

**G D Apte & Co.**

**Chartered Accountants**

Neelkanth Business Park,  
5<sup>th</sup> Floor, Office No. D-509,  
Nathani Road, Vidyavihar (West),  
Mumbai - 400086, Maharashtra, India,  
Tel: +91 22 3512 3184

**Kalyaniwalla & Mistry LLP**

**Chartered Accountants**

29, Esplanade House,  
Hazarimal Somani Marg,  
Mumbai - 400001  
Maharashtra, India  
Tel: +91 22 6158 7200

**The Board of Directors**

**HDB Financial Services Limited**

Radhika, 2<sup>nd</sup> Floor  
Law Garden Road, Navrangpura  
Ahmedabad 380 009  
Gujarat, India

**Re: Proposed initial public offering of HDB Financial Services Limited – Report on Statement of Special Tax Benefits to Issuer and its Shareholders**

We, G D Apte & Co, Chartered Accountants (Firm Registration Number: 100515W) and Kalyaniwalla & Mistry LLP, Chartered Accountants (Firm Registration Number: 104607W/W100166) are the current joint statutory auditors (the “**Statutory Auditors**”) of HDB Financial Services Limited (the “**Company**”). The Company, along with its controlled structured entity, is hereinafter referred as the “**HDB Group**”.

This report is being issued at the request of the Company in accordance with terms of our engagement letter dated September 7, 2024 and the addendum thereto dated May 19, 2025 (the “**Engagement Letter**”) in connection with the proposed initial public offering of the equity shares of the Company (the “**Equity Shares**”, and such offering, the “**Offer**”).

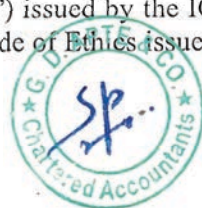
We have been informed that the Company has filed the draft red herring prospectus dated October 30, 2024 (the “**DRHP**”) prepared by it in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “**SEBI ICDR Regulations**”) with the Securities and Exchange Board of India (the “**SEBI**”) and the stock exchange(s) where the Equity Shares are proposed to be listed (the “**Stock Exchanges**”), and proposes to file the red herring prospectus (the “**RHP**”) and the prospectus (the “**Prospectus**”) with the Registrar of Companies, Gujarat at Ahmedabad (the “**RoC**”) and thereafter file those with the SEBI and the Stock Exchanges and also prepare certain other materials or documents in relation to the Offer (collectively, the “**Offer Documents**”).

In connection with the Offer and preparation of the Offer Documents, we have been requested by the Company to verify and confirm the details of the various special tax benefits available to the Company and their respective shareholders.

The preparation of the accompanying statement of the possible special tax benefits available to the Company and its shareholders under direct and indirect tax laws (the “**Statement**”) as enclosed in **Annexure I** is the responsibility of the management of the Company (“**Management**”). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statements, and applying an appropriate basis of preparation.

The Management is also responsible for ensuring compliance with the SEBI ICDR Regulations and all applicable laws and regulations and also ensuring that the Company provides complete and accurate information.

We have conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (the “**Guidance Note**”) issued by the ICAI. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.





We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements, issued by the ICAI.

Based on our examination as stated in the paragraph on Auditors' Responsibility above, and the information and explanations given to us and representations made by the Management, we hereby confirm that the enclosed **Annexure I** provides a statement of the possible special tax benefits available to the Company and its shareholders under direct and indirect tax laws, including the Income Tax Act, 1961, as amended by the Finance Act 2025, i.e., applicable for the financial year 2025-2026, relevant to the assessment year 2026-2027, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, each read with the relevant rules, circulars, and notifications issued thereunder and each as amended (collectively, the "Tax Laws").

Several of these benefits are dependent on the Company and/or its shareholders, as the case may be, fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and/or its shareholders to derive the possible special tax benefits is dependent upon their fulfilling such conditions, if any, which based on business imperatives the Company and/or its shareholders face in the future, the Company and / or its shareholders may or may not choose to fulfil.

The statement of possible special tax benefits available to the Company and its shareholders is required as per Schedule VI (Part A) (9)(L) of the SEBI ICDR Regulations. While the term 'special tax benefits' has not been defined under the SEBI ICDR Regulations, it is assumed that with respect to special tax benefits available to the Company and/or its shareholders, the same would include those benefits as enumerated in the Statement. The benefits discussed in the enclosed Statement cover only the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits (under both direct and indirect tax laws) available to them. The benefits discussed in the enclosed Statement are not exhaustive. Any benefits under the Tax Laws other than those specified in the Statement are considered to be general tax benefits and therefore not covered within the ambit of the Statement.

In respect of non-residents, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable double taxation avoidance agreement, if any, between India and the country in which the non-resident has fiscal domicile.

The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer.

We are unable to express any opinion or provide any assurance as to whether:

- (i) The Company or its shareholders will continue to obtain the benefits per **Annexure I** in future;
- (ii) The conditions prescribed for availing the benefits per **Annexure I** have been/would be met with; or
- (iii) The revenue authorities/courts will concur with the views expressed therein.

The contents of the enclosed Statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are





based on the existing provisions of the Tax Laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

We undertake to immediately communicate, in writing, any changes to the above confirmations, as and when: (i) made available to us; or (ii) we become aware of any such changes to the Company, the book running lead managers appointed in relation to the Offer ("**Lead Managers**") and the legal advisors of the Company and of the Lead Managers, until the date when the Equity Shares commence trading on the Stock Exchanges (the "**Listing Date**"). In the absence of any such communication from us, the Company, the Lead Managers and the legal advisors of the Company and of the Lead Managers can assume that there is no change to the above information until the Listing Date.

**Restriction on use**

This report is for the information relating to, and inclusion (in part or full) in, the Offer Documents, and may be relied upon by the Company, the Lead Managers and their respective affiliates and the legal advisors to each of the Company and the Lead Managers.

This report is addressed and provided to the board of directors of the Company and we hereby consent to the submission of this report as may be necessary for the purpose of the Offer to the Lead Managers, the SEBI, the RoC, the Stock Exchanges and any other regulatory authority and/or for the records to be maintained by the Lead Managers and in accordance with applicable law.

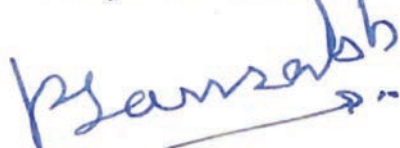
We also consent to this report being disclosed by the Lead Managers, if required (i) by reason of any law, regulation, order or request of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

Except for the purposes and parties as stated in the preceding paragraphs, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing, which consent will not be unreasonably withheld.

All capitalized terms used but not defined herein shall have the same meaning as is ascribed to them in the Offer Documents.

Yours faithfully,

For G D Apte & Co.  
Chartered Accountants  
Firm Registration No: 100515W



**Saurabh Peshwe**  
Partner  
Membership Number: 121546  
UDIN: 25121546BMLINI1833

Place: Mumbai  
Date: June 12, 2025

cc:



For Kalyaniwalla & Mistry LLP  
Chartered Accountants  
Firm Registration No: 104607W/W100166



**Roshni R. Marfatia**  
Partner  
Membership Number: 106548  
UDIN: 25106548BMKSPL5733

Place: Mumbai  
Date: June 12, 2025



<b>JM Financial Limited ("JM")</b> 7 <sup>th</sup> Floor, Cnergy Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 Maharashtra, India	<b>BNP Paribas ("BNP")</b> 1-North Avenue, Maker MaxityBandra Kurla Complex Bandra (E) Mumbai 400 051 Maharashtra, India	<b>BofA Securities India Limited ("BofA")</b> Ground Floor, "A" Wing, One BKC "G" Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India	<b>Goldman Sachs (India) Securities Private Limited ("Goldman Sachs")</b> 951-A Rational House Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 Maharashtra, India
<b>HISBC Securities and Capital Markets (India) Private Limited ("HSBC")</b> 52/60, Mahatma Gandhi Road Fort Mumbai 400 001 Maharashtra, India	<b>IIFL Capital Services Limited (formerly known as IIFL Securities Limited) ("IIFL")</b> 24th Floor, One Lodha Place, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013, Maharashtra, India	<b>Jefferies India Private Limited ("Jefferies")</b> Level 16, Express Towers Nariman Point Mumbai 400 021 Maharashtra, India	<b>Morgan Stanley India Company Private Limited ("Morgan Stanley")</b> Altimus, Level 39 & 40 Pandurang Budhkar Marg Worli Mumbai 400 013 Maharashtra, India
<b>Motilal Oswal Investment Advisors Limited ("MOIAT")</b> Motilal Oswal Tower, Rahimtullah Sayani Road Opposite Parel ST Depot Prabhadevi Mumbai 400 025, Maharashtra, India	<b>Nomura Financial Advisory and Securities (India) Private Limited ("Nomura")</b> Ceejay House, Level 11 Plot F Shivsagar Estate, Dr. Annie Besant Marg Worli Mumbai 400 018 Maharashtra, India	<b>Nuvama Wealth Management Limited ("Nuvama")</b> 801-804, Wing A Building No 3Inspire BKC G Block Bandra Kurla Complex Bandra East Mumbai 400 051 Maharashtra, India	<b>UBS Securities India Private Limited ("UBS")</b> Level 2, 3, North Avenue, Maker Maxity, Bandra Kurla Complex Bandra East Mumbai 400 051 Maharashtra, India





**Annexure I**

**STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO HDB FINANCIAL SERVICES LIMITED ('THE COMPANY') AND ITS SHAREHOLDERS**

**UNDER THE INCOME-TAX ACT, 1961 ('Act')**

This statement sets out below the possible tax benefits available to the Company and its investors to whom shares may be allotted in terms of proposed issue under the current tax laws presently in force in India. Several of these benefits are dependent on fulfilling various conditions prescribed under the relevant tax laws. Accordingly, the ability of the Company and its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which are based on the business imperatives, the Company or the shareholders may or may not choose to fulfil.

This statement sets out below the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences/implications of the subscription, ownership and disposal of equity shares pursuant to the proposed Issue. This statement is only intended to provide general information to the investors and is neither exhaustive or comprehensive nor designed or intended to be a substitute for professional/legal tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

**Special Tax benefit available to the Company under the Act:**

▪ **Deduction of provision for bad and doubtful debts incurred by the Company.**

Any bad debt or part thereof which has been written off as irrecoverable in the books of accounts is allowable as a deduction under section 36(1)(vii) of the Act in computing the "Profits and gains of business or profession", subject to the fulfilment of the conditions specified in section 36(2) of the Act. The Company should be entitled for such deduction under section 36(1)(vii) of the Act.

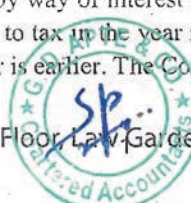
The Company being a non-banking finance company registered with the Reserve Bank of India ('RBI') is entitled to a deduction under section 36(1)(viia) of the Act in respect of provisions made for bad and doubtful debts in its books of account to the extent of 5% of its total income (computed before making any deduction under this section and Chapter VI-A of the Act), subject to certain conditions, while computing the total income under the head "Profit and gain of business of profession."

The subsequent claim of deduction of actual bad debts under section 36(1)(vii) of the Act should be reduced to the extent of deduction already allowed under section 36(1)(viia) of the Act.

Further, as per section 41(4) of the Act, where any deduction has been allowed to the Company in respect of a bad debt under Section 36(1)(vii) of the Act, then any amount subsequently recovered on any such debt is greater than the difference between such debt and the amount so allowed as a deduction under section 36(1)(vii) of the Act, the excess shall be deemed to be business income of the year in which it is recovered.

▪ **Special provision in case of income under section 43D of the Act:**

As per section 43D of the Act, the income by way of interest in relation to certain categories of bad and doubtful debts as prescribed in Rule 6EA, shall be chargeable to tax in the year in which it is credited to profit and loss account for that year or in which it is actually received, whichever is earlier. The Company is complying the provision of section 43D.



## General tax benefits available to the Company under the Act:

### ▪ Benefit of lower rate of tax under Section 115BAA of the Act

Section 115BAA of the Act provides an option to a domestic company to pay corporate tax at a reduced rate of 22% (plus applicable surcharge and education cess) for financial year 2019-20 and onwards, provided the total income of the company is computed without claiming certain specified deductions, and specified brought forward losses. Deduction for additional depreciation is not permitted and the provisions of section 115JB regarding Minimum Alternate Tax ('MAT') are not applicable if the Company opts for the concessional income tax rate as prescribed under section 115BAA of the Act. Further, the Company will not be entitled to claim tax credit relating to MAT paid in earlier years.

The option needs to be exercised on or before the due date of filing the income tax return. Option once exercised, cannot be subsequently withdrawn for the same or any other subsequent assessment year. Further, if the conditions mentioned in section 115BAA are not satisfied in any financial year, the option exercised shall become invalid for assessment year in respect of such financial year and subsequent assessment years, and the other provisions of the Act shall apply as if the option under section 115BAA had not been exercised.

The Company has opted to apply section 115BAA of the Act and pays tax as per rates prescribed under section 115BAA of the Act.

### ▪ Section 80JJAA – Deduction of additional employee cost

The Company is entitled to claim a deduction (of an amount equal to 30%) of additional employee cost incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided (under section 80JJAA of the Act), subject to the fulfilment of prescribed conditions therein.

### ▪ Income Computation Disclosure Standard ('ICDS')

The Company is maintaining its books of account as per IND AS and follows ICDS for computing total income for income-tax purpose. The Company will have to make ICDS adjustments to arrive at taxable total income.

## Tax benefits/implications to Shareholder/ Investors of the Company

### Resident shareholder

- Dividend income earned by the shareholders is taxable in their hands at the applicable rates in accordance with the provisions of the Act. A domestic company receiving dividend is eligible to claim deduction under section 80M of the Act on fulfilling certain conditions. (The Company paying dividend will withhold tax at applicable rates on payment of dividend to shareholders.)
- Where shares are held as capital assets for more than 12 months immediately preceding its date of transfer, then as per Section 112A of the Act, long-term capital gains arising from transfer of an equity share through the recognized stock exchange, should be taxed at 12.5% (plus applicable surcharge and cess), without indexation and foreign exchange fluctuation benefit, subject to fulfillment of prescribed conditions under the Act. Tax shall be levied on capital gains exceeding INR 1,25,000. Further, any capital gain realized on sale of shares held for more than 12 months, which are sold without payment of STT, will also be subject to tax at 12.5% (plus applicable surcharge and cess) without indexation benefit.
- Where shares are held as capital assets for 12 months or less, (as per Section 111A of the Act), short term capital gains arising inter alia from transfer of an equity share through the recognized stock exchange, should be taxed at 20% (plus applicable surcharge and cess) subject to fulfillment of prescribed conditions under the Act.



- Short term capital gains other than those covered by Section 111A of the Act and on which Securities Transaction Tax is not paid at the time of transfer would be subject to tax as calculated under normal provisions of the Act.
- The new tax regime under section 115BAC of the Act is applicable to individual, Hindu undivided family, association of persons (other than a co-operative society), body of individuals and an artificial juridical person.

#### Non-resident shareholder

- In respect of non-resident shareholders, the tax rates and the consequent taxation shall be as per the provisions of the Act and it is further subject to any benefits available under the applicable DTAA, if any, between India and the country of which the non-resident is a tax resident, as read with the MLI and subject to furnishing of tax residence certificate, electronic Form 10F and any other document as may be required. The Company will withhold tax at applicable rates on payment of dividend to shareholders.

#### UNDER THE INDIRECT TAX LAWS

Outlined below are the special indirect tax benefits available to the Company and its shareholders under the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, including the rules, regulations, circulars and notifications issued in connection thereto.

#### Indirect tax benefits available to the Company

##### ▪ Availment of GST Input credit

The Company is a NBFC registered with the RBI. In the purview of section 17(4) of the Central Goods and Service Tax Act, 2017, NBFCs are eligible to avail every month 50% of the eligible input tax as Input tax credit.

#### Indirect Tax benefits/implications to Shareholder/ Investors of the Company

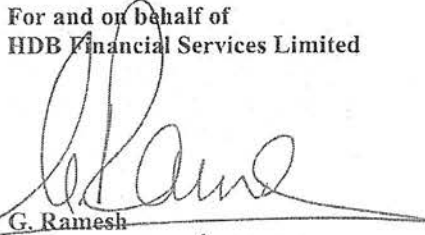
- There are no special indirect tax benefits available to the shareholders of the Company.

#### Disclaimers:

- This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed offer.*
- The above Statement of tax benefits sets out the provisions of Indian tax laws in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.*
- This Statement is prepared on the basis of information available with the management of the Company and there is no assurance that:*
  - the Company or its Shareholders will continue to obtain these benefits in future; and*
  - the conditions prescribed for availing the benefits have been/ would be met with.*
- No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.*
- The Statement is as per the current direct tax laws of India relevant for the assessment year 2026-27 and other provisions of law, their interpretation and applicability as on date, which may be subject to change from time to time. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant provisions of the current direct tax laws of India. This Statement also does not discuss any tax consequences, in any country outside India, of an investment in the shares of an Indian company.*

vi. *The above views are basis the provisions of law, their interpretation and applicability as on date, which may be subject to change from time to time.*

For and on behalf of  
HDB Financial Services Limited



G. Ramesh  
Managing Director & CEO  
Place: Mumbai  
Date: June 12, 2025

