borrower

Notes to the Consolidated Financial Statements
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Sr No.	Name of Struck off Company	Nature of transactions	As at March 31, 2024 (Amt in Crore)	As at March 31, 2023 (Amt in Crore)	Relation ship with the struck off company, if any, to be disclosed
17	Brand X Zone Private Limited	Loan	-	0.04	Borrower
18	Prarabdh Bharti Bhawan Opc Private Limited	Loan	**0.02**	0.03	Borrower
19	Shri Ganesha Global Gulal Private Limited	Loan	-	0.15	Borrower
20	Royal Friends Enterprises Private Limited	Loan	-	(0.00)	Borrower
21	Raj Kumar And Sons Ornaments Pvt Ltd	Loan	-	(0.01)	Borrower
22	Grahalaya Constructions Private Limited	Loan	-	(0.00)	Borrower
23	Kapco Foods India Private Limited	Loan	**0.18**	-	Borrower
24	M P Appliances Private Limited	Loan	**0.56**	-	Borrower
25	PRS Gases Company LLP	Loan	**0.15**	-	Borrower
26	Indonex Services Private Limited	Loan	-	(0.00)	Borrower

Note: In the absence of purchase price of share held by Goldman Venture Private Limited face value is considered for reporting purpose.

* Less than ₹ 1000/-.

53 DISCLOSURE PURSUANT TO REGULATION 54 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Debentures are secured by way of a first and pari passu mortgage in favour of the Security Trustee on the Company's Office no 319, 3rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and/or further secured by way of hypothecation of receivables under financing activity with a minimum requirement of asset cover of 1.0 times. Assets cover as on March 31, 2024 is 1.1 times.

54 DETAILS OF REVENUE FROM INSURANCE SEGMENT

Particulars	As at March 31, 2024	As at March 31, 2023
Commission Income	**206.73**	40.89

55 The disclosure on the following matters required under Schedule III as amended not being relevant or applicable in case of the Company, same are not covered such as

a) The Company has not traded or invested in crypto currency or virtual currency during the financial year

b) There are no undisclosed transaction which have not been recorded in the books.

c) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

d) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority

e) The Company has not entered into any scheme of arrangement

f) No Registration or satisfaction of charges are pending to be filed with ROC.

Notes to the Consolidated Financial Statements
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56 **a)** No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b) No funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c) The accounting software used by the Company to maintain its books of accounts has a feature of recording audit trail (edit log) facility and the same has been operted throughout the year for all transactions recorded in the software.

57 Previous year numbers have been regrouped / reclassified, wherever considered necessary, to correspond with current year presentation. There are no significant regrouping / reclassifications during the year under report.

58 DIVIDEND DISTRIBUTED TO EQUITY SHAREHOLDERS

The Company has paid an interim dividend of ₹ 2.00 per equity share during the year. Further, the Board has proposed a final dividend of ₹ 1.00 per equity share for financial year ended March 31, 2024 in the Board of Directors meeting held on April 16, 2024.

Accounting Period	Net Profit for the accounting period (₹ in Crore)	Rate of dividend (%)	Amount of Dividend (₹ in Crore)	Dividend Payout ratio (%)
FY 2023-24	2,460.84	30%	237.64	9.66%
FY 2022-23	1,959.35	20%	158.26	8.08%
FY 2021-22	1,011.40	10%	79.04	7.82%

59 STANDARDS ISSUED BUT NOT YET EFFECTIVE

On March 31, 2024, there is no Ind AS amendment rules / notification issued by the Ministry of Corporate Affairs (‘MCA’) which is not effective as on date.

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
Firms’ Registration
No: 105102W

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firms’ Registration
No: 105146W/W-100621

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Padmini Khare Kaicker
Partner
Membership No: 044784

Sd/-
Hasmukh B. Dedhia
Partner
Membership No: 033494

Sd/-
Arijit Basu
Part Time Non-Executive
Chairman & Independent Director
DIN: 06907779

Sd/-
G. Ramesh
Managing Director & CEO
DIN: 05291597

Sd/-
Dipti Khandelwal
Company Secretary
Membership No: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 16, 2024

Notes

Notes

Total Branches - 1682

Disclaimer : All efforts have been made to make this image accurate. However, the Company and it's Directors do not own the responsibility for the correctness or the authenticity of the same.

CORPORATE INFORMATION

Key Managerial Personnel

Mr. Ramesh G.
Managing Director & Chief Executive Officer

Mr. Jaykumar Shah,
Chief Financial Officer

Ms. Dipti Khandelwal,
Company Secretary

Joint Statutory Auditors

M/s. KKC & Associates LLP
(formerly Khimji Kunverji & Co LLP)
(ICAI FRN: 105146W/W100621)

M/s. B. K. Khare & Co
(ICAI FRN: 105102W)

Secretarial Auditors

M/s. Mehta & Mehta,
Company Secretaries

Registered Office

Radhika, 2nd Floor, Law Garden Road,
Navrangpura, Ahmedabad - 380 009
Tel No.: +91 7045054829
Website: www.hdbfs.com
Email: compliance@hdbfs.com
CIN: U65993GJ2007PLC051028

Corporate Information Number

U65993GJ2007PLC051028

Corporate Office

Ground Floor, Zenith House,
Keshavrao Khadye Marg, Mahalaxmi,
Mumbai - 400 034
Tel No.: +91 22 49116300
Fax: +91 22 49116666

Bankers

* Axis Bank * Bank of Baroda * Bank of India
* Canara Bank * Central Bank of India * City Union Bank
* CSB Bank * CTBC Bank * Dhanlaxmi Bank
* Federal Bank * HDFC Bank * HSBC Bank * ICICI Bank
* IDBI Bank * IndusInd Bank * Indian Bank
* Jammu & Kashmir Bank * Karur Vyasa bank
* Karnataka Bank * Kotak Mahindra Bank
* Punjab & Sind Bank * Punjab National Bank
* Small Industries Development Bank of India
* State Bank of India * Union Bank of India

Registrar & Share Transfer Agent

M/s. Link Intime India Private Limited
C 101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai - 400 083

Debenture Trustees

M/s. IDBI Trusteeship Services Limited
Universal Insurance Building,
Ground Floor, Sir P M Road,
Fort, Mumbai - 400 001
Tel.: +91 22 40807000
Fax: +91 22 66311776
Email: itsl@idbitrustee.com

M/s. Axis Trustee Services Limited
Ground Floor, Axis House, Wadia International Centre,
Pandurang Budhkar Marg, Worli,
Mumbai - 400 0025
Tel.: +91 22 62300446
Fax: +91 22 62300700
Email: debenturetrustee@axistrustee.in

HDB FINANCIAL SERVICES

www.hdbfs.com