

**Transcript of 18th Annual General Meeting of HDB Financial Services Limited
held on Thursday, June 12, 2025.**

CORPORATE PARTICIPANTS:

Mr. Arijit Basu

Chairman

Mr. Adayapalam Viswanathan

Independent Director

Dr. Amla Samanta

Independent Director

Ms. Arundhati Mech

Independent Director

Mr. Jimmy Tata

Non-Executive Director

Mr. Jayesh Chakravarthi

Independent Director

Mr. Jayant Gokhale

Independent Director

Mr. Bhaskar Sharma

Independent Director

Mr. Ramesh G.

Managing Director & Chief Executive Officer

Mr. Jaykumar Shah

Chief Financial Officer

Ms. Dipti Khandelwal

Company Secretary and Head Legal

SPEAKER SHAREHOLDERS:

Mr. Aspi Bhesania

Mr. Haren Parekh

Ms. Dipti Khandelwal

Good morning, members. I, the Company Secretary of HDB Financial Services, welcome you all to the 18th Annual General Meeting of HDB Financial Services. I on behalf of the Board of Directors and the Senior management, hope and wish for the safety and good health of all the shareholders and their families.

Pursuant to the provisions of the Companies Act 2013 and MCA Circulars, this meeting is being held through two-way video conferencing and other audio-visual means. The live webcast of AGM is available on the NSDL website. The Register of Directors, the Key Managerial Personnel and other documents referred in the Notice of AGM are open for inspection electronically. Members who wish to inspect such documents may send their request to me.

While we had provided the e-voting facility to members, the same is also available during the AGM. Members who have not yet cast their vote may do so during the meeting. Please note that the shareholders who have already voted on the resolution by way of remote e-voting will not be able to vote again at the AGM. The process of e-voting is already provided in the notice of AGM.

Participation of members through video conferencing, other audio-visual means is being recorded for the purposes of quorum. I now wish to inform that the requisite quorum is present for the AGM. Without any delay, I now request the Chairman, Mr. Arijit Basu, to continue with the proceedings of the meeting.

Mr. Arijit Basu

Thank you, Dipti, Good morning to all shareholders and on behalf of the Board of Directors, I Arijit Basu, Chairman of HDB Financial Services Limited, welcome you all to the 18th Annual General Meeting of the Company. As confirmed by the Company Secretary, the quorum for the meeting is present, I call this meeting to order. Before we start the main proceedings of the meeting, let me introduce my colleagues who are present in this room.

To my immediate left is Mr. Ramesh G., the Managing Director & CEO of the Company, and to his left is Mr. Jaykumar Shah, the Chief Financial Officer of the Company, and to my right is Ms. Dipti Khandelwal, our Company Secretary, who initiated the proceedings. I now request my colleagues on the video conference to introduce themselves.

Mr. Viswanathan, please.

Mr. Adayapalam Viswanathan

Good morning, everybody. My name is Adayapalam Viswanathan. I am an Independent Director of the Company and the Chairman of the Risk Management Committee. I am joining this meeting from Texas, United States.

Mr. Arijit Basu

Thank you.

Dr. Amla Samanta, please.

Dr. Amla Samanta

Good morning, everyone. My name is Amla Samanta. I am an Independent Director of the Company and the Chairperson of Corporate Social Responsibility & ESG Committee and the Stakeholders Relationship Committee. I am joining this meeting from Andheri, Mumbai.

Mr. Arijit Basu

Thank you.

Ms. Arundhati Mech, please.

Ms. Arundhati Mech

Good morning to all. My name is Arundhati Mech. I am an Independent Director of the Company and Chairperson of the Nomination and Remuneration Committee. I am joining this meeting from Mumbai. Thank you.

Mr. Arijit Basu

Thank you.

Mr. Jayesh Chakravarthi, please.

Mr. Jayesh Chakravarthi

Good morning, everyone. My name is Jayesh Chakravarthi. I am an Independent director of the Company and the Chairman of the Information Technology Strategy Committee. I am joining this meeting from Mumbai.

Mr. Arijit Basu

Thank you.

Mr. Jayant Gokhale, please.

Mr. Jayant Gokhale

Good morning. My name is Jayant Gokhale. I am an Independent director of the Company and the Chairman of the Audit Committee of the Company. I am joining the meeting from my residence in Mumbai.

Mr. Arijit Basu

Thank you, Mr. Bhaskar Sharma, please.

Mr. Bhaskar Sharma

Good morning. My name is Bhaskar Sharma, an Independent Director of the Company and the Chairman of the Customer Service Review Committee. I am joining this meeting from my residence in Mumbai.

Mr. Arijit Basu

Thank you. Mr. Jimmy Tata, please.

Mr. Jimmy Tata

Good morning. My name is Jimmy Tata. I am a Non-Executive director of the Company and I am joining this meeting from London.

Mr. Arijit Basu

Thank you too all. A warm welcome to all the directors attending the Annual General Meeting. Apart from the members of our Board, we also have with us the representatives of M/s. Kalyaniwalla and Mistry LLP and M/s. G D Apte are Joint Statutory Auditors, M/s. Mehta and Mehta Company Secretary, Secretarial Auditors and the Senior management team also who are attending this AGM through video conference. I thank all members for joining this meeting. This AGM is held through video conference in compliance with the directions of the Ministry of Corporate Affairs.

The live webcast of the AGM is available on the NSDL website. The Company has taken requisite steps to enable the members to participate and vote on the items being considered in this AGM. The notice convening this Annual General Meeting has been with you for quite some time. Accordingly, with the permission of the shareholders, I take the notice as read.

There are no qualifications, observations or comments in the Auditor's Report and Secretarial Audit Report for the financial year 24-25. Accordingly, with the permission of the shareholders, I take the Auditor's Report as read. It gives me immense pleasure to share with you the Annual Report for Financial year 2024-25. This year was a year of disciplined execution and balanced growth, underscoring the strength of our strategy and the resilience of our model. Buoyant demand, particularly from MSME and retail borrowers led to increase of our assets under management to 1,07,262 crore, an increase of 19%. We added about 3.7 million new customers to our customer base. We recorded a net profit of 2,176 crores while maintaining a gross stage 3 asset ratio of 2.26%. This performance reflects the strength of our underwriting, which continues to drive consistent outcomes. It is also supported by our predominantly secured loan portfolio, which offers greater protection in volatile conditions and enhances long term asset quality. Our phygital model, which comprises a network of 1,771 branches as well as digital infrastructure, continues to resonate across all segments and makes us well positioned for the next phase of our journey.

Technology remains at the core of our growth strategy. We are investing in digital platforms that enhance every stage of the customer life cycle from acquisition and underwriting and most importantly to servicing the customers.

This Omni channel approach has already led to over 97% of our loans being digitally originated, improving both speed and efficiency. By streamlining our operations, we are not only enhancing the customer efficiency but also increasing our operational efficiency. Our people remain at the heart of both our performance as well as our purpose. With 89,943 employees across 1,771 branches as well as the BPO services, this is a diverse and capable workforce that not only excels operationally but also embodies our organizational values.

People centric approach of the management has been the key to driving the success of HDB in the previous financial year. We reinforced our merit driven culture in FY 2024-25 through High Flyers 2024, a program recognising individuals who exemplified excellence and leadership and most importantly fostered a shared sense of ownership and accountability. We have always encouraged collaboration within our workforce. Strong corporate governance and culture are paramount.

Our Board and senior management always set the tone from the top, ensuring that good governance is communicated right down the organization. We proactively identify and mitigate emerging risks from new technologies, cyber-crime and the global uncertainty which is gripping the world currently. We are, as a responsible Company, also deeply committed to advancing social equity by creating an enabling environment for communities thrive and prosper in a sustained manner.

Through CSR initiative, the Company strives to uplift the underserved communities by creating market linkages, providing access to affordable healthcare and hygiene facilities, and enhancing skills for better livelihood opportunities. By Prioritising economic inclusion and social development, the Company contributes to building resilient communities and driving holistic progress. Your company CSR programs have positively impacted lives across the country.

More than 1.25 lakh individuals have been touched and many more lives have been covered through a wide range of programs and development activities. On behalf of the Board of Directors and the senior management team, I would take this opportunity to thank the regulatory authorities with whose help the company has been able to function smoothly and efficiently. Especially thanks to the Reserve Bank of India, the Securities and Exchange Board of India and the Insurance Regulatory Development Authority of India.

I would also like to thank all our stakeholders for their continued faith in our abilities and the unwavering support in all the endeavours that the Company has taken. And of course, last but not the least, I would like to thank all our employees across the country who have shown their dedication, hard work and commitment. It is only due to their efforts and they have been instrumental in propelling the evolution and success of the company. Thank you very much.

Ms. Dipti Khandelwal

Thank you, Sir. The name of shareholders who have registered as speaker shareholders will be announced one by one. The speaker shareholders will then be unmuted by the host. To start the discussion, the shareholders is requested to click on the video button. If the shareholder is unable to join the video, he/she may participate via audio mode.

If there is a connectivity problem at the speaker's end, we would ask the next speaker to proceed. Once the connectivity is restored, the previous speaker shareholder would be called again, to speak after the other shareholders who have registered and completed their turn. We require shareholders to kindly limit their speech to 3 minutes per speaker.

For any technical issues, members may contact the helpline mentioned in the AGM office. Now, I would like to invite the speakers who have registered themselves as people to ask questions. The replies would be given after all questions have been asked.

Mr. Arijit Basu

So, to start the process, may I request Mr. Aspi Bhesania to kindly ask his question. Mr. Bhesania, can you hear us? There may be some issues in his logging in. May I therefore request the next shareholder who is Mr. Haren Parekh to kindly ask his question? Mr. Parekh.

Mr. Haren Parekh

Yes, good morning to all the Directors and the Senior Management of the Company. Now I'd like to place on record the outstanding Asset Under Management which has increased and past 1,00,000 Crore. I would like to thank Mr. Ramesh and the team. The only two questions that I have from the Financial Statements is that BPO services income has gone down from 1,949 crores to 1,217 crores and if you can throw some light on that. And second thing is that overall, in a general purpose, I think the performance has been a shade lower, which has primarily also increased the NPA from the previous year. And therefore, if the management can explain these, I would be grateful. Thank you very much.

Mr. Arijit Basu

Thank you. Mr. Parekh, before we take the question, we are just once again checking if Mr. Aspi Bhesania is on call. I think there may be some problems in connectivity. Please feel free to share your questions on e-mail and the we will certainly answer that. Before I hand over to our CEO, Mr. Ramesh, to respond to Mr. Parekh's questions, let me just throw some colour on the two very relevant points that Mr. Parekh has raised.

One is on the BPO services and the other one is on the performance. On BPO services, we have shared with in the last AGM also that this is additional activity which the Company does. It is not our principal core activity and we are very happy to do that. This is work done relating to HDFC Bank and the activity level for the BPO services depends on what the Bank does. But I would still request Ramesh to throw a little more colour. On performance, from the Board's perspective, we have given a message to the Company to always grow with quality and in a calibrated manner.

So, when we track performance, we not only track top line but we would also like to track the more important aspects of stress and asset quality. This is as far as the Board is concerned, but I will still request our CEO to throw more colour on the two questions that Mr. Parekh has raised.

Mr. Ramesh G.

Thank you, Sir, and thank you, dear shareholders. So specifically on the BPO services, this is a service that we've been carrying out since 2008, pretty much since the inception of the Company. We do two products, you know, as they can be classified.

One is collection services, which has about 7,000 employees, where we do collections for some retail products for the Bank. These activities are primarily, wherever the Bank sends some portfolios to us and is done out of our premises as a BPO activity for the Company. That number has been consistent over the last few years.

The other activity is back office and sales support. The increasing digitalization at HDFC Bank, some of the requirement in terms of services required by the Bank have come down. So, to that extent our revenues from that businesses have come down and that's what contributes to the lower revenues from the BPO services.

I think it's the way the requirement of client are that we service and our clients' requirements have come down, as we are all aware of related party transactions and we do adequate disclosures in terms of margins in terms of segmental revenues.

The other aspect on performance of the Companies, you know one of the milestones that we achieved this year was that, we crossed the 1,00,000 crore assets under management in our journey as we started the Company and we moved over 1 lakh plus crore assets under management.

As compared to financial year FY23-24, FY 24-25 was lower year as can be seen by the GDP numbers that have been published for the year FY24-25. So we are conscious about this lower growth that we have experienced.

Many of our businesses are such, where loan off take is dependent on demand, we have three large businesses, what we call enterprise lending, where we give loans to businesses and increase in assets in that business is dependent on our customers. As the business is growing, they need more working capital.

The second business is what we call Asset Finance where we give loans for purchase of Commercial Vehicles, Construction Equipment and Tractors. In this, business depends on how many new vehicles are getting sold.

And the third business we do is consumer finance where we give loans for personal consumption. In comparison to FY24, we have done moderately well in response to certain macro factors that we noticed. We are acutely aware and conscious of that and work closely to ensure that we work in a calibrated growth manner.

Mr. Arijit Basu

Yeah, I think Ramesh covered in detail that question. I can see Mr. Bhesania on the screen now. Mr. Bhesania, can you hear us? If you can unmute yourself and ask your questions, please.

Mr. Aspi Bhesania

Can you hear me and see me?

Mr. Arijit Basu

Yes, we can hear and see. Please go ahead.

Mr. Aspi Bhesania

Chairman Sir I am Aspi from Bombay. Thank you for giving me an opportunity to Speak. I welcome the directors, including Mr. Jayant Gokhale. So, I am quite disappointed with your results. The profits have gone down when your IPO is actually coming. Normally most of the companies when the IPO comes the profit zooms. So, I do not know what are your intentions. And in your speech, I did not hear a single word about the IPO. You have not rewarded the existing shareholders, not have you given rights issue, nor have you given split. I do not know what is your intention, regarding the existing shareholders.

So please inform if there is a reservation for existing shareholders of HDB or also for existing shareholders of HDFC Bank. Tata capital is also coming with an IPO and they have given three rights issues before the IPO to the existing shareholders in September 2023, December 2023, and February 2025. And you're not rewarded at all in anyway. So, I would like to know what are your plans.

Sir, you should have physical AGM, where we can talk. In these online meetings, it's very difficult. So, if you see the segment revenue on page 291 of the report, the lending business revenue has increased, whereas the BPO services, the revenue has come down.

So, do we really require BPO services? It is only contributing Rs. 71 crore of the profitability. You can transfer to a subsidiary. Then this provisions have more than doubled. So, what are your plans for that? Thank you very much and all the best for the future.

Mr. Arijit Basu

Thank you very much, Mr. Bhesania, for your questions. I will respond to some of them and then request our CEO, Ramesh to take up the others. On the results first, which was your first question. In answer to the previous question from Mr. Parekh, I had laid out that net profit of course is one of the key determinants or one of the key things which everyone would like to increase.

But the Company and our Board as well, we are focused on growth with quality. So as a result, and you would know that the market conditions, the economic conditions as well as the market conditions have been a little challenged in India, especially in the segment that we serve. This is the segment which is at the lower levels of income and many of our customers found it a challenge to meet their obligation on time and as a result the provisioning that we had to do for some of our loans went up which impacted our profits. Last year, the year before that the conditions for our business were a little more benign. Having said that, on behalf of the Board, I can assure you that this is something which is top of our priority.

All the strategies that can be taken to increase both top line growth as well as ensure that our core asset quality remains under control will be taken. And I am hopeful that the results will be visible in the days to come. There were a few questions around the IPO. Well, you are aware that the IPO process is on. We filed our papers on the October 30, 2024 with the regulator SEBI. This is under active consideration of both HDB Financial Services as well as the HDFC Bank. Any announcement will be publicly made as and when they are passed by their respective Boards. The questions that you ask around shareholder reservations, etc. will also be taken by the respective Boards considering the appropriateness of the situation and they will also be communicated. But your sentiments have been duly noted.

On the BPO business, I have already given some colour but I will request Ramesh to further add colour and I now hand over to Ramesh to give further clarity on some of the points that Mr. Bhesania have raised.

Mr. Ramesh G.

I think most of the queries have been suitably addressed by Chairman. As far as reservation is concerned, that's guided by SEBI rules. We look at them closely and make sure that we are giving all amenities to our shareholders to participate. As the Company, we have generated adequate returns on us of equity base, which allowed us to grow at a good pace without raising additional capital. We are actively aware that capital needs to be suitably deployed so that it generates adequate returns. So, we have not raised capital for about 5-6 years now given that our returns were adequate to manage our group.

As far as BPO services are concerned, this activity being since 2008 with activity is done for our promoter Company and as long as they find our services to be suitable to their requirement and we need their expectations in terms of service quality, we intend to continue business. Because it's a promoter, we want to make sure that we are providing them the best of service.

Other questions have been answered, so thank you. I take this opportunity to thank all our customers who have given us the chance to serve them. Deeply grateful to all our shareholders for their trust and to the regulators for their ongoing guidance. I also thank our employees who contribute wholeheartedly every day. On behalf of the management and all the employees, I would like to thank our Board for their unwavering support and guidance.

Mr. Arijit Basu

Thank you, Ramesh. I thank all the shareholders for their presence in this AGM today. The E-voting facility will be enabled for the next 15 minutes for those members who haven't voted yet.

Mr. Mitesh Shah, Practicing Company Secretary, has been appointed as the scrutiniser to oversee the voting process through E-voting. The results of the voting will be declared after the conclusion of this meeting within two working days to the Stock Exchanges. The results shall also be published on the website of this Company and the NSDL.

The proceedings of the AGM will also be available on the website of the Company. In conclusion, I thank all shareholders for attending the 18th Annual General Meeting of the Company and declared the proceedings of this AGM as close. On behalf of the entire Board and the management, thank you very much.

Ms. Dipti Khandelwal

Thank you.