

CERTIFICATE ON EMPLOYEE STOCK OPTION SCHEMES

Date: June 28, 2025

To,

The Board of Directors HDB Financial Services Limited Radhika, 2 nd Floor Law Garden Road, Navrangpura Ahmedabad 380 009 Gujarat, India	JM Financial Limited (“JM”) 7th Floor, Cnergy Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 Maharashtra, India	BNP Paribas (“BNP”) 1 North Avenue, Maker Maxity Bandra-Kurla Complex Bandra (E), Mumbai 400 051 Maharashtra, India	BofA Securities India Limited (“BofA”) Ground Floor, “A” Wing, One BKC, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Maharashtra, India
Goldman Sachs (India) Securities Private Limited (“Goldman Sachs”) 951-A, Rational House Appasaheb Marathe Marg, Prabhadevi Mumbai 400 025 Maharashtra, India	HSBC Securities and Capital Markets (India) Private Limited (“HSBC”) 52/60, Mahatma Gandhi Road, Fort Mumbai 400 001 Maharashtra, India	IIFL Capital Services Limited (formerly known as IIFL Securities Limited) (“IIFL”) 24th Floor, One Lodha Place, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013, Maharashtra, India	Jefferies India Private Limited (“Jefferies”) Level 16, Express Towers Nariman Point, Mumbai 400 021 Maharashtra, India
Morgan Stanley India Company Private Limited (“Morgan Stanley”) Altimus, Level 39 & 40 Pandurang Budhkar Marg Worli Mumbai 400 018 Maharashtra, India	Motilal Oswal Investment Advisors Limited (“MOIAL”) Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi Mumbai 400 025 Maharashtra, India	Nomura Financial Advisory and Securities (India) Private Limited (“Nomura”) Ceejay House, Level 11 Plot F, Shivsagar Estate Dr. Annie Besant Road, Worli Mumbai 400 018 Maharashtra, India	Nuvama Wealth Management Limited (“Nuvama”) 801-804, Wing A, Building No 3 Inspire BKC, G Block Bandra Kurla Complex, Bandra East Mumbai 400 051 Maharashtra, India
UBS Securities India Private Limited (“UBS”) Level 2, 3, North Avenue, Maker Maxity, Bandra Kurla Complex Bandra East Mumbai 400 051			

(JM, BNP, BofA, Goldman Sachs, HSBC, IIFL, Jefferies, Morgan Stanley, MOIAL, Nomura, Nuvama and UBS collectively, the “**Lead Managers**” and individually, a “**Lead Manager**”)

Dear Ladies and Gentlemen,

Re: Proposed initial public offering of equity shares (the “Equity Shares”) of HDB Financial Services Limited (the “Company”, and such initial public offering, the “Offer”)

We, Manian & Rao, Chartered Accountants, have been informed that the Company has filed the Draft Red Herring Prospectus with respect to the Offer (the “**DRHP**”) with the Securities and Exchange Board of India (the “**SEBI**”), and the stock exchanges where the Equity Shares are proposed to be listed (the “**Stock Exchanges**”) 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”), the Red Herring Prospectus dated June 19, 2025 (the “**RHP**”) with the Registrar of Companies, Gujarat at Ahmedabad (the “**RoC**”) and subsequently with the SEBI and the Stock Exchanges. The company now proposes to file the prospectus (the “**Prospectus**”) with the RoC, SEBI and stock exchanges and also prepare certain other materials or documents in relation to the Offer (collectively, with the DRHP, RHP and Prospectus, the “**Offer Documents**”).

We have received a request from the Company to review and confirm certain details of active Employee Stock Option Schemes of the Company.

Accordingly, we have performed the following procedures:

- a. Read the restated consolidated financial statements of the Company as of, and for the financial years ended, March 31, 2025, March 31, 2024 and March 31, 2023, prepared in accordance with Indian Accounting Standards read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, Section 133 of the Companies Act, 2013 (together with the rules notified thereunder, each as amended, the “**Companies Act**”) and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (the “**ICAI**”, and such financial statements, the “**Restated Consolidated Financial Information**”) and the examination report thereon.
- b. Reviewed the ESOP Schemes;
- c. Reviewed the minutes of the meetings of the board of directors of the Company and the resolutions passed by the shareholders of the Company as on December 31, 2007; September 10, 2014; June 23, 2017 and March 26, 2023 in which the ESOP Scheme was adopted, resolution passed by the shareholders of the company as on August 26, 2016 and August 26, 2023 and October 21, 2024 in which the scheme was amended;
- d. Grant letters issued to employees pursuant to the grant of option on sample basis;
- e. Referred the relevant extracts of the audited books of accounts, relevant forms and documents filed with the relevant Registrar of Companies, relevant statutory registers, minutes of the meetings of the Board and the duly organized committees thereof, minutes of the shareholders of the Company and other relevant records of the Company; and
- f. other information and explanations as provided by the management of the company.

Based on the procedures mentioned above and the information, explanations and representations provided to us by the management of the Company, we certify the details in relation to the options granted and the ESOP Scheme as provided in **Annexure A**.

We further certify that the Company has complied with the relevant provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (the “**SBEBSE Regulations**”) and the Companies Act in respect of framing the ESOP Scheme and implementation thereof. We enclose a summary of compliance of the ESOP Scheme with the SEBI SBEBSE Regulations as **Annexure B**.

We confirm that the ESOP Scheme is implemented in accordance with the relevant guidance note or accounting standards issued by the ICAI.

We conducted our examination for this certificate 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 the ethical requirements of the Code of Ethics issued by the ICAI. We hereby confirm that while providing this certificate we have complied with the Code of Ethics and 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.

We confirm that the information in this certificate is true, correct, complete and accurate and nothing has come to our attention that causes us to believe that there is any untrue statement or omission which would render the contents of this certificate misleading in its form or context.

We confirm that we will update the Lead Managers and the legal advisors to each of the Company and the Lead Managers in relation to any changes to the above information arising from the procedures undertaken by us or arising from any changes informed to us by the management of the Company in writing until the date when the Equity Shares commence trading on the Stock Exchanges pursuant to the Offer. In the absence of any such communication from us, the information provided in this certificate should be considered as updated information until the Equity Shares commence trading on the Stock Exchanges pursuant to the Offer. This certificate 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. We hereby consent to the submission of this certificate as may be necessary to 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 certificate 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.

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

For and on behalf of
Manian & Rao, Chartered Accountants
Firm Registration Number: 001983S

Paresh Daga
Partner
Membership No.: 211468
Place: Bangalore
Date: June 28, 2025
UDIN: 25211468BMKZTK3984

cc:

Legal Counsel to the Lead Managers as to Indian Law

S&R Associates
One World Center
1403, Tower 2 B
841 Senapati Bapat Marg
Lower Parel
Mumbai 400 013
Maharashtra, India

Legal Counsel to the Lead Managers as to U.S. Law

Cravath, Swaine & Moore LLP
100 Cheapside
London EC2V 6DT
United Kingdom

Legal Counsel to the Company as to Indian Law

Cyril Amarchand Mangaldas
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel, Mumbai 400 013
Maharashtra, India

Annexure A
Employee Stock option scheme- 2022

Particulars	Fiscal 2023	Fiscal 2024	Fiscal 2025	From April 1, 2025 till the date of this Certificate
Total options outstanding as at the beginning of the period	-	-	27,64,170	48,44,124
Total options granted	-	28,09,170	25,55,350	-
Exercise price of options in ₹ (as on the date of grant options)	-	424 and 533	424, 533 and 534	424, 533 and 534
Options forfeited/lapsed/cancelled	-	45,000	45,510	39,400
Variation of terms of options	-	Malus and Clawback provisions were included	ESOP Schemes amended in line with SEBI SBEB & SE Regulations, 2022	-
Money realized by exercise of options during the year/period	-	-	20,82,85,822	31,98,000
Total number of options outstanding in force at the end of period/year	-	27,64,170	48,44,124	47,98,724
Total options vested (excluding the options that have been exercised)	-	-	4,00,275	3,85,775
Options exercised (since implementation of ESOS 2022)	-	-	4,29,886	4,35,886
The total number of Equity Shares arising as a result of full exercise of granted options (including options that have been exercised)	-	27,64,170	52,74,010	52,34,610
Employee wise details of options granted to:				
(i) Key managerial personnel:	-	5,24,030	3,44,800	-
G Ramesh		3,81,300	2,61,300	-
Jaykumar Pravinchandra Shah		1,27,000	75,000	-
Dipti Jayesh Khandelwal		15,730	8,500	-
(ii) Senior management personnel:	-	8,20,540	4,73,500	-
Rohit S Patwardhan		1,37,120	75,000	-
Karthik Srinivasan		1,37,120	75,000	-
Sarabjeet Singh		1,27,000	70,000	-
Ashish Ghatnekar		1,27,000	75,000	-
Marupudi Venkata Swamy		93,600	40,000	-
Manish Tiwari		77,200	40,000	-
Mathew Panat		48,070	50,000	-
Harish Venugopal		43,700	25,000	-
Premal Brahmhatt		21,930	15,000	-
Vishal Patel		7,800	8,500	-
(iii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	-	-	-	-

(iv) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	-	-	-	-
Fully diluted EPS on a pre- Offer basis pursuant to the issue of Equity Shares on exercise of options calculated in accordance with the applicable Indian accounting standard on 'EPS' (in ₹)	24.76	31.04	27.32	NA
Weighted Average fair value of option (In Rs.)	-	183.28	206.44	206.44
Weighted Average Share price (In Rs.)	-	479.97	507.57	507.33
Description of the pricing formula and method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option	The fair value of options has 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 entities.			
Exercise Price (in ₹)	-	424 & 533	424, 533 & 534	424, 533 & 534
Expected volatility	-	38.75 to 45.70	39.56 to 40.50	-
Option life (Years)	-	7 years from the date of vesting	7 years from the date of vesting	7 years from the date of vesting
Dividend yield (%)	-	0.21 to 0.38	0.58	-
Risk-free interest rate (%)	-	6.83 to 7.26	6.64 to 6.88	-
Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the SEBI SBEB & SE Regulations had been followed, in respect of options granted in the last three years	Not Applicable			
Where our Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Company and on the earnings per share of our Company	Not Applicable			
Intention of the Key Managerial Personnel, Senior Management Personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options granted to sell their Equity Shares within three months after the date of listing of Equity Shares pursuant to the Offer	Key Managerial Personnel, Senior Management Personnel and whole-time directors who are holders of Equity Shares, may, subject to market conditions, sell Equity Shares allotted to them, pursuant to exercise of the options, in full or in part, post listing of the Equity Shares of the Company and the quantum of the sale of such Equity Shares is undecided			
Intention to sell Equity Shares arising out of ESOS 2022 within three months after the listing of Equity Shares, by Directors, Key Managerial Personnel, Senior Management Personnel and employees having Equity Shares arising out of an employee stock option scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions) of our Company.	Not Applicable			

Employee Stock Option Scheme-2017

Particulars	Fiscal 2023	Fiscal 2024	Fiscal 2025	From April 1, 2025 till the date of this Certificate
Total options outstanding as at the beginning of the period	40,57,315	64,06,238	49,42,839	29,17,127
Total options granted	35,54,730	2,96,400	-	-
Exercise price of options in ₹ (as on the date of grant options)	213, 274, 300, 348, 409, 433, 457 and 509	213, 274, 300, 348, 409, 433, 457, 509 and 533	213, 274, 300, 348, 409, 433, 457, 509 and 533	213, 274, 300, 348, 409, 433, 457, 509 and 533
Options forfeited/lapsed/cancelled	2,46,755	2,33,187	94,468	23,098
Variation of terms of options	-	Malus and Clawback provisions were included	ESOP Schemes amended in line with SEBI SBEB & SE Regulations, 2022	-
Money realized by exercise of options during the year/period	33,92,30,256	63,87,81,767	86,73,23,290	-
Total number of options outstanding in force at the end of period/year	64,06,238	49,42,839	29,17,127	28,94,029
Total options vested (excluding the options that have been exercised)	9,89,301	14,93,244	14,09,425	18,76,411
Options exercised (since implementation of ESOS 2017)	34,12,627	49,39,239	68,70,483	68,70,483
The total number of Equity Shares arising as a result of full exercise of granted options (including options that have been exercised)	98,18,865	98,82,078	97,87,610	97,64,512
Employee wise details of options granted to:				
(i) Key managerial personnel:	3,70,900	-	-	-
G Ramesh	2,43,300	-	-	
Jaykumar Pravinchandra Shah	1,27,600	-	-	
Dipti Jayesh Khandelwal	-	-	-	
(ii) Senior management personnel:	8,12,240	-	-	-
Rohit S Patwardhan	1,27,600	-	-	
Sarabjeet Singh	1,27,600	-	-	
Marupudi Venkata Swamy	1,27,600	-	-	
Karthik Srinivasan	1,27,600	-	-	
Ashish Ghatnekar	1,27,600	-	-	
Harish Venugopal	46,400	-	-	
Manish Tiwari	46,400	-	-	
Mathew Panat	51,040	-	-	
Premal Brahmhatt	30,400	-	-	
Vishal Patel	-	-	-	

(iii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	-	-	-	-
(iv) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	-			
Fully diluted EPS on a pre- Offer basis pursuant to the issue of Equity Shares on exercise of options calculated in accordance with the applicable Indian accounting standard on 'EPS' (in ₹)	24.76	31.04	27.32	NA
Description of the pricing formula and method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option	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 entities.			
Weighted Average fair value of option (In Rs.)	172.31	179.70	183.13	183.03
Weighted Average Share price (In Rs.)	447.52	460.71	467.74	467.60
Exercise Price (in ₹)	213, 274, 300, 348, 409, 433, 457 and 509	213, 274, 300, 348, 409, 433, 457, 509 and 533	213, 274, 300, 348, 409, 433, 457, 509 and 533	213, 274, 300, 348, 409, 433, 457, 509 and 533
Expected volatility	40.92 to 52.59	38.75	Nil	Nil
Option life (Years)	4 years from the date of vesting	4 years from the date of vesting	4 years from the date of vesting	4 years from the date of vesting
Dividend yield (%)	0.20 to 0.22	0.38	Nil	Nil
Risk-free interest rate (%)	6.10 to 6.82	7.26	Nil	Nil
Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the SEBI SBEB & SE Regulations had been followed, in respect of options granted in the last three years	Not Applicable			
Where our Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Company and on the earnings per share of our Company	Not Applicable			

Intention of the Key Managerial Personnel, Senior Management Personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options granted to sell their Equity Shares within three months after the date of listing of Equity Shares pursuant to the Offer	Key Managerial Personnel, Senior Management Personnel and whole-time directors who are holders of Equity Shares, may, subject to market conditions, sell Equity Shares allotted to them, pursuant to exercise of the options, in full or in part, post listing of the Equity Shares of the Company and the quantum of the sale of such Equity Shares is undecided
Intention to sell Equity Shares arising out of ESOS 2017 within three months after the listing of Equity Shares, by Directors, Key Managerial Personnel, Senior Management Personnel and employees having Equity Shares arising out of an employee stock option scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions) of our Company.	Not Applicable

Employee Stock Option Scheme-2014

Particulars	Fiscal 2023	Fiscal 2024	Fiscal 2025	From April 1, 2025 till the date of this Certificate
Total options outstanding as at the beginning of the period	12,000	11,73,300	10,21,789	5,94,860
Total options granted	12,09,900	1,40,000	-	-
Exercise price of options in ₹ (as on the date of grant options)	88, 137, 213 and 509	88, 137, 213, 509 and 533	88, 137, 213, 509 and 533	88, 137, 213, 509 and 533
Options forfeited/lapsed/cancelled	48,600	1,42,640	86,280	10,770
Variation of terms of options	-	-	ESOP Schemes amended in line with SEBI SBEB & SE Regulations, 2022 & Malus and Clawback provisions were included.	-
Money realized by exercise of options during the year/period	-	7,57,75,339	17,05,56,901	3,05,400
Total number of options outstanding in force at the end of period/year	11,73,300	10,21,789	5,94,860	5,83,490
Total options vested (excluding the options that have been exercised)	12,000	1,83,019	1,44,260	1,41,410
Options exercised (since implementation of ESOS 2014)	87,78,100	89,26,971	92,67,620	92,68,220
The total number of Equity Shares arising as a result of full exercise of granted options (including options that have been exercised)	99,51,400	99,48,760	98,62,480	98,51,710
Employee wise details of options granted to:				
(i) Key managerial personnel:	Nil	Nil	Nil	Nil
(ii) Senior management personnel:	Nil	Nil	Nil	Nil
(iii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	-	-	-	-
(iv) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	-	-	-	-
Fully diluted EPS on a pre- Offer basis pursuant to the issue of Equity Shares on exercise of options calculated in accordance with the applicable Indian accounting standard on 'EPS' (in ₹)	24.76	31.04	27.32	NA

Description of the pricing formula and method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option	The fair value of options has 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 entities.			
Weighted Average fair value of option (In Rs.)	152.49	165.84	187.14	187.07
Weighted Average Share price (In Rs.)	505.97	508.77	513.06	513.13
Exercise Price (in ₹)	88, 137, 213 and 509	88, 137, 213, 509 and 533	88, 137, 213, 509 and 533	88, 137, 213, 509 and 533
Expected volatility	40.92	38.75	Nil	Nil
Option life (Years)	4 years from the date of vesting	4 years from the date of vesting	4 years from the date of vesting	4 years from the date of vesting
Dividend yield (%)	0.2	0.38	Nil	Nil
Risk-free interest rate (%)	6.82	7.26	Nil	Nil
Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the SEBI SBEB & SE Regulations had been followed, in respect of options granted in the last three years	Not Applicable			
Where our Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Company and on the earnings per share of our Company	Not Applicable			
Intention of the Key Managerial Personnel, Senior Management Personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options granted to sell their Equity Shares within three months after the date of listing of Equity Shares pursuant to the Offer	Key Managerial Personnel, Senior Management Personnel and whole-time directors who are holders of Equity Shares, may, subject to market conditions, sell Equity Shares allotted to them, pursuant to exercise of the options, in full or in part, post listing of the Equity Shares of the Company and the quantum of the sale of such Equity Shares is undecided			
Intention to sell Equity Shares arising out of ESOS 2014 within three months after the listing of Equity Shares, by Directors, Key Managerial Personnel, Senior Management Personnel and employees having Equity Shares arising out of an employee stock option scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions) of our Company.	Not Applicable			

Annexure B

Summary of Compliance of the ESOP Scheme with the provisions of the SEBI SBEBSE Regulations

S. No.	Regulation	Status of Compliance
1.	Regulation 3: Implementation of schemes through trust	Not Applicable
2.	Regulation 4: Eligibility to participate in ESOP Scheme	Complied
3.	Regulation 5: Constitution of Compensation Committee	Complied
4.	Regulation 6: Approval of scheme through Shareholder approval	Complied
5.	Regulation 7: Variation of terms of ESOP Scheme	Complied
6.	Regulation 9: Non transferability of option	Complied
7.	Regulation 12: Compliances and conditions	Complied
8.	Regulation 13: Certificate from Auditors	Complied
9.	Regulation 14: Disclosures	Complied
10.	Regulation 15: Accounting Policies	Complied
11.	Regulation 16: Administration and Implementation	Complied
12.	Regulation 17: Pricing	Complied
13.	Regulation 18: Vesting Period	Complied
14.	Regulation 19: Rights of the option-holder	Complied
15.	Regulation 20: Consequence of failure to exercise option	Complied