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HDB FINANCIAL SERVICES

GROWTH

PEOPLE. PROCESSES.
PRODUCTS. PARTNERSHIPS.

Annual Report 2024-25

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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 presents a thorough evaluation of HDB Financial Services' financial and non-financial performance. It also outlines the significant initiatives undertaken to serve broader community needs.

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, 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, 2024 to March 31, 2025. It provides an overview of the Company's operations and business development activities. The senior management of the Company has reviewed the content of this report. Additionally, the Board of Directors has reviewed and approved it to ensure accuracy, clarity and relevance.

Management Assurance

The Board assures stakeholders of the Report's integrity and reliability. With a commitment to transparency and accountability, the management affirms the Report reflects the Company's performance, financial position and strategic endeavours faithfully.

GROWTH

PEOPLE. PROCESSES. PRODUCTS. PARTNERSHIPS.

Growth is not a singular act. It is a system that is living, layered and deeply interdependent. People fuel it. Processes shape it. Products carry it forward. Partnerships sustain it. None of these exist in isolation.

This is the growth HDB Financial Services pursues. Growth that is purposeful, resilient and rooted in values. It begins with the Company's People, who turn intent into impact. It is held steady by the processes, which ensure discipline and continuity. It comes to life through products developed with purpose and relevance. And it is sustained by partnerships built on trust and mutual value. Together, these four pillars form an integrated

foundation for enduring expansion.

Over the years, the Company has grown with intent, guided by a prudent lending philosophy, robust risk architecture and a sharp focus on execution. In parallel, it has evolved with empathy, designing digital-first solutions that meet the dynamic needs of underbanked and underserved communities.

This blend of structure and sensitivity has strengthened HDB Financial Services' relevance in an ever-changing environment.

Each relationship the Company nurtures adds strength to its foundation. Customers, channel partners, technology collaborators, institutional investors, each brings dimension and direction. Growth, after all, is never built alone. It is always co-created.

As HDB Financial Services steps into a wider role within India's financial ecosystem, its commitment remains unchanged. To its People. To its Processes. To its Products. To its Partnerships. With this focus, the Company continues to prioritise relevance over reach and substance over speed. In doing so, it is not merely scaling; it is building an institution designed to last.

NAVIGATING AND READING THE REPORT: A QUICK GUIDE

As you navigate this report, you will find detailed answers to the following key questions:

Who governs the Company and how do they shape its path to growth?

Where to Look

- Message from the Chairman – *Page 12*
- Message from the MD & CEO – *Page 14*
- Governance – *Page 44*
- Value Creation Model – *Page 24*

What You Will Find

- A broad overview of HDBFS's current position and future direction
- The Company's strategic approach towards value creation
- The experience and competence of the Board and the leadership
- In-depth review of the governance and control framework

How is digital innovation enhancing experience, efficiency and security?

Where to Look

- Digital Innovation through Excellence – *Page 28*
- Message from the MD & CEO – *Page 14*

What You Will Find

- Digital loan offerings and processing mechanisms
- Improved customer experience through digital platforms
- Integration with fintech partners to expand reach
- Strong cybersecurity and data protection measures

Key Stakeholders Impacted

Customers

Employees

Regulators

What are the industry dynamics and key strengths that drive growth and facilitate value creation for all stakeholders?

Where to Look

- Investment Case – ***Page18***
- Operating Context – ***Page 20***
- Stakeholder Management – ***Page 22***

What You Will Find

- Strong fundamentals and growth potential in a well-regulated NBFC space
- Proactive response to changing regulations, markets and customer dynamics
- Transparent and responsible stakeholder engagement with shared goals

What steps are being taken to minimise the environmental footprint and driving change for people and the community?

Where to Look

- Environment – ***Page 30***
- Our People – ***Page 32***
- CSR Initiatives – ***Page 36***

What You Will Find

- Initiatives to cut emissions and increase energy efficiency
- Large-scale tree plantation and water conservation efforts
- Focus on employee well-being, community growth and customer empowerment

Investors

Shareholders

Communities

BRIDGING AMBITION WITH ACCESS

HDB Financial Services (also referred to as 'HDBFS' or 'The Company') stands as one of India's leading diversified retail-focussed non-banking financial companies (NBFCs). The Company's expertise spans loan origination, underwriting and a comprehensive product portfolio. It offers diverse solutions across enterprise, asset and consumer finance.

HDBFS has a vast distribution network that reaches a wide customer base. Additionally, the Company is dedicated to serving underserved and underbanked groups, including low- to middle-income individuals, professionals and entrepreneurs.

The Company meets varied customer needs through an extensive product suite and a team committed to service excellence. It combines robust partnerships with technology-led systems to deliver accessible, efficient and innovative solutions. This approach allows HDBFS to maintain a balanced and well-distributed loan portfolio, fuelling sustained growth.

One of India's Largest and Fastest Growing Customer Franchises*

Our Customers

- Senior Citizens
- Millennials
- Women
- Entrepreneurs
- Farmers
- Enterprises
- Salaried Individuals

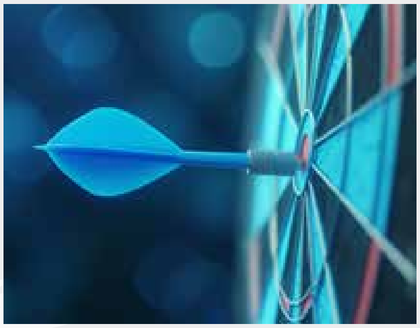
*as per CRISIL Report

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.

REFLECTING IMPACT THROUGH EVERY METRIC

Operational Highlights

31 States & UT
Presence

1,771
Branches

AAA/STABLE
CARE and CRISIL Ratings for Long-term Debt and Bank Facilities

A+
CARE and CRISIL Rating for Commercial Papers

19.2 Mn
Customers

8.8 Mn
Mobile App Downloads

Financial Highlights

₹ **16,300** Crore
Total Revenue

₹ **66,108** Crore
Disbursed during the Year

₹ **2,176** Crore
PAT

2.16%
Return on Assets (ROA)

14.72%
Return on Equity (ROE)

Sustainability Highlights

1,25,243
CSR Beneficiaries

89,943
Total No. of Employees

2
Women Directors

₹ 46.78 Crore
Spent on CSR Initiatives

MAPPING A JOURNEY OF PROGRESS AND INTENT

HDBFS has progressed through a series of deliberate milestones, reflecting a strong foundation built on scale, stability and execution. With a sharp focus on asset quality, digital enablement and customer-centric lending, the Company remains well placed to navigate its next phase of growth with discipline and purpose.

2008

- Opened our first branch in Chennai, Tamil Nadu

2010

- Introduced commercial vehicle loans
- Introduced loans against gold

2011

- Was accredited with CARE AAA credit rating for its non-convertible debentures issue
- Achieved a branch count of 100 across India
- Introduced auto loans
- Introduced commercial equipment loans

2012

- Achieved AUM of ₹ 100,000 Mn

2015

- Achieved a branch count of 500 across India

2016

- Achieved a branch count of 1,000 across India
- Introduced consumer durables loans

2017
- Introduced tractor loans
- Introduced digital product loans

2018
- Introduced two wheeler loans

2019
- Achieved AUM of ₹ 500,000 Mn

2020
- Introduced micro finance loans
- Introduced lifestyle finance loans

2021
- Achieved AUM of ₹ 600,000 Mn

2023
- Achieved a branch count of 1,500 across India

2024
- Achieved AUM of ₹ 1,000,000 Mn

NOTE FROM THE CHAIRMAN

> FY 2024-25 was a year of disciplined execution and balanced growth, underscoring the strength of our strategy and the resilience of our model.

As we reflect on the past year, I am filled with deep appreciation for how our growth has not been a solitary pursuit but a collective outcome. An outcome shaped by the commitment of our people, the strength of our processes, the relevance of our products and the depth of our partnerships. They are interwoven into our culture, defining how we serve customers, manage risk, embrace innovation and build for the long term. Together, these elements have enabled us to evolve into one of India's most trusted retail-focussed NBFCs, even as we step confidently into a future filled with promise.

Macro View: Resilience Amid Global Uncertainty

The global economy entered 2025 navigating a dynamic and uncertain landscape. While growth remained steady at 3.3% in CY 2024, rising geopolitical tensions and a sharp shift in trade policy implemented by sweeping tariff measures, prompting retaliatory actions from major nations. These developments pushed effective tariff rates to record highs, delivering a significant shock to global trade and macroeconomic stability.

The abrupt and unpredictable nature of these changes exacerbated market volatility, undermined the reliability of traditional forecasting models and introduced fresh challenges for both policymakers and businesses. Against this backdrop, global headline inflation is now expected to moderate more slowly, easing to 4.3% in CY 2025 and 3.6% in CY 2026, amid persistently elevated price levels in several advanced economies.

As the global landscape continues to evolve, adaptability and enhanced regional cooperation will be critical in sustaining economic growth and mitigating emerging risks.

Riding on India's Growth Story

India continues to reinforce its position as the world's fastest-growing large economy, with GDP growth projected at a steady 6.7% over the next two fiscal years. This momentum is underpinned by strong domestic demand, policy continuity and the rapid formalisation of the economy. A strong digital public infrastructure, a young and productive workforce and the growing penetration of organised credit are creating a solid foundation for long-term, broad-based growth.

More importantly, credit is reaching underserved geographies and first-time borrowers. This is helping widen the base of financial participation with 32% of new-to-credit borrowers coming from rural areas as of December 2024, reflecting deeper inclusion across regions and demographics. This convergence of macroeconomic momentum, digital infrastructure and financial formalisation places India on a unique growth trajectory which is broad-based, inclusive and sustainable.

Regulatory Evolution and Technology as a Driver

The NBFC sector has undergone a pivotal transformation with the implementation of the RBI's Scale-Based Regulation (SBR) framework, tighter governance norms and greater alignment with banking standards. These developments have materially raised the bar on compliance, risk management and customer centricity. Our classification under the Upper

Layer of the SBR has helped us further strengthen board oversight, strengthen internal controls and upgrade our risk and audit architecture. Strong regulatory guidance has catalysed a transformation in the NBFC space, reflected in better-performing portfolios and more diversified funding strategies. We see this evolving regulatory architecture as a catalyst for building institutional strength. It has encouraged us to take a sharper view of balance sheet durability, governance discipline and stakeholder alignment. These shifts are reinforcing our foundation for prudent, scalable growth.

Year in Review: Performance and Progress

FY 2024-25 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 MSMEs and retail borrowers, led to a disbursement increase of about 8.6% year-on-year with about 3.7 Mn new customers added during the year. We recorded a net profit of ₹ 2,176 Crore while maintaining a Gross Stage 3 (GS3) 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 comprising a network of 1,771 branches and digital infrastructure continues to resonate across segments and makes us well-positioned for the next phase of our journey.

Strengthening Our Foundation for the Road Ahead

Our funding strategy remains conservative and well-calibrated to support growth while managing risk. We continue to maintain a comfortable liquidity buffer and a positive ALM profile across buckets. The same is reflected in our Liquidity Coverage Ratio (LCR) of 161.34%, well above the regulatory requirement, ensuring resilience under stressed conditions. Our ability to raise funds at competitive rates underlines our strong credit profile, supported by high-quality assets and prudent provisioning.

Strategic Direction: Sharpening the Focus

As we look to the future, HDBFS stands on a foundation of scale, prudence and consistency. Our strength lies in our balanced loan portfolio, diversified presence across urban and semi-urban geographies and strong underwriting practices. Our expansion efforts will continue to target Tier 2 and Tier 3 cities, where significant credit gaps persist and demand remains high. These regions represent untapped potential and by focussing on them, we can meet the rising aspirations of underserved customers.

Technology remains at the core of our growth strategy. We are investing in digital platforms that enhance every stage of the customer lifecycle from acquisition and underwriting to servicing. 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 experience but also increasing our operational efficiency.

Our balance sheet remains strong, with a CRAR of 19.22%. Additionally, our diversified borrowing profile ensures that we have the flexibility to navigate the changing macroeconomic environment.

We have continued to focus on strengthening the internal audit function as well as various risk management areas. This has helped us ensure that our journey ahead is smooth and calibrated.

A Word of Thanks

On behalf of the Board, I extend my deepest gratitude to our customers, employees, regulators, promoters and stakeholders for their continued trust and belief in our vision. Every milestone we achieve is built on collective effort and shared conviction. As we step into a new chapter, we remain committed to growth that is responsible in spirit, deliberate in execution and deeply anchored in purpose, driven by our people and guided by the values that define us.

Warm regards,

Arijit Basu
Chairman

NOTE FROM THE MD & CEO

> The integration of advanced technologies has been pivotal to our vision of efficiently serving a broader and more diverse customer base while laying a scalable foundation for future growth.

Amid a world recalibrating to new economic realities, FY 2024-25 stands out as a year of steady progress, grounded in resilience in the global economy and propelled by confidence at home.

Global & Indian Economic View

In CY 2025, the global economy has been seen facing a more turbulent and unpredictable landscape than in prior years. Despite a stable growth rate of 3.3% in CY 2024, recent events, particularly global tariffs and corresponding trade responses, have brought about significant changes in global trade patterns. Inflation is easing, yet it remains more persistent than expected, especially in advanced economies. This ongoing resilience introduces further complexities, pushing businesses and policymakers to remain agile in response to shifting trade patterns and a changing inflation scenario.

While these global challenges present significant headwinds for many emerging markets, India remains relatively well insulated. This is supported by strong macroeconomic fundamentals, prudent fiscal management and resilient domestic demand. Growth is underpinned by a stable banking system and a proactive monetary policy framework. Inflation stayed within the target range, with the Consumer Price Index (CPI) easing to 3.16% in April 2025 and the Rupee maintaining relative stability. The Government's continued push on infrastructure and capital expenditure, with a US$ 1.4 trillion National Infrastructure Pipeline, is further bolstering domestic growth drivers. Additionally, as global trade undergoes realignment amid rising tariffs and shifting supply chains, India is emerging as a preferred destination, aided by its relatively low tariff exposure and competitive manufacturing reforms. At a time when many economies are grappling with rising debt and capital outflows, India continues to attract robust investor interest, reinforcing global confidence in its structural growth trajectory.

Our Performance Review

In FY 2024-25, we achieved consistent financial growth, reflecting our commitment to disciplined execution and a strategic focus on value creation. Our Total Gross Loan Book increased to ₹ 10,68,776 Mn, in FY 2024-25, as compared to ₹ 9,02,179.32 Mn in FY 2023-24, reflecting a year-on-year growth of 18.47%. This growth was well balanced across our three business verticals – Enterprise lending, Asset finance and Consumer finance, supported by improved rural demand and targeted outreach in underserved geographies. Interest income grew to ₹ 1,38,358 Mn in FY 2024-25, compared to ₹ 1,11,567 Mn in FY 2023-24, reflecting a year-on-year growth of 24%.

This was driven by our expanding scale across a diversified portfolio and supported by deeper customer engagement and digital sourcing tools.

Higher volumes, combined with a continued focus on optimising the asset mix and maintaining prudent risk practices, further contributed to this performance.

In terms of asset quality, we maintained a relatively low Gross Stage 3 Loans ratio of 2.26% and Credit Costs at 2.14% in FY 2024-25. This was achieved through a combination of data-driven underwriting, tighter borrower profiling using alternate data sources and analytics. Additionally, the increased seasoning of our loan book and our calibrated approach to risk-based pricing and exposure limits contributed to improved portfolio resilience. Our Return on Average Equity (ROAE) stood at 14.72% and Return on Average Assets (ROAA) at 2.16%. As we continue to scale and diversify, we remain focussed on maintaining a strong capital base to support future growth.

Integrating Technology & Digital Initiatives across the Value Chain

The integration of advanced technologies has been pivotal to our vision of efficiently serving a broader and more diverse customer base while laying a scalable foundation for future growth. Our technology-led platform connects systems across the lending lifecycle, from customer sourcing and onboarding to underwriting, collections and servicing, enabling faster, more accurate and seamless execution.

The implementation of integrated CRM and ERP systems has further optimised operational efficiency and expanding our customer reach through smarter engagement and streamlined processes.

Customer-centricity: A Core Priority

We understand that improving the customer experience is crucial for long-term success. A cornerstone of this strategy is the HDB On-the-Go app, which empowers customers to manage their loans independently and efficiently. With over 8.8 million downloads, the app has become a primary driver of our omni-channel strategy.

This app facilitates paperless onboarding and quick loan disbursements, enabling customers to apply for and manage their loans in a wholly digital environment. With rising customer volumes and growing expectations for seamless service, we recognised the importance of enhancing digital self-service channels to deliver faster, more efficient support. During the year, we successfully resolved over 1.34 Mn customer queries through our online platforms, including the app and web portal. Thus, reducing the need for manual intervention and enabling faster response times. This has resulted in an increase in customer satisfaction scores, highlighting the impact of our digital-first approach on customer experience. Beyond our digital platforms, we introduced several high-impact customer-focussed initiatives during the year. These included financial literacy camps, aimed at improving accessibility, trust and ease of engagement for our diverse customer base. Together, these initiatives reflect our intent to build a service experience that is inclusive, responsive and built for scale blending technology with trust and reach with relevance.

Driving Responsible Growth Through Environmental Stewardship

As we scale our business, we recognise the importance of aligning growth with environmental responsibility. In FY 2024-25, we undertook concrete steps to minimise our environmental impact from transitioning to energy-efficient infrastructure across key locations to scaling paperless operations, which now account for over 63% of our customer transactions. Our branch expansion strategy emphasised resource-efficient design and green practices and we continue with our tree planting initiative, committing to planting over 1,60,625 trees during the year. These efforts reflect our commitment to embedding sustainability into our operating model and contributing meaningfully to a lower-carbon future.

Our People

Our people remain at the heart of both our performance and our purpose. With 89,943 employees across 1,771 branches and BPO services, we have built a diverse and capable workforce that not only excels operationally but also embodies our organisational values. In FY 2024–25, we reinforced our merit-driven culture through High Flyers 2024, recognising individuals who exemplified excellence and leadership and fostering a shared sense of ownership and accountability.

Our employee volunteering initiative, ASK'25, brought teams together across 20 States and 5 Union Territories, enabling them to contribute to local causes and create meaningful community impact. This combination of high performance and purpose-led engagement reflects the culture we are building—aspirational, inclusive and deeply grounded. We also remain committed to the holistic well-being of our people, conducting structured wellness programmes, preventive health check-ups and cultural events that keeps teams energised and connected. These ongoing efforts continue to strengthen our institutional core, ensuring we stay agile, motivated and future-ready.

Outlook and Growth Prospects

The broader macroeconomic environment remains conducive to growth, underpinned by robust credit demand across retail and MSME segments. Rising consumption, deeper formalisation and the growing aspirations of India's Tier 2 and Tier 3 cities continue to fuel momentum across our operating landscape. Within this context, we see significant headroom for expansion across our core verticals.

As we look ahead, our focus remains clear: disciplined execution, prudent risk management and consistent performance, backed by a resilient balance sheet and a future-ready digital and distribution engine.

A Note of Gratitude

Our heartfelt thanks to those who make our journey possible, our people for their commitment, our partners for their trust and our customers for their continued belief in us. Together, we're not just expanding access to credit, we're shaping a more inclusive financial future.

Warm regards,

Ramesh G

Managing Director &
Chief Executive Officer

SUPPORTING DREAMS THROUGH TAILORED LENDING

At HDBFS, the products are shaped by the realities of the people it serves - small business owners looking to expand their shop, families buying their first two-wheeler, or individuals investing in a better home life through everyday appliances. The Company does not just finance transactions; it finances determination, resilience and dreams that often begin with limited means.

The Company's lending suite is thoughtfully designed to cater to the diverse credit needs of Bharat – simple, relevant and accessible. It combines reach with responsibility to help the customers unlock everyday progress, one step at a time.

Consumer Loans

- Consumer Durables Loans
- Digital Product Loans
- Lifestyle Product Loans
- Personal Loans
- Auto Loans
- Two-Wheeler Loans
- Gold Loans

Enterprise Loans

- Unsecured Business Loans
- Enterprise Business Loans
- Loan Against Property

Asset Finance

- Commercial Vehicle Loans
- Construction Equipment Loans
- Tractor Loans

Micro Lending

Insurance Services

BPO Services

- Collection Services
- Back Office and Sales Support

HARNESSING FOUNDATIONS THAT ENABLE QUALITY SERVICE

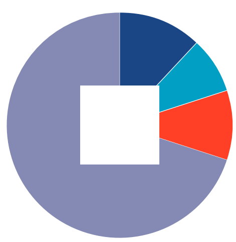
India's financial ecosystem is undergoing a profound transformation, with millions of individuals and businesses still lacking access to formal credit. HDBFS is strategically positioned to address this gap, using a unique combination of widespread physical presence and strong digital capabilities.

The Company delivers tailored, inclusive financial solutions that meet the diverse needs of low to middle-income customers, professionals and entrepreneurs. With a strong emphasis on prudent risk management and operational efficiency, HDBFS is set to drive sustainable growth. Furthermore, it is aligned with India's broader economic progress, creating significant long-term value for all stakeholders.

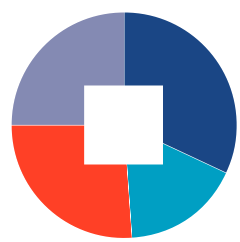
Extensive Footprint

HDBFS has established a broad physical presence across India, spanning urban, semi-urban and rural regions. Complementing this, the Company's dedicated direct sales teams enhance last-mile connectivity, allowing the Company to serve a diverse customer base. This approach focusses especially on regions traditionally underserved by formal credit. With a strong physical infrastructure and personalised engagement, the Company has deepened its presence in underpenetrated markets.

Strong Presence Beyond Metro Markets[1]



Balanced Presence Across Geographies[1]



[1] As of March 31, 2025

Strong Product Offerings

The Company's lending portfolio is designed to serve financial needs of customers across diverse geographies and income segments. From enterprise and secured loans to vehicle financing and personal credit for consumer purchases, its offerings are both comprehensive and contextual. By continually refining its product suite in line with regional demand and credit trends, HDBFS has been able to balance growth with asset quality across cycles.

Phygital Distribution Strategy

The Company's distribution strategy integrates physical and digital channels to ensure seamless access across urban and rural markets. Its branch-led model is supported by partnerships with OEMs, retail stores, dealers and direct selling agents, creating a robust phygital network. This is further enhanced by digital tools and platforms, including collaborations with fintech partners, enabling the Company to reach customers through both assisted and self-service models. The tailored deployment of this omni-channel approach ensures deeper market penetration and operating efficiency.

Solid Credit Underwriting Processes

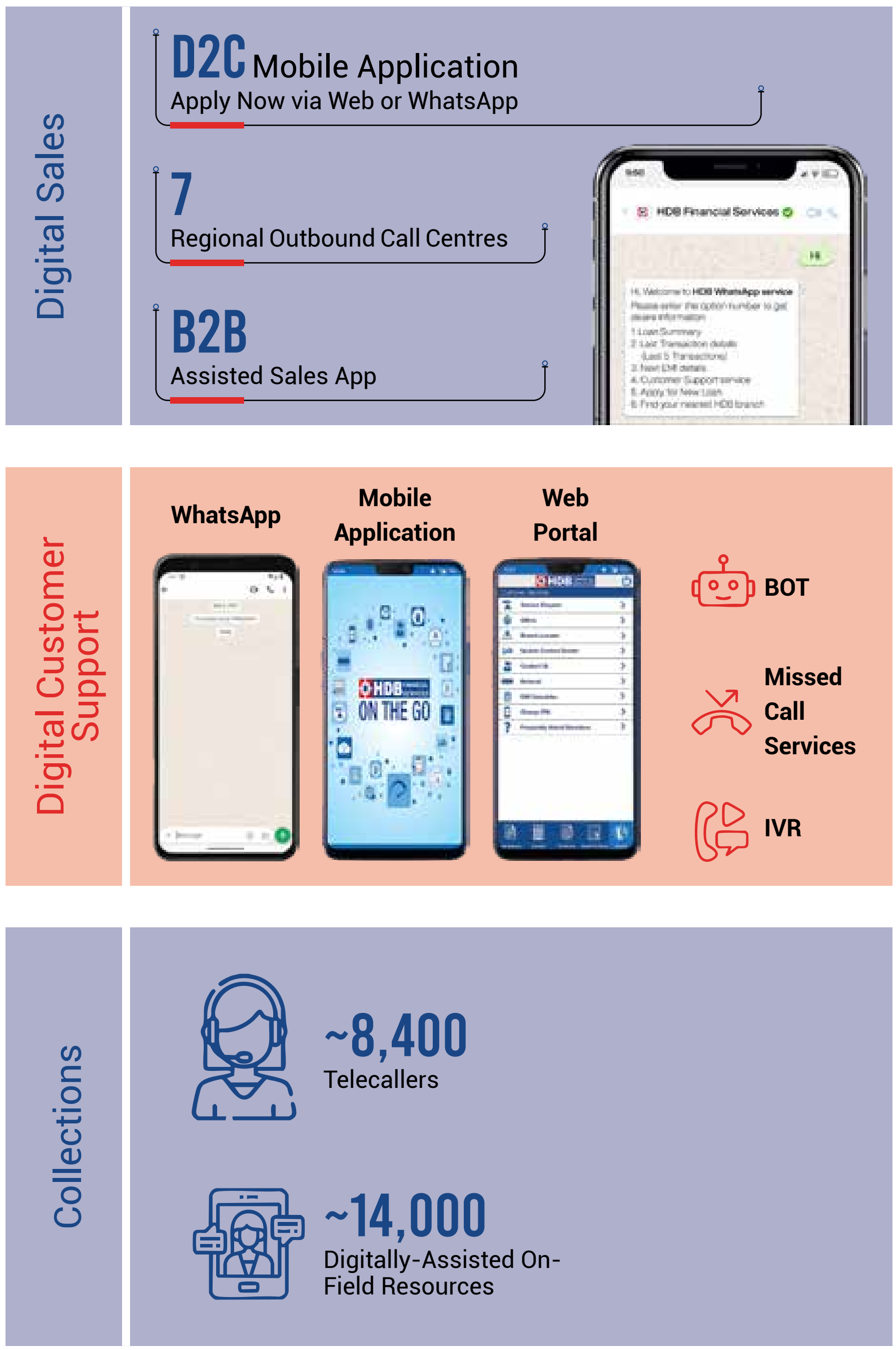
Central to the Company's credit discipline lies a robust underwriting and collections system. The framework emphasises rigorous assessment, prudent exposure and early risk detection. Such vigilance safeguards asset quality even amid market volatility, empowering the Company to scale while preserving portfolio strength.

Experienced Management Team and Skilled Workforce

The Company's leadership team brings vast industry experience and a deep understanding of India's lending environment. Their strategic foresight and operational acumen have been key to building a stable and scalable business model. This is supported by a committed and growing workforce that is aligned with the Company's values, customer-first ethos and long-term ambitions.

Advanced Technology for Enhanced Customer Experience and Operational Efficiency

The Company continues to invest in digital tools and capabilities to elevate customer experience and streamline internal operations. Through its proprietary platforms and fintech integrations, customers can access products through user-friendly interfaces such as the 'HDB On-the-Go' app, which has witnessed significant adoption. Field teams, including sales officers, dealers and agents are equipped with mobile-based tools that enable real-time processing, improve turnaround times and drive higher productivity. These digital enhancements ensure agility at the front end and consistency at the back end, uplifting the Company's service delivery and scalability.



TRAVERSING A DYNAMIC ENVIRONMENT

India's NBFC space continues to evolve amid a confluence of regulatory shifts, digital disruption and changing consumption patterns. These shifts are unlocking new growth paths, while testing the agility and resilience of companies in the sector.

HDBFS operates in this dynamic environment with a sharp focus on responsible growth, risk-adjusted returns and long-term financial inclusion. Its ability to respond to macro and sectoral shifts positions it well for sustainable value creation.

Growth and Stability in the NBFC Environment

The NBFC sector has experienced periods of volatility in recent years, driven by tighter regulatory oversight, macroeconomic headwinds and subdued consumption demand. While earnings remained strong for select players, broader sentiment was affected by concerns over asset quality, particularly in unsecured retail loans.

HDBFS's Approach

HDBFS has adopted a disciplined and progressive strategy to steer through sectoral headwinds. It remains focussed on maintaining strong asset quality through calibrated lending, significant credit appraisal and conservative provisioning norms. Parallelly, the Company's emphasis on risk containment, particularly in the retail segment, is complemented by its use of technology to deliver faster, more customised services. In addition, regulatory alignment, portfolio diversification and an agile operating model have helped HDBFS stay resilient and position itself for stable, long-term growth.

Technological Prowess

Technology has emerged as a key differentiator in the NBFC space, with new-age players using data analytics to drive smarter credit decisions. The widespread adoption of mobile technologies has enabled digital-first models that streamline customer onboarding, reduce turnaround times and enhance user experience. Robotic process automation (RPA) is also being deployed to drive efficiencies, minimise errors and bring down operational costs.

HDBFS's Approach

HDBFS continues to invest in advanced technologies to strengthen every part of the lending value chain. This includes customer acquisition, underwriting, collections and cross-selling. In parallel, data-driven models are being actively scaled to improve decision-making and enhance customer engagement. This strategic use of technology is central to building a scalable, efficient and future-ready platform.

Rising Consumption in Rural Areas

India's rural economy is witnessing a marked shift, driven by rising disposable incomes, improved connectivity and changing aspirations. Consumers in these regions are increasingly moving beyond basic necessities, with growing demand for durables, personal mobility and branded products. The narrowing of the urban-rural Monthly Per Capita Expenditure (MPCE) gap from 83.9% in FY 2011-12 to 69.7% reflects this evolution in spending power. Additionally, the share of non-food expenditure in rural India has risen to 52.96%, indicating a transition towards lifestyle-led consumption. Despite these positive shifts, significant under-penetration persists in certain regions, where rural MPCE levels remain below the national average, highlighting both the untapped demand and the opportunity for credit-led inclusion.

HDBFS's Approach

HDBFS identifies the rural market as a high-potential growth frontier. It pursues this opportunity by strengthening its presence with tailored offerings like two-wheeler loans, consumer durables financing and small business credit. Backed by its strong brand, physical network and digital capabilities, the Company is well-positioned to meet the evolving needs of rural consumers. Importantly, the focus remains on expanding financial access, while upholding strict risk management and operational scalability.

Financial Inclusion

India has made measurable progress in advancing financial inclusion, yet gaps persist in access to formal credit, especially among low-income and informal segments. According to the World Bank's Global Findex Database 2021, around 76% of adults globally now have a savings or current account. However, India still accounts for a significant share of the global unbanked population, with approximately 2,300 Lakh without bank accounts.

The domestic drive towards inclusion has produced impressive results. Over 519.9 Mn accounts have been opened under the Pradhan Mantri Jan Dhan Yojana (PMJDY) as of March 2024. However, these numbers mask a critical gap in credit penetration, which remains shallow, especially in more remote areas. This gap presents a structural opportunity for NBFCs to step in.

HDBFS's Approach

While banks continue to dominate India's financial system, their retail loan portfolio accounted for only ~34% of total banking credit as of Fiscal 2024. In contrast, NBFCs have increased their retail loan contribution to over 48% of their total credit exposure, underscoring a sharper focus on underserved and borrower segments.

HDBFS has emerged as a key enabler in this space, particularly in driving financial access for first-time borrowers, informal earners and low-income households. With a firm foothold in both urban and rural areas, the Company combines branch-led outreach with digital tools to offer tailored credit solutions. Its skill in underwriting to underbanked and underserved customers without sacrificing asset quality enables HDBFS to advance the nation's goal of financial inclusion.

Improving Asset Quality

After a phase of stress, NBFC asset quality has shown signs of improvement, supported by regulatory measures and an improving macro backdrop. Process enhancements and recalibrated risk strategies have further supported a downward trend in NPAs across key segments. As consumption steadies and borrower discipline improves, the credit quality outlook in the NBFC space remains cautiously optimistic.

HDBFS's Approach

Asset quality remains a core priority for HDBFS. The Company continues to strengthen its risk framework through data-backed underwriting, proactive monitoring and strong recovery mechanisms. Its credit teams are empowered with digital tools and analytics to take informed, timely decisions. Over the years, this approach has contributed to a steady portfolio and better risk-adjusted returns. HDBFS also actively engages with regulatory developments to stay ahead of compliance requirements and sectoral norms. Its long-standing commitment to responsible lending and process discipline forms the foundation of a robust portfolio.

FOCUSING ON INCLUSIVE GROWTH

Building trust and a shared sense of purpose with stakeholders forms a critical aspect of HDBFS's growth and operations in today's evolving business environment. The Company also remains deeply committed to transparent, two-way engagement across all stakeholder groups. Moreover, by listening closely, addressing concerns promptly and aligning interests, it ensures an accountable and inclusive growth path rooted in lasting value creation.

Investors

Channels of Communication

- General Body Meetings
- Interaction with Investors
- Annual Report
- Company's Website

Frequency of Engagement

- Annual

Importance

- Provide capital for business growth and operations
- Influence the Company's decisions through voting rights

Employees

Channels of Communication

- HR Interaction Programs
- Training and Safety Programmes
- Feedback Sessions
- Townhall
- Coffee and conversation sessions
- Ebuzz Magazine

Frequency of Engagement

- Regular

Importance

- Drive the Company's productivity and innovation
- Represent the Company's culture and values to customers

Customers

Channels of Communication

- Web Portal
- Customer Satisfaction Survey
- Newsletters
- Chatbot
- WhatsApp Communication
- Mobile App

Frequency of Engagement

- Throughout the Year

Importance

- Generate revenue through purchases
- Provide valuable feedback for product improvement

Dealers

Channels of Communication

- Website
- Email

Frequency of Engagement

- Regular

Importance

- Act as crucial intermediaries in the sales process
- Provide local market insights and facilitate customer relationships

Suppliers

Channels of Communication

- Website
- Email

Frequency of Engagement

- Regular

Importance

- Strengthen compliance and risk mitigation through trusted third party service arrangements
- Support business continuity by providing scalable and secure IT, data and facility management solutions.

CHANNELLING RESOURCES FOR LASTING OUTCOMES

Capitals Engaged

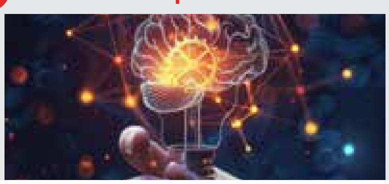
Financial Capital

- Strong Equity Capital
- Robust Asset Base
- Prudent Borrowing Portfolio
- Diversified Lender Base

Manufactured Capital

- Widespread Branch Network
- Corporate Office

Intellectual Capital



- Advanced Data Analytics and Business Intelligence Capabilities
- Seamless E-NACH, E-Sign Integration
- Cybersecurity Framework
- Hybrid Underwriting Model
- Highly Scalable Technology Infrastructure
- User-friendly Mobile Applications

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

Natural Capital

- Energy-efficient Operations
- Emission Reduction Initiatives
- Tree Plantation Drives
- Environmentally friendly Infrastructure
- Water Conservation

Inputs

HDBFS's Business Portfolio

Consumer Finance

Asset Finance

Insurance Services

HDBFS's Values

- Integrity
- Respect

Enterprise Lending

Micro-Lending

BPO Services

Excellence

Collaboration

Simplicity

Agility

Output

- 19% AUM Growth
- ₹ 2,176 Crore Net Profit
- ₹ 27.40 EPS
- 2.16% ROA
- 14.72% ROE

- 1,771 Branches
- 31 States/UTs Reached
- 1,057 Tier IV Cities Served

- 6 Digital Channels for Customers
- 97% Customer Acquisition through Digital Channels
- 63% Digital documentation
- 75% Digital Collection

- 12.79 Person Hours Training
- 23% Women Employees
- 25,55,350 ESOPs Granted

- 1,25,243 CSR Beneficiaries
- AAA/Stable (CARE and CRISIL Ratings for Long-term Debt and Bank Facilities)
- A1+ (CARE and CRISIL Ratings for Commercial Papers)

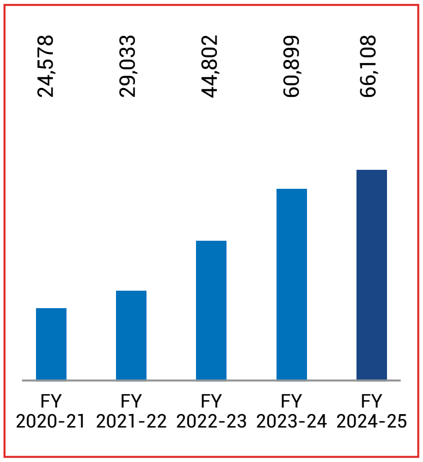
- 1,60,625 Saplings Planted
- 16 Lakes restored
- 138 Farm ponds developed

SDGs Impacted

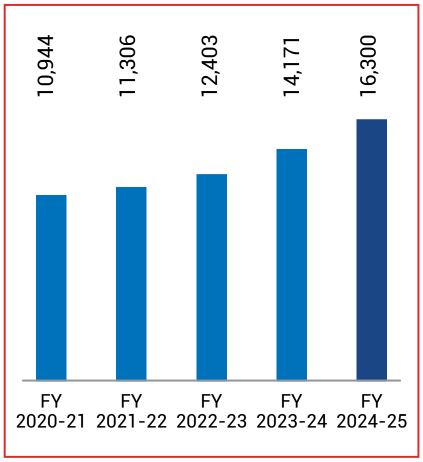
BALANCING SCALE WITH PRUDENCE

The financial performance of HDBFS rests on a stable, growth-oriented model that balances scale with prudence. By steadily expanding its loan book, improving margins and strengthening fee-based revenue streams, the Company has delivered consistent topline growth. This disciplined approach to profitability reinforces its ability to navigate market cycles, while continuing to invest in long-term value creation.

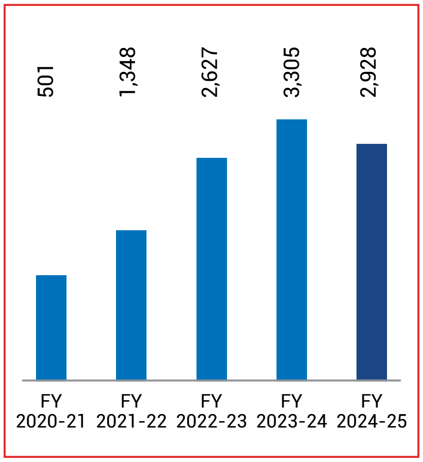
TOTAL DISBURSEMENTS (₹ in Crore)



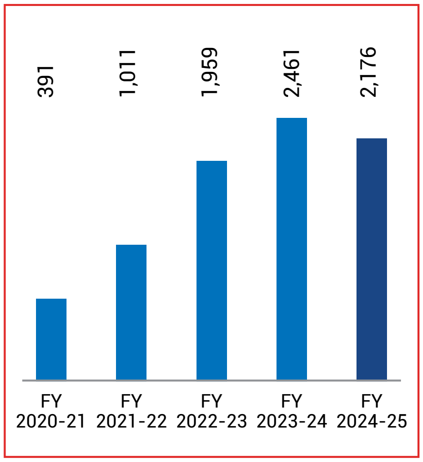
TOTAL REVENUE (₹ in Crore)



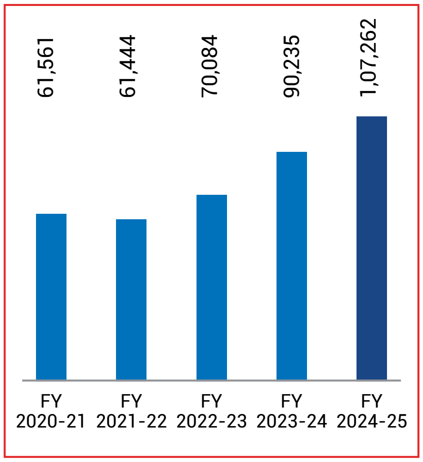
PROFIT BEFORE TAX (₹ in Crore)



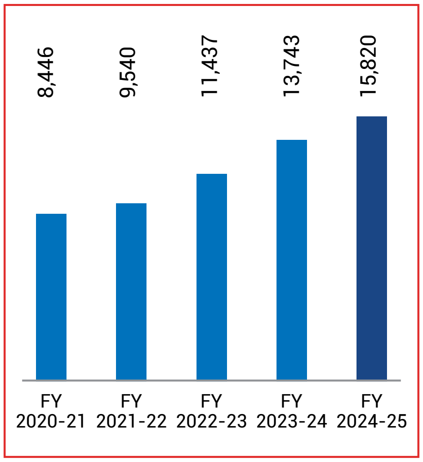
PROFIT AFTER TAX (₹ in Crore)



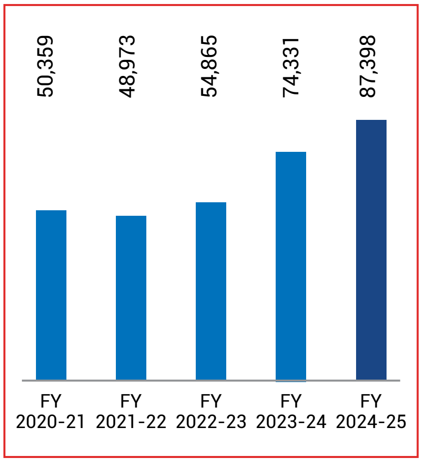
ASSETS UNDER MANAGEMENT (₹ in Crore)



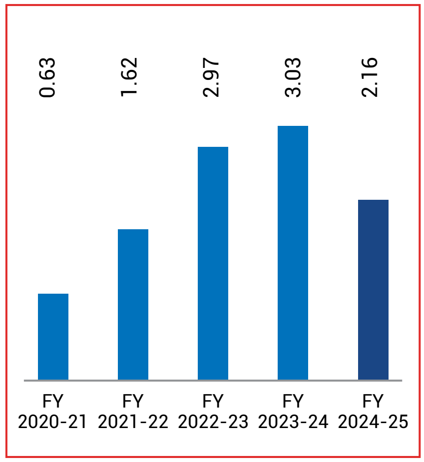
SHAREHOLDER'S FUNDS (₹ in Crore)



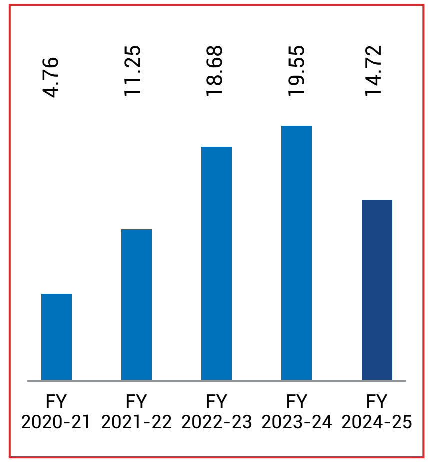
BORROWINGS
(₹ in Crore)



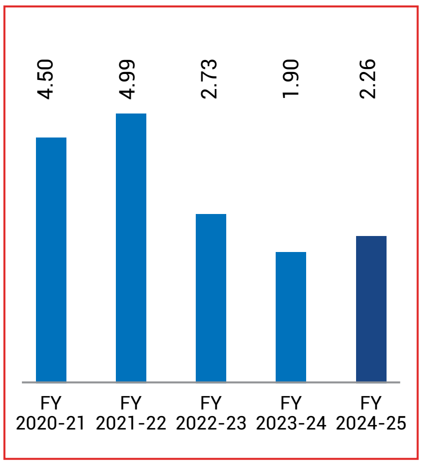
RETURN ON ASSETS
(In %)



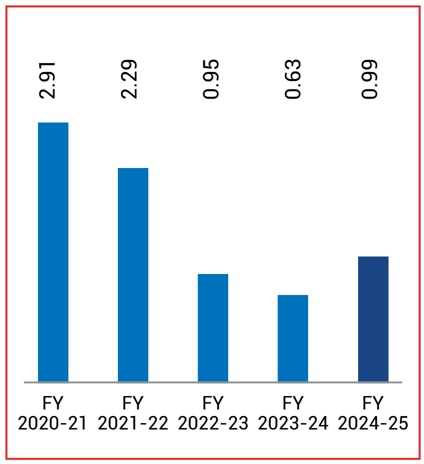
RETURN ON EQUITY
(In %)



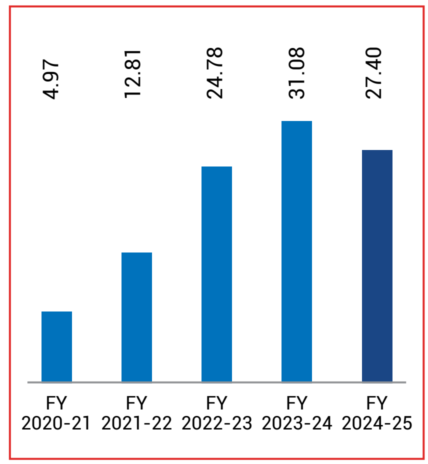
GROSS NPA
(In %)



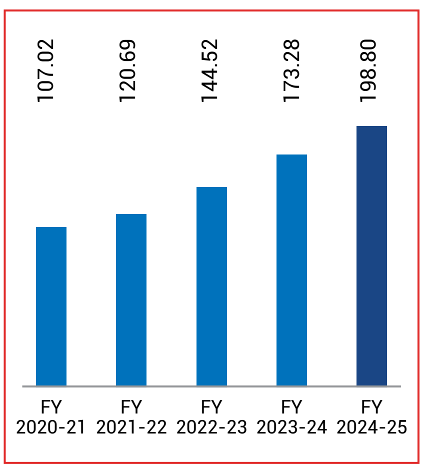
NET NPA
(In %)



EARNINGS PER SHARE
(₹)



BOOK VALUE PER SHARE
(₹)

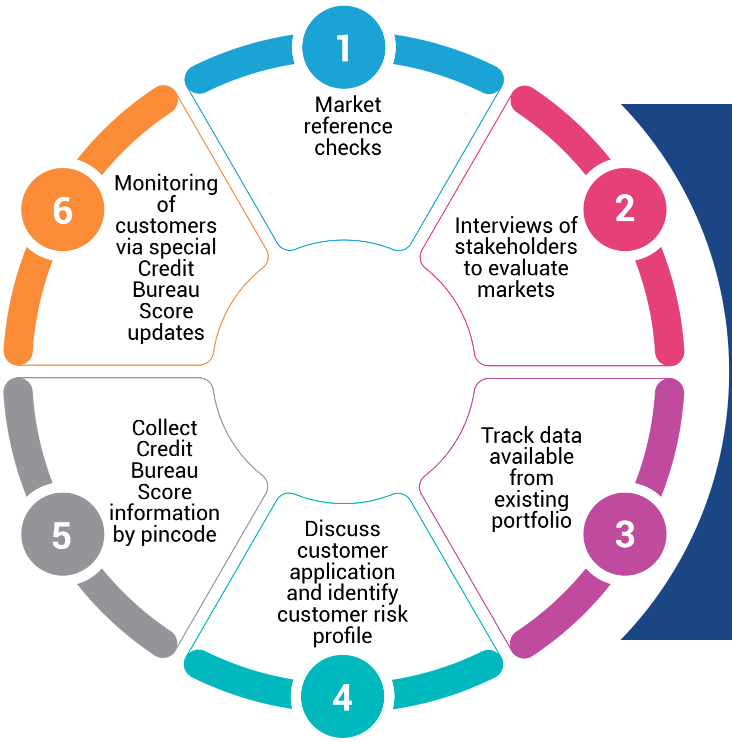


DRIVING INNOVATION THROUGH TECHNOLOGICAL PROWESS

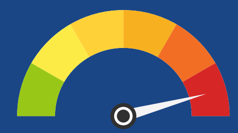
HDBFS's digital strategy aims to support scale, improve credit decisions and enhance customer outcomes. The approach integrates data intelligence across the entire lending lifecycle, from origination and onboarding to underwriting and collections, improving efficiency and reinforcing risk discipline. Digital tools empower teams on the ground, while customer-facing platforms ensure seamless access and faster turnaround times.

Loan Processing Journey

The Company has built a loan processing system that is both robust and efficient, backed by a committed credit team operating at multiple levels. A hybrid underwriting model guides credit decisions, with centralised automated systems handling smaller loans and branch teams assessing larger ones. This approach ensures accuracy and timeliness in every credit approval. Furthermore, the seamless integration of digital tools has enhanced the Company's ability to onboard customers online, reducing manual intervention and expediting loan processing.



Continuously enhanced & enriched digital rule engine



Proprietory underwriting and credit scoring engine, seasoned across cycles

Cybersecurity Practices and Data Privacy Measures

With increased digital adoption across the ecosystem, cybersecurity has become foundational to how HDBFS operates, serves and scales. Protecting data integrity, maintaining platform longevity and countering evolving threats is treated not merely as an IT function, but as an enterprise-wide priority governed at the highest level. The Information Technology Strategy Committee of the Board directs the cybersecurity framework, which unfolds through well-defined protocols, controls and accountability mechanisms. Among the key measures reinforcing this framework are the following:

- Application security is proactively assessed to address vulnerabilities before escalation
- Annual cybersecurity and compliance training is provided to ensure widespread awareness across teams
- Simulation exercises are regularly conducted to test incident response and preparedness
- Strict compliance is maintained with data privacy laws and sector-specific security standards
- Role-based access controls and governance protocols are deployed to minimise exposure and ensure traceability

Advanced Tools that Streamline the Customer Journey

HDBFS has introduced a digital 'Sales App' to enhance customer convenience. Field Sales Officers now use the app to assist with loan applications on the spot, removing the need for branch visits. In addition, the Company's customer care team provides dedicated guidance through calls and digital platforms, ensuring a smooth and supported journey.

Digital Experience through 'HDB On-the-Go' App

The Company continues to enhance customer convenience with its 'HDB On-the-Go' mobile application, offering seamless access to a wide range of products and services. With intuitive self-service features, personalised assistance and fully digital onboarding processes, the platform enables customers to engage and transact from anywhere.

Key Highlights

- End-to-end digital journeys for new loans, servicing and documentation
- Paperless onboarding for Consumer Finance products
- Digital onboarding for Loan Against Property and Auto Loans
- Branch locator and real-time assistance features
- 1.34 Mn customer queries resolved fully online as of March 31, 2025

UPHOLDING A COMMITMENT TO A SUSTAINABLE FUTURE

As part of its broader CSR vision, HDBFS is committed to creating lasting impact through environmental initiatives. Through projects focused on water conservation, afforestation and ecological restoration, the Company works to safeguard natural resources, build climate resilience and support the long-term well-being of communities.

Energy-efficiency Across Operations

The Company has adopted energy-saving technologies and optimisation of lighting. These efforts contribute to creating a more sustainable workplace environment that balances operational needs with environmental accountability.

Commitment to Effective E-Waste Management

HDBFS has established structured protocols for e-waste management. The Company's e-waste management is carried out in partnership with certified recyclers, ensuring safe and responsible disposal of electronic materials. These practices support circularity and reduce landfill dependency, supporting broader environmental objectives.

Green Initiatives on World Environment Day

Employee participation drives the Company's progress towards its environmental objectives. On World Environment Day, teams across locations take part in tree plantation and water conservation drives. These initiatives create tangible benefits for local communities. Beyond enhancing green cover, they also foster a deep sense of responsibility and awareness about sustainability throughout the organisation.

NURTURING TALENT THROUGH CARE AND RECOGNITION

HDBFS dedicates itself to creating a workplace rich in diversity, inclusion, respect and empathy. The Company fosters a culture where employees are encouraged to grow both professionally and personally. This is achieved through structured development opportunities, employee-friendly policies and an environment that values continuous learning. With a strong focus on capability building and engagement, HDBFS views its people as the driving force behind its performance and long-term success.

High Flyers 2024: Honouring Excellence and Commitment

The initiative honoured HDBFS employees who consistently delivered exceptional performance and strong leadership. Their dedication, endurance and integrity motivated the entire workforce.

Key Highlights

- Recognised top-performing employees across regions and verticals
- Celebrated excellence, leadership and sustained commitment
- Strengthened the culture of recognition and high performance

Focus on Employee Well-being

The well-being of the employees is a top priority and HDBFS takes a proactive approach in ensuring their physical and emotional health. Over the year, the Company launched a range of initiatives, including health check-ups, yoga and meditation workshops, sports tournaments, cultural celebrations and community outreach programmes.

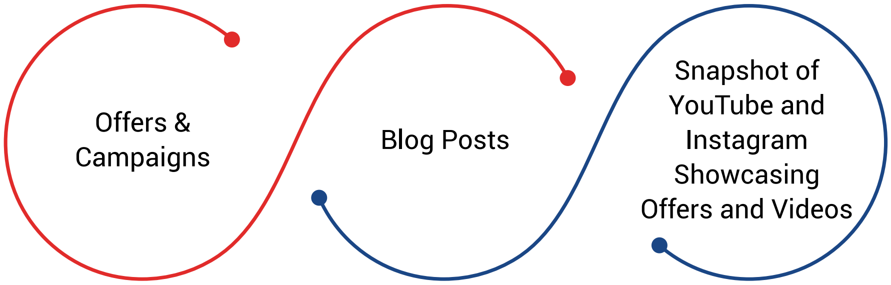
Key Highlights

- Celebrated Yoga Day
- Celebrated Republic Day

Customer Engagement

The Company is dedicated to nurturing a meaningful connection with the customers through targeted campaigns, exclusive offers and a strong social media presence. Its digital marketing efforts include timely promotions and insightful blog content that educates customers about government support schemes, enabling informed financial choices.

By actively engaging with customers across social media platforms, the Company addresses their needs and creates a community built on trust. This approach helps build long-lasting relationships and provide them with solutions that truly matter.



OEM Partners Meeting

In December 2024, HDBFS hosted the OEM Partners Meeting, a pivotal event aimed at strengthening collaborations and exploring new growth opportunities. The gathering centred on harnessing innovative solutions to meet market needs and drive operational excellence.

Partnership with Haryana Steelers

The Company partnered with Haryana Steelers as an associate sponsor for Pro Kabaddi Season 11. This collaboration highlighted their shared commitment to promoting sports and empowering athletes.

EMPOWERING COMMUNITIES WITH PURPOSEFUL INITIATIVES

The Company is committed to advancing social equity by creating enabling environment for the communities to thrive and prosper in a sustained manner. Through its CSR initiatives, 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 prioritizing economic inclusion and social development, the Company contributes to building resilient communities and driving holistic progress.

DRIVING SOCIAL IMPACT: CSR INITIATIVES IN FY 2024-25

In FY 2024-25, HDBFS undertook a diverse set of CSR initiatives aimed at driving inclusive growth and empowering communities. Guided by its vision of building a better and more equitable India, HDBFS focussed on projects that deliver long-term value and meaningful social impact.

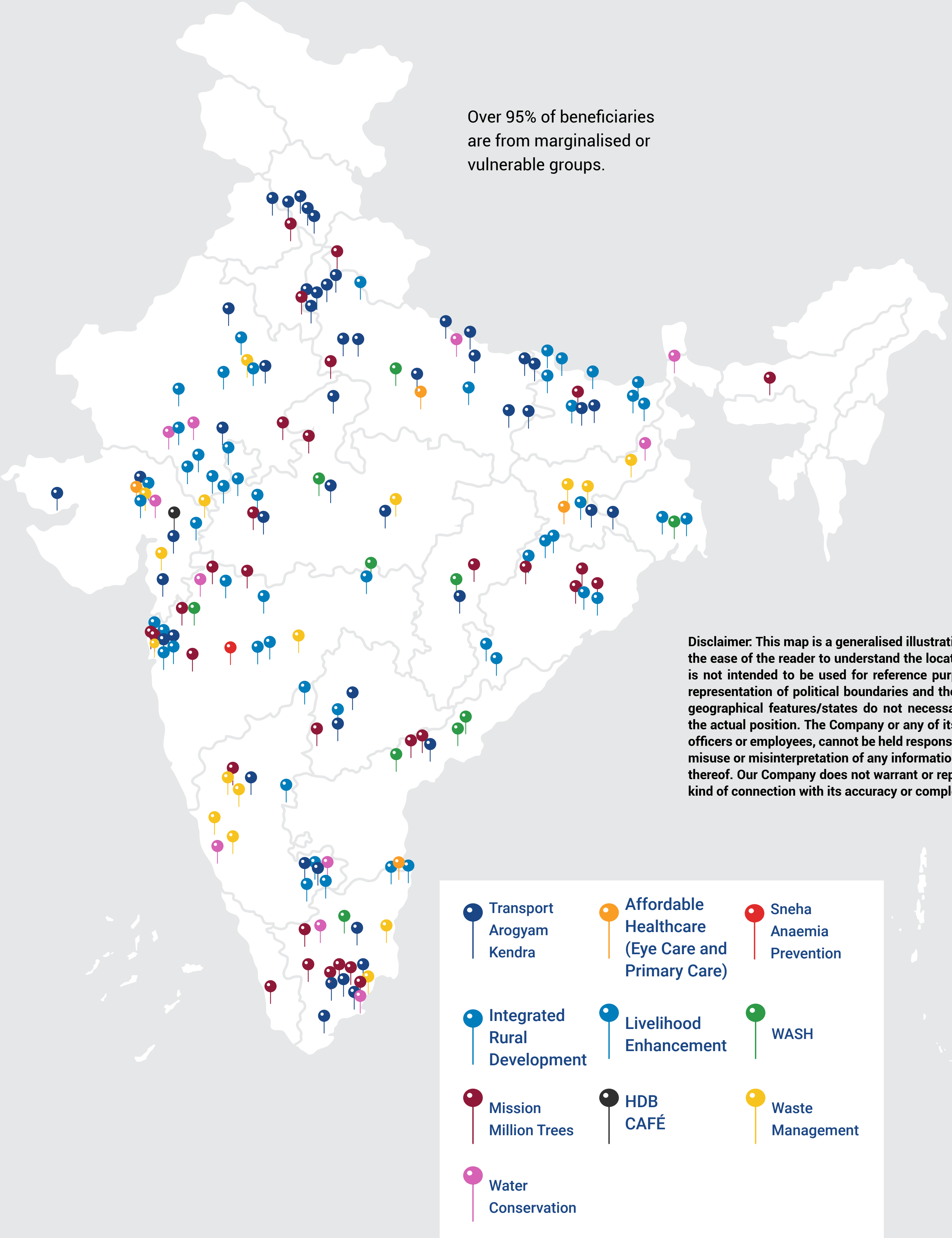
HDBFS's CSR initiatives in FY 2024-25 were implemented across 151 districts in 20 states and 2 union territories, in collaboration with credible partners renowned for their proven expertise in addressing grassroots challenges. Each initiative was designed with a strong outcome-oriented approach, ensuring that community needs were not only identified but also effectively addressed.

To maximise social impact, all projects were subject to rigorous monitoring and evaluation, enabling HDBFS to track performance, measure results and adapt for greater effectiveness.

₹ **46.78** Crore
Spent on CSR Initiatives

~1,25,000
Lives Positively Impacted

Over 95% of beneficiaries are from marginalised or vulnerable groups.



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 with its accuracy or completeness.

Healthcare Initiatives and Community Well-being

In FY 2024-25, HDBFS continued to strengthen its commitment to healthcare access and infrastructure by partnering with a range of healthcare organisations. These efforts supported national goals of building resilient healthcare systems and improving community well-being, especially in underserved regions.

Project Sneha

This initiative aimed at enhancing the health and nutritional outcomes of women of reproductive age. Implemented in Buldhana (Maharashtra) and continued in Dahod (Gujarat), Banswara (Rajasthan), Ratlam and Jaora (Madhya Pradesh), the project follows a continuum of care approach to address the widespread issues of undernourishment and anaemia.

SDGs Impacted

5,800+
Women Treated for Nutritional Anaemia

62 villages
Benefitted from Reduced Anaemia Prevalence

HDBFS works hand-in-hand with local health departments and community champions to conduct diagnostic camps, followed by nutritional counselling. This integrated approach empowers women to make informed health choices, benefitting both themselves and their families.

34,000+
Women Sensitised Across 396 Villages

Beyond maternal health, HDBFS also supports broader community healthcare through mobile health clinics and charitable dialysis centres, ensuring affordable medical access for marginalised populations.

240+
Individuals Availed OPD Services through Mobile Clinics

6,000+
Dialysis Sessions Supported

In its drive to promote hygiene and sanitation, the Company facilitated the construction of sanitation facilities in rural schools and refurbished community toilets in urban slums—enhancing the dignity and health of thousands.

20,000+
Individuals Gained Access to Safe Sanitation Across 25 Schools and 15 Communities

Transforming Lives with Skill Enhancement Initiatives

HDBFS's livelihood and literacy initiatives are designed to create meaningful pathways to employment and financial empowerment, especially for underserved youth and rural artisans. By addressing critical skill gaps and promoting financial awareness, these programmes aim to foster self-reliance and long-term socioeconomic progress.

8,400+
Youth Trained

72%
Secured Employment through the Programme

SDGs Impacted

1 NO POVERTY
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

Financial Literacy Clinics

To build financially aware communities, HDBFS runs Community Awareness on Financial Education (CAFE) programmes, targeting individuals of all age groups. Through Soochna Kendras—dedicated physical spaces—citizens receive guidance on updating KYC documents, accessing social security schemes and understanding digital banking products.

500+
financial literacy workshops conducted

2,200+
Individuals Benefitted from Services at the Financial Literacy Clinics

SDGs Impacted

4 QUALITY EDUCATION
8 DECENT WORK AND ECONOMIC GROWTH

Educational videos on topics such as cybersecurity, financial planning, savings, insurance and fraud prevention are also disseminated via HDBFS's social media handles to reach a wider audience and strengthen digital financial literacy.

Restoring Ecological Balance: Championing Sustainable Water and Forest Management

In response to the growing threat of climate change and its impact on rural livelihoods, HDBFS is committed to driving environmentally sustainable initiatives that restore natural resources and strengthen ecological resilience. Recognising the urgent challenges posed by depleting water tables and climate stress, HDBFS actively supports and implements programmes that conserve soil, water and biodiversity in vulnerable rainfed regions.

Through its sustained efforts in Integrated Watershed Management, the Company focusses on scientific conservation of soil and moisture in water-scarce rural blocks, helping to rejuvenate groundwater and improve agricultural sustainability.

SDGs Impacted

250+
Water Harvesting Structures constructed, including Dams, Farm Ponds and Percolation Tanks

1,500+ Acres
of Land treated for Soil and Moisture Conservation

16
Lakes restored, creating over 250 Mn Litres of Surface Water Storage Capacity

Complementing water conservation, HDBFS's Mission Million Trees afforestation programme promotes ecological balance by planting scientifically selected saplings as carbon sinks on farmlands owned by small and marginal farmers.

160,000+
Trees Planted and nurtured to maturity

Potential to absorb approximately
93,000 tonnes
of CO_2 Over 25 years

These initiatives demonstrate HDBFS's holistic approach to environmental stewardship, combining water management and green cover enhancement to foster climate resilience and support sustainable rural livelihoods.

Transport Aarogyam Kendra: Supporting the Health of India's Highway Heroes

HDBFS has placed a strong emphasis on the welfare of India's trucking community through its flagship initiative, Transport Aarogyam Kendras—a first-of-its-kind, full-time physiotherapy counselling and treatment programme dedicated to truck drivers. This pioneering effort directly addresses the unique physical health challenges faced by drivers due to long working hours and physically demanding conditions.

SDGs Impacted

3 GOOD HEALTH AND WELL-BEING

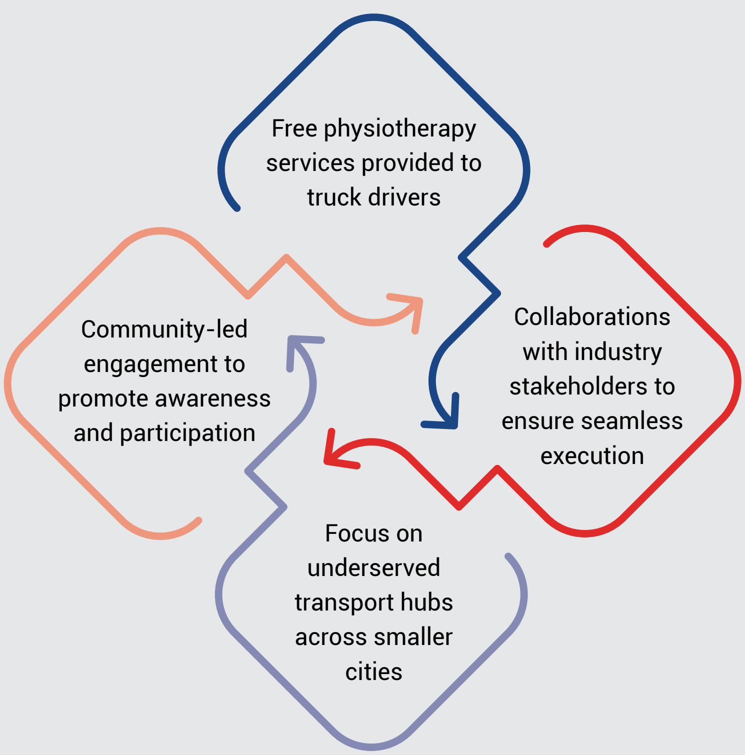
8
Transport Aarogyam Kendras Operational

80
Physiotherapy Camps Organised

42,000+
Stakeholders Benefitted

Transport Aarogyam Kendras have been established in eight key transport hubs, including Delhi, Namakkal (Tamil Nadu), Kalamboli (Maharashtra), Ranchi (Jharkhand), Gandhidham (Gujarat), Ludhiana (Punjab), Indore (Madhya Pradesh) and Vijayawada (Andhra Pradesh). These centres provide free physiotherapy services tailored to the needs of the trucking community.

In addition to the Kendras, HDBFS further extended its outreach through collaborative, week-long physiotherapy camps held at key transport hubs in Tier-II and Tier-III cities. These initiatives were made possible through strong partnerships with transporters, industry associations and NGOs.



Project Samruddhi: Advancing Holistic Rural Prosperity

HDBFS launched Project Samruddhi, a holistic rural development programme aimed at unlocking the potential of aspirational communities in underserved regions across Nandurbar (Maharashtra), Sirohi (Rajasthan), Kishanganj (Bihar), Dumka (Jharkhand) and Ramanathapuram (Tamil Nadu).

Implemented at the block level, the initiative adopts a multi-dimensional approach to development, focussing on:

SDGs Impacted

- Water security through conservation and restoration efforts
- Livelihood generation with robust market linkages
- Clean sanitation infrastructure in rural areas
- Improved access to public healthcare services

By integrating these core components, Project Samruddhi aims to create self-sustaining rural ecosystems and uplift communities through inclusive, scalable and measurable interventions.

Honouring Our Brave: Saluting the Fallen Heroes

In FY 2024-25, HDBFS upheld its proud tradition of commemorating Republic Day alongside the Indian Army and their families. In collaboration with the Sri Shanmukhananda Fine Arts and Sangeetha Sabha, the 76th Republic Day celebrations brought together Veer Naaris (widows of brave soldiers) and Veer Matas (mothers of fallen heroes) in the presence of esteemed dignitaries from the armed forces and civil society. With heartfelt gratitude, HDBFS contributed to this solemn event, honouring 20 courageous Veer Naaris and Veer Matas, recognising their immense sacrifice and invaluable contribution to the nation.

Acts of Simple Kindness: Spreading Compassion through Employee Volunteering

Acts of Simple Kindness (ASK) is an inspiring employee volunteering initiative driven by the spirit of generosity and community service among HDBians. Welcoming the new year with gratitude, employees actively engage in voluntary acts of kindness to support diverse segments of society—from frontline workers and senior citizens to children and vulnerable adults, as well as environmental causes.

Through ASK, HDBians distribute essential items such as blankets, cooked meals, rations, masks, sanitizers, clothing, books, stationery kits, water purifiers, air coolers, musical instruments and other necessary supplies to schools, shelter homes and individuals in need. This programme not only brings positive change but also fosters unity and empathy within the organisation and the communities it serves.

980
Branches Participated

24,000+
Employees Participated

400+
Institutions/NGOs Engaged

30,000+
Lives Touched

SHAPING DIRECTION THROUGH EXPERIENCED OVERSIGHT

Strong governance at HDBFS begins with the clarity and credibility of its Board. In an evolving regulatory space, the Board plays a critical role in shaping the Company's direction, sharpening institutional oversight and ensuring alignment with long-term stakeholder interests.

Comprising seasoned professionals with diverse experience across finance, risk, strategy and operations, the Board brings depth, balance and foresight to key decisions. Active and engaged, the Board helps the Company act swiftly, uphold strong compliance and build lasting value through all economic cycles.

Mr. Arijit Basu
Part-Time Non-Executive Chairman & Independent Director

Dr. Amla Samanta
Independent Director

Mr. Adayapalam Kumaraswamy Viswanathan
Independent Director

Ms. Arundhati Mech
Independent Director

Mr. Jimmy Tata
Non-Executive,
Non-Independent Director

Board Diversity

Male	
≤60 Years	2
>60 Years	5

Female	
≤60 Years	0
>60 Years	2

2
Women Directors on the Board

Mr. Jayesh Chakravarthi
Independent Director

Mr. Jayant Gokhale
Independent Director

Mr. Bhaskar Sharma
Independent Director

Mr. Ramesh G.
Managing Director &
Chief Executive Officer

LEADING WITH INSIGHT AND INTEGRITY

Mr. Ramesh G.
Managing Director &
Chief Executive Officer

Mr. Rohit Patwardhan
Chief Credit Officer

Mr. Sarabjeet Singh
Chief Business Officer

Mr. Venkata Swamy
Chief Digital & Marketing Officer

Mr. Ashish Ghatnekar
Chief – People & Operations

Mr. Harish Venugopal
Chief Risk Officer

Mr. Manish Tiwari
Business Head – Commercial Equipment

Mr. Vishal Patel
Head – Investors Relations

Mr. Karthik Srinivasan
Chief Business Officer

Mr. Premal Brahmbhatt
Head – Internal Audit

Ms. Dipti Khandelwal
Company Secretary and Head Legal

Mr. Mathew Panat
Chief Technology Officer

Mr. Jaykumar Shah
Chief Financial Officer

Mr. Arjun Dutta
Chief Compliance Officer

AWARDS AND ACCOLADES

HDBFS is proud to be recognised across multiple forums for its continued excellence not only in people practices but also in key business domains. These recognitions reflect the Company's commitment to building a progressive people strategy while driving sustainable business performance. HDBFS remains focussed on fostering an environment that promotes learning, career growth and inclusivity, where every individual feels valued and empowered. The Company is delighted to share these awards as a testament to its consistent efforts in delivering exceptional employee experiences and business excellence.

India's Top 25 Best Workplaces™ in BFSI 2025

Recognised as India's Top 25 Best Workplaces™ in BFSI 2025, during the 8th edition of Great Place To Work® India survey.

Best Mobile App Initiative

Conferred with the prestigious DNA Awards 2024 for 'Best Mobile App Initiative and Best CSR Initiative'.

Recognised as 1st to roll out the e-KYC Setu service

HDBFS was the first company to roll out the e-KYC Setu service, enabled through its partnership with NPCI.

Runner-up in 'Corporate Bond Private Placement of the Year' Category

Recognised as the runner-up in the 'Corporate Bond Private Placement of the Year' category at Assocham's event for 2023-24.

Award of Excellence for Health Initiatives

HDBFS's flagship CSR Programme Transport Aarogyam Kendra was conferred with the 'Award of Excellence for Health Initiatives' by The CSR Universe at Social Impact Conference & Awards (SICA) 2024.

Best CSR Film - Veer Naari Samman

HDBFS's CSR film Veerangana, featuring the felicitation of Veer Naaris on India's Republic Day, received the Best CSR Film Award in the Veer Naari Samman category.

Best CSR Project at India's CSR Health Impact Summit

HDBFS' flagship CSR Programme Transport Aarogyam Kendra was conferred with the 'Best CSR Project' in the 'Large Corporate Category' at India's CSR Health Impact Summit organised by Integrated Health and Well-being Council.

Best CSR Initiative at Distinguished NBFC Awards

HDBFS's Watershed Programme in Coimbatore bagged 'The Best CSR Initiative' Award at Distinguished NBFC Awards organised by Banking Frontiers.

Workplaces of 2025 by Jombay

Recognised as a WOW Workplace of 2025 by Jombay.

'Best Blended Learning Strategy of the Year' at the 9th L&D Awards

Awarded the 'Best Blended Learning Strategy of the Year' at the 9th L&D Awards 2025, held in Mumbai.

Recognised as Top Financiers at Annual Financiers Awards

Recognised as one of the top financiers for Construction Equipment Loans in the Retail Finance Category at the Annual Financiers Awards Night hosted by JCB India Ltd.

Most Promising Growth Award at Beyond by Reliance

Conferred with the 'Most Promising Growth Award' in Consumer Finance Category by Reliance Digital in their Annual Partnership Meet - 'Beyond'

Awarded as Best Tractor Financiers at ITOTY

Awarded as the 'Best Tractor Financier' by ITOTY (Indian Tractor of the Year) for the year 2023-24. The award was conferred at the ITOTY ceremony held on 10th July 2024, where technical and financial innovations in the agriculture sector were recognised.

Achieved 2nd Position as Finance Partner at HD Hyundai

Achieved 2nd position as finance partner at HD Hyundai Construction Equipment India business during FY 2023-24.

CORPORATE INFORMATION

Key Managerial Personnel

Mr. Ramesh G.
Managing Director & Chief Executive Officer

Mr. Jaykumar Shah
Chief Financial Officer

Ms. Dipti Khandelwal
Company Secretary and Head Legal

Joint Statutory Auditors

M/s. Kalyaniwalla & Mistry LLP
(ICAI FRN: 104607W/W100166)

M/s. G.D. Apte & Co.
(ICAI FRN: 100515W)

Secretarial Auditors

M/s. Mehta & Mehta, Company Secretaries

Registered Office

Radhika, 2nd Floor, Law Garden Road,
Navrangpura, Ahmedabad - 380 009
Tel No.: +91 91 3604 8384
Website: www.hdbfs.com
Email: compliance@hdbfs.com

Corporate Identification Number

U65993GJ2007PLC051028

Corporate Office

HDB House, Tukaram Sandam Marg,
A-Subhash Road, Vile Parle (E),
Mumbai – 400 057
Tel No.: +91 22 4911 6300
Fax: +91 22 49116666

Bankers

* Axis Bank * Bank of Baroda * Bank of India * Canara Bank * Central Bank of India * CSB Bank * CTBC Bank * Deutsche Bank * Dhanlaxmi Bank * Federal Bank * HDFC Bank * HSBC Bank * ICICI Bank * IDBI Bank * Indian Bank * IndusInd Bank * Jammu & Kashmir Bank * Karnataka Bank * Karur Bank * Kotak Mahindra Bank * MUFG Bank Ltd * 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. MUFG Intime India Private Limited
(Formerly 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
The Ruby, 2nd Floor, SW, 29 Senapati Bapat Marg,
Dadar West, Mumbai - 400 028
Tel.: +91 22 62300446
Fax: +91 22 62300700
Email: debenturetrustee@axistrustee.in

Notice

HDB FINANCIAL SERVICES LIMITED

Corporate Identification Number: U65993GJ2007PLC051028

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

Corporate Office: HDB House, Tukaram Sandam Marg, A - Subhash Road, Vile Parle (E), Mumbai – 400 057

Tel: +91 22 4911 6300; **Fax:** +91 22 4911 6666, **Website:** www.hdbfs.com **Email:** compliance@hdbfs.com

NOTICE OF 18TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eighteenth Annual General Meeting of HDB Financial Services Limited will be held through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM") on Thursday, 12th day of June, 2025 at 11:00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company together with the Report of the Board of Directors and Auditors thereon for the financial year ended March 31, 2025.

2. To receive, consider and adopt the Audited Consolidated Financial Statements of the Company together with the Report of the Auditors thereon for the financial year ended March 31, 2025.

3. To declare a dividend @ 10% i.e. Re. 1/- (Rupee One Only) on each Equity Share for the financial year ended March 31, 2025.

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.

SPECIAL BUSINESS:

5. To appoint Secretarial 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 Section 204 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), and any other applicable provisions of laws, (including any statutory modification(s), amendment(s), or re-enactment(s) thereof, for the time being in force), M/s. N L Bhatia & Associates, Practicing Company Secretaries (Firm Registration No. P1996MH055800), who have offered themselves for appointment and have confirmed their eligibility to be appointed as Secretarial Auditors in terms of Regulation 24A(1A) of the SEBI Listing Regulations, be and are hereby appointed as Secretarial Auditors of the Company for a term of 5 (Five) consecutive years commencing from the financial year 2025-26, to conduct the secretarial audit and issue the Secretarial Audit Report as required under the Companies Act, 2013 and SEBI Listing Regulations;

   RESOLVED FURTHER THAT the Board of Directors of the Company and the Audit Committee thereof, be and are hereby severally authorised to determine and finalise the terms and conditions of appointment, including the overall fees of the Secretarial Auditors;

   RESOLVED FURTHER THAT the Board of Directors of the Company and the Audit Committee thereof be and are hereby authorised on behalf of the Company, including the delegation of such authority to any Director(s) or Officer(s) 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 scope of work of the Secretarial 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."

6. 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) and other applicable provisions, if any, of the Companies Act, 2013, read with the rules made

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thereunder (including any statutory modification(s), amendment(s), or re-enactment(s) 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 be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "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 authorised to negotiate, finalise and execute with the Lender(s)/Debenture Trustees/Financial Institutions/ 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 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."

7. 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 May 22, 2024 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 law, 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 modification(s), amendment(s), or re-enactment(s) 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;

Notice (Contd.)

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 ₹ 42,007.72 Crore (Rupees Forty-Two Thousand Seven Crore 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 and within the overall limit of borrowing as approved by the members pursuant to Section 180(1)(c) of the Companies Act, 2013;

RESOLVED FURTHER THAT the Board be and is hereby 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."

8. To approve increase in borrowing limit of the Company from ₹ 1,25,000 Crore to ₹ 1,35,000 Crore and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT in supersession of all the resolutions passed earlier in this regard, the consent of the members of the Company be and is hereby accorded under the provisions of Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013, read with the rules made thereunder (including any statutory modification(s), amendment(s), or re-enactment(s) thereof, for the time being in force), to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall deemed to include any committee(s) constituted/to be constituted by the Board, from time to time to exercise its powers conferred by this resolution) to borrow from time to time, any sum or sums of monies, inter-alia, by way of loan, facility, financial assistance, issue of partly/fully convertible/non-convertible debentures/bonds (including subordinated or perpetual debentures or other forms of debt instruments), Tri-Party Repo Settlement (TREPS), issue of commercial papers, availing external commercial borrowings and all of the above can either be availed/issued in Indian Rupee or any other currency as permissible under applicable law, whether secured or unsecured and whether in India or abroad, notwithstanding that the loan, facility, financial assistance, partly/fully convertible/non-convertible debentures/bonds, TREPS, commercial papers, external commercial borrowings so availed together with the monies already borrowed by the Company, will exceed the aggregate of the paid-up share capital of the Company, its free reserves and securities premium (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), provided that the total amount so borrowed by the Board shall not, at any given point of time, exceed ₹ 1,35,000 Crore (Rupees One Lakh Thirty Five Thousand Crore Only), on such terms and conditions as the Board at its sole discretion 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 negotiate, agree and execute the required documents in this regard with any banks, financial institutions, companies, firms, individuals, persons, body corporate, associations, partnership, sole proprietorship, societies, or any government or semi-government bodies, whether state or central, whether in India or abroad (hereinafter referred to as "the Lender") for borrowing funds on such terms as may be mutually agreed between the Company and the Lender;

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee(s) constituted/to be constituted by the Board, from time to time to exercise its powers conferred by this resolution thereof) be and are hereby authorised to do all such acts, deeds and things as may be required and to finalise the terms and conditions and 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 this regard as it may in its sole and absolute discretion deem fit and to sub-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."

9. To approve increase in limit for creation of charge on the assets of the Company upto an amount of ₹ 1,35,000 Crore to secure its borrowings and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

Notice (Contd.)

"RESOLVED THAT in supersession of all the resolutions passed earlier in this regard, the consent of the members of the Company be and is hereby accorded under Sections 180(1)(a) and 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder (including any statutory modification(s), amendment(s), or re-enactment(s) thereof, for the time being in force), to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall deemed to include any committee(s) constituted/to be constituted by the Board, from time to time to exercise its powers conferred by this resolution) to create such encumbrances, charges, mortgages and hypothecations in addition to the existing encumbrances, charges, mortgages and hypothecations created by the Company, on such movable and immovable properties and/or assets of the Company, both present and future and in such manner as deemed fit, in favour of the lenders/creditors of the Company (including but not limited to bank(s), financial institution(s), investing agencies, trustees for the holders of debentures/bonds/other debt 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., to secure such loans, facility, issue of debentures/bonds (whether partly/fully convertible or non-convertible), or any other form of debt availed (hereinafter collectively referred to as "Loans") provided that the total amount of Loans for which the charge is to be created, shall not, at any time exceed ₹ 1,35,000 Crore (Rupees One Lakh Thirty-Five Thousand Crore Only);

RESOLVED FURTHER THAT the Board of Directors of the Company (including any committee(s) constituted/ to be constituted by the Board, from time to time to exercise its powers conferred by this resolution thereof) be and are hereby authorised to negotiate, finalise and execute with the lender(s)/trustees/persons, such documents/agreements/undertakings/indemnities/ guarantees as may be required for creating the aforesaid encumbrances, mortgages, hypothecations, charges in any other manner 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 and absolute discretion deem fit and to sub-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 15, 2025

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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 and 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. 5 to 9 of this Notice, is annexed hereto.

2. In accordance with the Ministry of Corporate Affairs (MCA), Government of India vide General Circular No. 20/2020 dated May 5, 2020 read with General Circular No. 21/2021 dated December 14, 2021, General Circular No. 2/2022 dated May 5, 2022, General Circular No. 10/2022 dated December 28, 2022, General Circular No. 9/2023 dated September 25, 2023 and General Circular No. 9/2024 dated September 19, 2024 (collectively referred to as "**MCA Circulars**"), electronic copies of the Annual Report for Financial Year ("FY") 2024-25 and this 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 e-mail to those Members, Trustees for the Debenture-holders of any debentures issued by the Company, holders of Non-Convertible Securities and to all other persons so entitled whose e-mail IDs have been made available to the Company/ Registrar and Transfer Agent ("**RTA**") i.e. MUFG Intime India Private Limited (previously known as "Link Intime India Private Limited") or with Depository Participants ("DPs") unless the Member has specifically requested for a hard copy of the Annual Report. Members may note that the Annual Report for the FY 2024-25 and the AGM Notice are 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 provider engaged by the Company viz. National Securities Depository Limited ("NSDL") at https://www.evoting.nsdl.com

3. Pursuant to the MCA Circulars and in compliance with the applicable provisions of the Act, the Eighteenth AGM will be held through VC/OAVM and physical attendance of Members has been dispensed with. Accordingly, the facility to appoint a proxy to attend and vote at the AGM on behalf of a Member will not be available and hence, the Proxy Form and Attendance Slip are not annexed to this Notice.

4. Corporate Members are requested to send a duly certified copy of their Board Resolution authorising their representative(s) to attend the AGM through VC/OAVM and vote on their behalf. The said Resolution should be sent via email to mitesh@mjshah.com, with a copy marked to evoting@nsdl.co.in

5. In the case of joint holders, only the first holders in the order of names as recorded in the Register of Members of the Company shall be entitled to vote during the AGM, provided the vote has not already been cast by remote e-voting by such first named holder.

6. Members seeking any information relating to the accounts or any matter to be placed at the AGM are requested to submit their queries in advance from their registered email address. The email should mention their name, DP ID and Client ID/folio number, PAN and mobile number and should be sent via email at compliance@hdbfs.com, on or before Monday, June 09, 2025. The same will be replied by the Company suitably during the AGM.

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 HDB House, Tukaram Sandam Marg, A - Subhash Road, Vile Parle (E), Mumbai – 400 057.

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 05, 2025.**

The final dividend, as recommended by the Board of Directors, if approved at the AGM, will be paid on or after Friday, June 13, 2025 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 05, 2025.

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 2025-26 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 2025-26 does not exceed ₹ 10,000. 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 u/s. 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

Notice (Contd.)

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 and Notification DGIT(S) ADGS(S) – 3 dated December 12, 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.

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 05, 2025.

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

Members are requested to upload the relevant documents on the link: https://web.in.mpms.mufg.com/formsreg/submission-of-form-15g-15h.html on or before Thursday, June 05, 2025 in order to enable the 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 05, 2025 shall be considered for payment of dividend for FY 2024-25, 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 09, 2025 and ends at 05:00 p.m. on Wednesday, June 11, 2025, 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 05, 2025 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 05, 2025.

Notice (Contd.)

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 e-mail IDs, are requested to kindly register the same on the website of the Company's R&T agent at the link https://web.in.mpms.mufg.com/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 e-mail, 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@in.mpms.mufg.com

    ii. It is clarified that for permanent registration of email address, the members are requested to register their e-mail address, by contacting Depository Participants and registering e-mail 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

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Type of shareholders	Login Method
	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
Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi/Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of **e-Voting service provider i.e. NSDL**. Click on **NSDL** to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in 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 provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress.
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.

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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.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
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 022-23058738 or 022-23058542-43

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 ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. 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 or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

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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.co.in 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.

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 133756. 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 addresses 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.co.in 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.co.in.
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.co.in

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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.co.in 022 - 4886 7000 and 022 - 2499 7000.

5. In case of any other queries shareholder can contact: M/s. MUFG Intime India Private Limited (Formerly 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@in.mpms.mufg.com

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.co.in/ 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.co.in/ 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 02, 2025 (09:00 a.m. IST) to Saturday, June 07, 2025 (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 12, 2025 at 11:00 a.m. 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 05, 2025, 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.

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ANNEXURE TO THE NOTICE

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

Item No. 5

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), every listed company and such other class of companies as may be prescribed are required to annex with their Board's Report a Secretarial Audit Report, issued by a Company Secretary in practice, in the prescribed form.

In view of the Company being classified as a High Value Debt Listed Company and falling within the prescribed class of companies under the aforesaid provisions, it is obligatory to appoint a Secretarial Auditor to carry out the Secretarial Audit for the financial year ending March 31, 2026 and for subsequent years.

The Audit Committee of the Company, at its meeting held on April 15, 2025 and the Board of Directors at its meeting held on April 16, 2025, reviewed profiles of various Practicing Company Secretaries for this purpose. Based on evaluation of experience, professional track record, technical capabilities and on the recommendation of the Audit Committee, Board of Directors approved and recommended the appointment of M/s. N L Bhatia & Associates, Practicing Company Secretaries (Firm Registration No. P1996MH055800), as the Secretarial Auditors of the Company for the term of 5 (Five) consecutive years commencing from FY 2025-26.

Brief profile of M/s. N L Bhatia & Associates:

N L Bhatia & Associates (NLBA) is one of the oldest firms of Practicing Company Secretaries (PCS) in India, established in 1996. The firm's Founder Partner, CS N. L. Bhatia, brings with him decades of experience and is a well- known seasoned professional in practice since 1982. With a collective experience of over half a Century, the Firms' partners have been at the forefront of the professions evolution, thus giving them a solid foundation. NLBA's eagle-eye approach has set a benchmark for the industry and helped them in providing the right guidance to their clients. NLBA has over 29 years of experience in Secretarial Audit, Corporate Governance Advisory & Audit, Merger, Acquisition and Restructuring Representation before Regulatory Authority, Compliance Advisory, Compliance Management and Labour Law Compliance Advisory & Audit.

Further, the Company has received the consent letter and eligibility letter from M/s. N L Bhatia & Associates, Practicing Company Secretaries for their appointment in line with the SEBI Listing Regulations and other applicable laws. M/s. N L Bhatia & Associates is a peer reviewed firm and not disqualified to act as a Secretarial Auditor and services that can/ cannot be rendered by a them would be in accordance with SEBI Listing Regulations and as specified by Institute of Company Secretaries of India.

The professional fees payable to the said firm for the financial year 2025-26 shall be ₹ 3,75,000 plus applicable taxes and out-of-pocket expenses, if any, for the Secretarial Audit Report, Secretarial Compliance Report and other certifications. The Board of Directors of the Company in consultation with the Audit Committee may alter and vary the terms and conditions of appointment, including remuneration payable to the Secretarial Auditors for remaining tenure, in such manner as may be mutually agreed with the Secretarial Auditors.

Accordingly, the approval of the Members is being sought for the appointment of M/s. N L Bhatia & Associates, as Secretarial Auditors of the Company, by way of an Ordinary Resolution.

The Board of Directors recommends the resolution as set out at Item No. 5 of the accompanying Notice for the approval of the Members.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in passing of the resolution in Item No. 5.

Item No. 6

The Members of the Company at the 17th Annual General Meeting held on June 27, 2024 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 ₹ 9,000 Crore (Rupees Nine Thousand 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 General Meeting by means of a Special Resolution.

In view of the aforesaid, the Board of Directors at its meeting held on April 16, 2025, has subject to the approval of the Members, approved to sell/assign/securitise present and/or future receivables/book debts of the Company 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. 6 of the accompanying Notice for the approval of the Members.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in passing of the resolution in Item No. 6.

Item No. 7

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/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 (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 17th Annual General Meeting held on June 27, 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 ₹ 36,372.72 Crore (Rupees Thirty-Six Thousand Three Hundred and Seventy-Two Crore and Seventy-Two Lakhs Only). As on March 31, 2025, the Company had raised NCDs of ₹ 12,658.00 Crore (Rupees Twelve Thousand Six Hundred and Fifty-Eight Crore Only) and the unutilised limit of ₹ 23,714.72 Crore (Rupees Twenty-Three Thousand Seven Hundred and Fourteen Crore and Seventy-Two Lakhs only) is available for issuance of NCDs.

B. Subordinated Bonds (Sub Debts) up to a limit of ₹ 1,500 Crore (Rupees One Thousand and Five Hundred Crore only). As on March 31, 2025, the Company had raised Sub Debts of ₹ 357 Crore (Rupees Three Hundred and Fifty-Seven Crore only). The unutilised limit of ₹ 1,143 Crore (Rupees One Thousand One Hundred and Forty-Three Crore only) is available for issuance of Sub Debts.

C. Perpetual Debt Instruments (PDIs) up to a limit of ₹ 500 Crore (Rupees Five Hundred Crore only). As on March 31, 2025, the Company had exhausted the limit of ₹ 500 Crore therefore, no unutilised limit is available for issuance of Sub Debts.

The Board, at its meeting held on April 16, 2025, 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 Debt Securities of ₹ 17,150 Crore (NCDs- 15,000 Crore, Sub-Debt- 1,500 Crore and PDI- 650 Crore), subject to the approval of the Members, 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 ₹ 38,714.72 Crore, ₹ 2,643 Crore and ₹ 650 Crore respectively.

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In terms of the requirements of Resource Planning Policy of the Company and business planning for the FY 2025-26, 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 to 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 ₹ 42,007.72 Crore (Rupees Forty-Two Thousand Seven Crore 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 its meeting held on April 16, 2025, subject to approval of the Members, has approved issuance of Debt securities in one or more tranches, on private placement basis and within the overall borrowing limit of ₹ 1,35,000 Crore (Rupees One Lakh Thirty-Five Thousand Crore Only).

Accordingly, the approval of the Members is being sought by way of special resolution as set out at Item No. 7 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 Master Directions, for an aggregate amount not exceeding ₹ 42,007.72 Crore (Rupees Forty-Two Thousand Seven Crore 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. 7 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.

Item Nos. 8 & 9

In terms of the provisions of Section 180(1)(c) and 180 (1)(a) of the Companies Act, 2013, the Members of the Company, on February 28, 2024, through Postal Ballot, had granted their approval by way of Special Resolution to the Board of Directors of the Company to borrow, from time to time, such sums of money from banks, financial institutions for an amount not exceeding ₹ 1,25,000 Crore (Rupees One Lakh Twenty-Five Thousand Crore Only) and to mortgage or create charge on all or any of the assets of the Company in favour of the concerned lenders for the purpose of securing the due repayment of the monies borrowed by the Company together with the interest and other monies thereon. As on March 31, 2025, the outstanding borrowings of the Company amounted to ₹ 87,398/- Crore and total amount of charge created stood at ₹ 90,042 Crore.

As per the provisions of Section 180(1)(c) and 180(1)(a), respectively, of the Companies Act, 2013, the Board of Directors of a Company shall not,

- borrow money, where the money to be borrowed, together with the money already borrowed by the Company will exceed aggregate of its paid-up share capital, free reserves and securities premium, apart from temporary loans obtained from the Company's bankers in the ordinary course of business,

  or

- sell, lease or otherwise dispose of the whole or substantially the whole of its undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings, without the consent of the Members of the Company by means of a 'Special Resolution'.

For the purpose of funding its lending business operations, the Company raises resources, inter-alia, by borrowing monies from time to time from various persons, firms, bodies corporate, banks, financial institutions, etc. and these borrowings are, inter-alia, secured by mortgage of immovable properties, hypothecation/pledge of movable properties, promissory notes and/or negative liens/pledges on the assets and properties of the Company coupled with power of attorney in favour of such lenders.

Considering the future business growth in the loan book of the Company and to meet the funding requirement of the business in the Company and in order to provide security to such loans by way of mortgage or creating charge on the assets of the Company, it is proposed to increase the borrowing limits of the Company to ₹ 1,35,000 Crore (Rupees One Lakh Thirty-Five Thousand Crore Only) by passing the resolution proposed under item no. 8 as a Special Resolution. Further, in order to provide security to such loans by way of mortgage or creating charge on the assets of the Company up to ₹ 1,35,000 Crore (Rupees One Lakh Thirty-Five Thousand Crore Only), resolution under item no. 9 is proposed to be passed as a Special Resolution.

In view of the aforesaid, the Board of Directors at its meeting held on April 16, 2025, has subject to the approval of Members, accorded their approval to increase borrowing limits of the Company and to create encumbrances, charges, mortgages and hypothecations on all or any of the assets of the Company as approved by the Members pursuant to Section 180(1)(c) and 180(1)(a) of the Act from time to time.

Accordingly, the approval of the Members is being sought by way of Special Resolution authorising the Board of Directors to borrow further sums of monies and to create encumbrances, charges, mortgages and hypothecations on all or any of the assets of the Company, within an overall limit of 1,35,000 Crore (Rupees One Lakh Thirty-Five Thousand Crore Only) outstanding at any given point of time.

The Board recommends passing of the Special Resolutions as set out under item nos. 8 & 9 of this Notice for approval of the Members.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in passing of the resolutions in item nos. 8 & 9.

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 15, 2025

Directors' Report

Dear Members,

Your Directors take pleasure in presenting the Eighteenth Annual Report on the business and financial operations of your Company together with the audited accounts for the Financial Year ended March 31, 2025.

SUMMARY OF FINANCIAL PERFORMANCE

(₹ in Crore)

Particulars	FY 2024-25	FY 2023-24
Total Income	16,300.28	14,171.12
Total Expenditure (excluding depreciation)	13,178.06	10,721.31
Profit/(Loss) before Depreciation & Tax	3,122.22	3,449.81
Less: Depreciation	194.42	145.14
Profit before Tax	2,927.80	3,304.67
Tax Expense	751.88	843.83
Profit after Tax	2,175.92	2,460.84
Other Comprehensive Income (net of tax)	(47.88)	(36.40)
Total Comprehensive Income after tax	2,128.04	2,424.44
Appropriations from Profit after Tax:		
Transfer to Reserve Fund under Section 45-IC of the RBI Act, 1934	435.18	492.17
Dividend Paid	238.10	245.38
Dividend Tax thereon	0.00	0.00
Balance carried forward to Balance Sheet	1502.64	1,723.29

Your Company posted total income and net profit of ₹ 16,300.28 Crore and ₹ 2,175.92 Crore, respectively, for the financial year ended March 31, 2025, as against ₹ 14,171.12 Crore and ₹ 2,460.84 Crore respectively, in the previous financial year.

DIVIDEND & DIVIDEND DISTRIBUTION POLICY

The Board of Directors of the Company, at its meeting held on April 16, 2025, 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 ₹ 79.58 Crore. The proposal is subject to the approval of the shareholders at the ensuing Annual General Meeting (AGM) to be held on June 12, 2025. During the year, the Company has paid Interim Dividend of ₹ 2/- (Rupees Two Only) per equity share i.e. 20% on each equity share, aggregating to ₹ 158.79 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

TRANSFER TO RESERVE

Under Section 45-IC (1) of Reserve Bank of India ('RBI') Act, 1934, non-banking financial companies ('NBFCs') are required to transfer a sum not less than 20% of its net profit every year to reserve fund before declaration of any dividend. Your Company has transferred an amount of ₹ 435.18 Crore to Reserve Fund under Section 45-IC (1) of the RBI Act, 1934.

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.

MATERIAL DEVELOPMENT

Pursuant to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, Company shall be mandatorily listed within 3 years of identification as NBFC in Upper Layer. RBI had issued a letter to the Company communicating that the Company has been categorised as the Upper Layer NBFC. During the year, Company had filed Draft Red Herring Prospectus dated October 30, 2024 in connection with the IPO of the Company, aggregating up to ₹ 12,500 Crore (Rupees Twelve Thousand Five Hundred Crore Only) comprising of a fresh issue aggregating up to ₹ 2,500 Crore (Rupees Two Thousand Five Hundred Crore Only) and an offer for sale aggregating up to ₹ 10,000 Crore (Rupees Ten Thousand Crore Only).

CAPITAL STRUCTURE

As at March 31, 2025, the issued, subscribed and paid-up share capital of your Company is ₹ 795,77,63,450/- (Rupees Seven Hundred Ninety-Five Crore Seventy-Seven Lakhs Sixty-Three Thousand Four Hundred and Fifty Only) comprising of 79,57,76,345 (Seventy-Nine Crore Fifty-Seven Lakhs Seventy-Six Thousand Three Hundred and Forty-Five Only) equity shares of ₹ 10 each as on March 31, 2025.

During the year, your Company has issued 27,01,779 equity shares. The details of which are provided below:

No. of fully paid up equity shares	Date of allotment	Purpose
8,88,974	August 13, 2024	Shares were issued to employees under the Employees Stock Option Scheme
18,12,805	January 10, 2025	Shares were issued to employees under the Employees Stock Option Scheme

CAPITAL ADEQUACY

Capital adequacy as at March 31, 2025 under Ind-AS stood at 19.22% 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	57,900.00	CRISIL AAA; Stable	62,500.00
Short Term Debt Program	CARE A1+	5,000.00	CRISIL A1+	5,000.00
Non-Convertible Debentures	CARE AAA; Stable	45,000.00	CRISIL AAA; Stable	38,475.82
Subordinated Bonds	CARE AAA; Stable	5,600.00	CRISIL AAA; Stable	4,670.00
Perpetual Bonds	CARE AAA; Stable	1,500.00	CRISIL AAA; Stable	1,500.00

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

Directors' Report (Contd.)

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	20,240.91
2	Secured Redeemable Non-Convertible Debentures	CARE AAA; Stable	CRISIL AAA; Stable	12,658.00
3	Commercial Paper	CARE A1+	CRISIL A1+	13,565.00
4	Subordinated Bonds	CARE AAA; Stable	CRISIL AAA; Stable	357.00
5	Perpetual Bonds	CARE AAA; Stable	CRISIL AAA; Stable	500.00
	Grand Total			**47,320.91**

*Include ECB and exclude WCDL/CC

No interest payment or principal repayment of the Term Loans was due and unpaid as on March 31, 2025. 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 10.06% of Tier I capital of the Company. An amount of ₹ 1,500 Crore are outstanding as on March 31, 2025. During the year Company has raised ₹ 500 Crore through Perpetual Debt Securities.

NCDs were issued with maturity period ranging from 13 to 60 months. The interest payable on all the debt securities is either annually or on maturity. No interest was due and unpaid as on March 31, 2025. The Company has not received any grievance from the debt security holders during the year under review. 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 organisations, involves local communities in the development process and works with systems & frontline staff to achieve desirable social outcomes in an effective and sustainable manner.

The Company's CSR Projects are compliant with the CSR mandate as specified under Section 135 read with Schedule VII of the Act along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Rules"), as amended from time to time and in line with notifications issued by the Ministry of Corporate Affairs ("MCA"), from time to time.

The Company's CSR interventions are designed to strengthen the healthcare services and infrastructure, impart skill training and basic literacy for better livelihoods and to promote environmentally sustainable initiatives. 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 ₹ 48.44 Crore equivalent to 2% of the 'average net profits' of the last three (3) financial year. After adjusting the excess spend of ₹ 2.09 Crore for FY 2023-24, the total CSR obligation of the Company was ₹ 46.35 Crore.

During the FY 2024-25, the Company has spent an amount of ₹ 46.78 Crore on CSR activities as against total CSR obligation of ₹ 46.35 Crore.

BOARD OF DIRECTORS

As on March 31, 2025, 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 two Women Directors. Changes in Directors during the financial year 2024-25 are given below:

Name of the Director/ KMP	Nature of change	With effect from
Dr. Amla Samanta (DIN: 00758883)	Re-appointment as an Independent Director for a period of three years	May 01, 2024
Mr. A K Viswanathan (DIN: 08518003)	Re-appointment as an Independent Director for a period of three years	July 24, 2024
Mr. Bhaskar Sharma (DIN: 02871367)	Appointment as an Independent Director for a period of three years	September 16, 2024
Mr. Jayant Gokhale (DIN: 00190075)	Appointment as an Independent Director for a period of three years	September 16, 2024
Ms. Smita Affinwalla (DIN: 07106628)	Ceased as an Independent Director upon completion of second term of five years	March 11, 2025
Mr. Venkatraman Srinivasan (DIN: 00246012)	Ceased as an Independent Director upon completion of second term of five years	March 11, 2025

KEY MANAGERIAL PERSONNEL

During the financial year 2024-25, no changes were observed in the Key Managerial Personnel of the Company. As on the date of this report, following are the Key Managerial Personnel (the "KMP") as per Section 203(1) read with Section 2(51) of the Act and Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Name of the KMP	Designation
Mr. Ramesh G.	Managing Director & Chief Executive Officer
Mr. Jaykumar Shah	Chief Financial Officer
Ms. Dipti Khandelwal	Company Secretary and Head Legal

DECLARATION BY DIRECTORS

The Company has received necessary declarations/ disclosures from each Independent Directors 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 judgement and without any external influence.

The Independent Directors have also confirmed that they have registered themselves with the Independent Director's Database maintained by the Indian Institute of Corporate Affairs. All the Independent Directors have qualified in the online proficiency self-assessment test or are exempted from passing the test as required in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014.

None of the Directors of the Company are disqualified from being appointed as Directors as specified under Section 164(1) and 164(2) of the Act read with Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) and or re-enactment(s) thereof for the time being in force) or are debarred or disqualified by the Securities and Exchange Board of India ("SEBI"), Ministry of Corporate Affairs ("MCA") or any other such statutory authority.

All the Directors of the Company have confirmed that they satisfy the 'fit and proper' criteria as prescribed under Chapter XI of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.

All members of the Board and Senior Management have affirmed compliance with the Code of Conduct for Board and Senior Management for the financial year 2024-25.

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 Directors of the Company.

DIRECTOR E-KYC

Pursuant to the requirement prescribed under the Companies (Appointment and Qualification of Directors) Rules, 2014, the Directors with active Director Identification Number need to file an eForm DIR-3 KYC annually on the MCA portal verifying their mobile number and personal email address. All the Directors of the Company have complied with the KYC registration on the MCA portal for FY 2024-25.

DIRECTORS & OFFICERS LIABILITY INSURANCE

The Directors and Officers (D&O) insurance is liability insurance which covers or protects Directors, Officers and Employees of the Company from claims which may arise from decisions and actions taken while serving their duty. During the FY 2024-25, 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, eight Meetings of Board of Directors 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 Meetings of Board of Directors was within the period prescribed under the Companies Act, 2013. 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 ten Board Level Committees - Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility & ESG Committee, Risk Management Committee, Information Technology Strategy Committee, Customer Service Review Committee, Strategic Transaction Committee, Special Committee of the Board for Monitoring and Follow-up of cases of Frauds and Review Committee for Identification of Willful Defaulters.

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

As part of its commitment to strong corporate governance and Board effectiveness, the Company has engaged an independent external agency, Excellence Enablers Private Limited, for carrying out an independent performance evaluation of the Board as a whole, individual Directors (including Independent Directors), Board Committees and the Chairperson.

The evaluation methodology adopted by the agency was comprehensive and multi-layered. It involved the use of structured questionnaires tailored to assess key parameters These questionnaires were complemented by one-on-one confidential interviews with each Director to gain qualitative insights into inter-personal dynamics, the quality of deliberations and areas for Board developments etc. In addition, Excellence Enablers Private Limited reviewed minutes of Board and all the Board Committee meetings, strategic documents and governance practices followed by the Company to benchmark against leading governance norms.

Following the data collection and interaction phase, the agency provided a detailed report summarising its findings, highlighting the strengths and effectiveness of the Board and suggesting actionable recommendations for improvement. The feedback and findings were deliberated upon by the Nomination and Remuneration Committee and the Board and steps are being taken to incorporate the recommendations into future governance practices and Board engagement processes.

COMPLIANCE WITH SECRETARIAL STANDARDS

Secretarial Standards are guidelines, which lays down the standard procedure and structure for undertaking specific tasks and actions within an organisation, which is in addition to the provisions of the original law i.e., Companies Act, 2013 and not in substitution to the original law. Pursuant to Section 118(10) of the Companies Act, 2013, every Company shall observe Secretarial Standards with respect to general and board meetings specified by the Institute of Company Secretaries of India.

The Company is in compliance 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, 2025, 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, 2025 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 were reviewed by the Audit Committee on a quarterly basis.

During the year under review, no whistle blower complaint was received by the Company and there was no outstanding complaint as on March 31, 2025. None of the personnel of your Company were denied access to the Audit Committee.

COMPLIANCE MANAGEMENT

The Company has in place a comprehensive and robust legal compliance management tool, which is devised to ensure compliance with all applicable laws which impact the Company's business. Automated alerts are sent to compliance owners to ensure compliance within stipulated timelines. This measure helps keep on track and avoid any penalties or other legal issues that could arise from non-compliance. The compliance owners certify the compliance status which is reviewed by compliance approvers and a consolidated dashboard is presented to the respective functional heads and Compliance Officer. A certificate of compliance with all applicable laws and regulations along with the corrective and preventive action, if any, is placed before the Audit Committee and Board of Directors on a quarterly basis.

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

Directors' Report (Contd.)

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-six complaints, of which Twenty-two complaints were investigated and addressed as per the policy and Fourteen complaints were under investigation as on March 31, 2025. All Eleven open complaints during the previous year ending March 31, 2024 were closed in the reporting year.

PROHIBITION OF INSIDER TRADING

Your Company has adopted the Insider Trading Code of Conduct ('Code") for prohibition of insider trading in the securities of the Company and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company is available on the Company's website viz; URL : https://www.hdbfs.com/investors

PARTICULARS OF EMPLOYEES

As on March 31, 2025, the permanent employee strength of the Company was 89,943.

Disclosures in terms of Section 197(12) 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.

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 17th Annual General Meeting had appointed M/s. Kalyaniwala & Mistry LLP and M/s. G D Apte & Co. as the Joint Statutory Auditors of the Company, to hold office for a continuous period of three years until the conclusion of the 20th Annual General Meeting of the Company.

M/s. Kalyaniwala & Mistry LLP and M/s. G D Apte & Co. have given their confirmation to the effect that they are eligible to be appointed as a Statutory Auditors and that they have not been disqualified in any manner from continuing as Statutory Auditors of the Company.

Further, the Auditors' Report "with an unmodified opinion", given by the Joint Statutory Auditors on the Financial Statements of the Company for FY 2024-25, 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 Joint Statutory Auditors in their Report for the year under review.

No instance of fraud in terms of the provisions of section 143(12) of the Act have been reported by the Joint Statutory Auditors in their report for the FY 2024-25.

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 2024-25.

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.

Company at its meeting of Board of Directors held on April 16, 2025, appointed N L Bhatia & Associates, Practicing Company Secretaries, as a Secretarial Auditors of the Company for an audit period of five consecutive years commencing from April 01, 2025.

MAINTENANCE OF COST RECORDS

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of section 148(1) of the Companies Act, 2013 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)

There are three Employee Stock Options Schemes viz; ESOS 2014, ESOS 2017 and ESOS 2022. During the FY 2024-25, the members of the Company approved the alignment of these three ESOP Schemes of the Company with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 through postal ballot.

The objective of the ESOS Schemes is to enable the Company to attract and retain appropriate human talent and encourage value creation and value sharing with the employees by aligning the interests of the employees with the long-term interests of the Company.

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**'.

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) 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.

The Quarterly Report on Corporate Governance has been submitted by the Company to the Stock Exchanges, in terms of Regulation 27(2) of the SEBI Listing Regulations. The said reports have been uploaded on the website of the Company at https://www.hdbfs.com/investors

The Report on Corporate Governance for the financial year 2024-25 along with the Certificate issued by the Secretarial Auditors of the Company regarding compliance of conditions of corporate governance, is annexed as '**Annexure F**' to this Report confirming compliance with the mandatory requirements relating to Corporate Governance as stipulated under Chapter IV of the SEBI Listing Regulations.

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.

CHANGES IN NATURE OF BUSINESS

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

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, 2025.

SUBSIDIARIES, JOINT VENTURES, ASSOCIATE COMPANIES

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The provisions of Section 134(3)(m) of the Act, the rules made there under relating to conservation of energy, technology absorption do not apply to your Company as it is not a manufacturing Company. However, your Company

Directors' Report (Contd.)

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 2024-25	FY 2023-24
1	Foreign exchange earnings	Nil	Nil
2	Foreign exchange expenditures	55.75	5.85

FIXED DEPOSITS

Your Company is a non-deposit taking Company. The Company had not accepted any fixed deposit during the FY 2024-25. The Company has passed a Board resolution for non-acceptance of deposits from public.

TRANSFER OF UNCLAIMED DIVIDEND AND EQUITY SHARES TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the applicable provisions of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), all unpaid or unclaimed dividends are required to be transferred by the Company to IEPF, after the completion of seven years.

Further, according to the IEPF Rules, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to IEPF. During the year under review, dividend amount of ₹ 336 remaining unclaimed for consecutive seven (7) years from the date of its transfer to the Unpaid Dividend Account of the Company has been transferred to IEPF Authority. During the year under review, there were no equity shares due to be transferred to the IEPF Authority pursuant to IEPF Rules.

Any claimant of dividend transferred above shall be entitled to claim the dividend from Investor Education and Protection Fund (IEPF) in accordance with such rules, procedure and submission of documents as prescribed.

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 2024, the global economy reflected a mix of resilience and uncertainty, shaped by geopolitical developments, evolving trade policies and shifting market dynamics. Geopolitical tensions, including the Russia-Ukraine war, conflict in west Asia and trade disputes continued to influence global stability and investment decisions. While inflationary pressures eased, they remained a concern in certain regions, driven by supply chain adjustments and fluctuations in energy markets.

At the same time, global trade volumes rebounded, growing by 3.6% in CY 2024, as economies adapted by diversifying trade routes and strengthening supply chains, highlighting the evolving nature of global commerce.

The International Monetary Fund (IMF) forecasts global growth to stabilise at 3.3% in both CY 2025 and CY 2026, indicating steady, albeit below historical average, expansion. Advanced economies are expected to grow by 1.9% in CY 2025 and 1.8% in CY 2026 as monetary policy easing and fiscal consolidation shape economic conditions. In contrast, emerging market and developing economies (EMDEs) are projected to expand by 4.2% in CY 2025 and 4.3% in CY 2026, supported by strong domestic consumption and infrastructure development.

GLOBAL ECONOMIC GROWTH PROJECTS

Year		World (%)	Advanced Economies (%)	Emerging Markets and Developing Economies (%)
CY 2024	Estimates	3.2	1.7	4.2
CY 2025	Projections	3.3	1.9	4.2
CY 2026		3.3	1.8	4.3

Global headline inflation is anticipated to decrease from 4.2% in CY 2025 to 3.5% in CY 2026, with advanced economies likely reaching target inflation levels sooner than their emerging market counterparts. As major central banks, including the US Federal Reserve and European Central Bank, shift towards more accommodative policies, they are expected to reduce interest rates to support economic activity.

The US Federal Reserve (Fed), which kept rates at a two-decade high of 5.25%-5.50% in January 2024, began its rate cuts in CY 2024, with estimates pointing to a cumulative reduction of 50-75 basis points in 2025. Similarly, the European Central Bank (ECB), which set rates at 4.0%, is likely to ease its stance gradually as inflation moderates in the Euro area. Consequently, global financial conditions are expected to ease supporting credit growth and investment sentiment across regions. However, trade uncertainties and geopolitical risks continue to influence investment sentiment, leading to varied economic expansion across different regions.

Currency volatility remains a significant concern, as fluctuations in the US Dollar continue to impact capital flows. Emerging markets have been particularly affected, witnessing net portfolio outflows of US$ 45 Bn as of January 2025. This shift can be attributed to a stronger US dollar and an evolving investor sentiment.

On a positive note, global Foreign Direct Investment (FDI) inflows have shown a moderate 3.8% recovery with investments, favouring sectors such as clean energy, digital infrastructure and advanced manufacturing. This trend signifies that the economy is moving closer to prioritising supply chain resilience and sustainability. The US and EU's push to de-risk supply chains has led to a 12% increase in manufacturing FDI inflows to Southeast Asia and India, further solidifying the trend of diversification beyond China.

Sectoral performance shows marked disparities across regions with services consistently surpassing manufacturing, fuelled by robust consumer demand and a strong recovery in post-pandemic tourism. In contrast, the manufacturing sector faces challenges, hindered by trade tensions, restructured supply chains and sluggish global demand. At the same time, the energy market is adapting to evolving geopolitical dynamics, with oil prices forecasted to decline by 2.6%, while non-fuel commodities are expected to experience a modest increase of 2.5% in CY 2025.

Looking ahead, monetary policies in advanced economies are anticipated to ease, fostering improved global liquidity and credit availability. Conversely, emerging markets are likely to adopt a more measured approach, balancing inflation control with growth objectives. Ongoing tariff escalations, including the sharp rise in cross-border duties in April 2025, have added to trade uncertainties, impacting global commerce and production strategies. As these trends unfold, trade dynamics, particularly US-China relations, evolving sanctions regimes, ongoing wars and regional trade agreements, are expected to influence supply chain realignments and global investment flows.

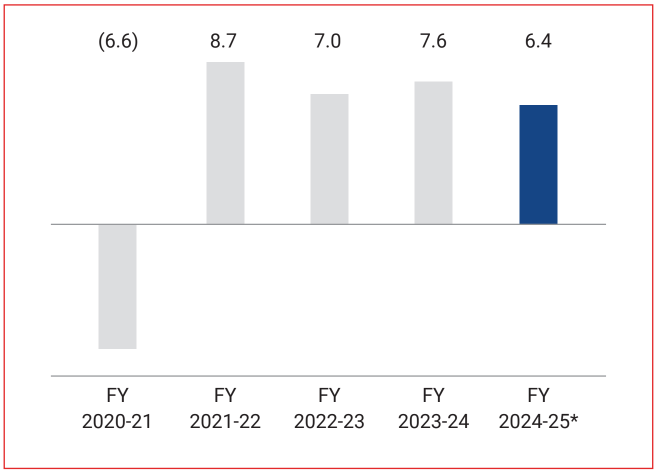
Directors' Report (Contd.)

Technological innovations and AI-led automation are increasingly becoming central to industrial strategies. Meanwhile, China's tempered growth and its ongoing domestic rebalancing continue to reverberate across global trade and commodity flows. Climate resilience and ESG compliance are also becoming pivotal in global investment decisions. As economies adapt to structural shifts, geopolitical developments, evolving financial conditions, technology, sustainability and policy reforms will remain critical in shaping long-term economic momentum and resilience.

INDIAN ECONOMIC OVERVIEW

As per the Economic Survey 2024-25, India's GDP growth rate is projected at 6.4% in FY 2024-25. This positions the country among the fastest-growing major economies globally, despite prevailing global uncertainties. The growth is largely fuelled by strong domestic demand, higher capital expenditure, private investment and a resilient services sector.

INDIAN ECONOMY GDP GROWTH RATE (IN %)



*Projected

Agricultural output is expected to rise by 3.8% in FY 2024-25, supported by favourable monsoons, higher Kharif production and improved Rabi sowing. Rising rural incomes are reflected in growing sales of two-wheelers and tractors. Higher Minimum Support Prices (MSP) and a decline in demand for MGNREGA jobs further indicate strengthening financial conditions across the rural economy. As rural demand remains strong and urban consumption remains constant, private spending is anticipated to sustain overall economic expansion going forward.

A major contributor to this growth is the revival of private consumption. Private Final Consumption Expenditure (PFCE), at constant prices, rose by 7.3% as of January 2025, compared to 4.0% in the previous financial year. This improvement reflects stable household spending.

The growing middle class, rising incomes and aspirational spending trends are reshaping consumption patterns. A growing number of consumers are choosing premium products and experiences, propelling demand in sectors such as luxury goods, automobiles and lifestyle services. The government's decision to raise the income tax exemption limit to ₹ 12 Lakhs in the Union Budget FY 2025-26 is likely to further support consumer sentiment and discretionary spending in retail, apparel and luxury segments.

The services sector remains the backbone of India's economic performance, with services exports projected to expand at 12.8% YoY in FY 2024-25. Government initiatives like Unified Payments Interface (UPI) and Open Network for Digital Commerce (ONDC) are promoting and facilitating digital transactions, with UPI alone recording ₹ 23.24 Lakh Crore in transactions in December 2024, up from ₹ 707.93 Crore in December 2016. This rapid digital transformation is advancing financial inclusion and reshaping consumer behaviour.

Inflation is anticipated to remain stable, supported by prudent fiscal and monetary policies. Headline inflation, measured by the Consumer Price Index (CPI), moderated to 3.16% in April 2025, compared to 5.4% in FY 2023-24. This decline is primarily due to a sharp reduction in food price index, which decreased to 1.78% in April 2025. The Reserve Bank of India (RBI) further reduced the repo rate by 25 basis points to 6% as of April 2025. This move is expected to stimulate economic activity by making borrowing cheaper, thereby encouraging spending and investment. As of April 2025, the Monetary Policy Committee (MPC) also changed its stance from 'neutral' to 'accommodative', signalling that, going forward—absent any shocks—the MPC would consider only two options: maintaining the status quo or implementing a rate cut.

Infrastructure investments and manufacturing incentives under the Production Linked Incentive (PLI) scheme are expected to further strengthen economic momentum. To realise the long-term ambition of 'Viksit Bharat' by 2047, India aims to sustain an 8% annual growth rate. This objective is supported by policy measures such as 'Ease of Doing Business 2.0,' systemic deregulation, labour law simplification, tax rationalisation and digital governance.

Additionally, MSMEs continue to drive innovation and contribute to the diversification of India's manufacturing base. In line with this, the Union Budget for FY 2025–26 introduced several measures to strengthen the sector. These include higher investment and turnover thresholds, improved credit access, targeted support for first-time entrepreneurs and productivity-linked initiatives across key industries. With these structural reforms and a continued emphasis on innovation and investment, India is well-positioned for sustained and inclusive growth.

On the infrastructure front, the government maintained strong focus by allocating ₹ 11.2 Tn for capital expenditure in the Union Budget FY 2025-26. This substantial outlay is directed towards transportation, energy and digital infrastructure projects. Urban development is also seeing growth, with projections indicating that India's urban population is expected to reach approximately 500 Mn in 2025. To meet growing housing needs, the government remained committed to affordable housing initiatives, including the Pradhan Mantri Awas Yojana, which aims to ensure housing for all.

OUTLOOK

India's economic outlook remains strong, driven by stable domestic consumption, rising infrastructure investment and a dynamic services sector. Inflation is expected to stabilise enabling a more accommodative monetary policy, while robust credit growth and strong banking fundamentals continue to support private sector expansion and capital formation.

The digital economy and formalisation of financial services continue to unlock new opportunities, particularly in Tier-II and Tier-III markets, while a booming start-up ecosystem continues to prosper. With a youthful workforce, accelerating digital adoption and targeted policy reforms in manufacturing, MSMEs and favourable taxation are expected to enhance productivity and long-term competitiveness. Over the coming decade, India is expected to play a pivotal role in shaping global economic momentum, contributing meaningfully to innovation, supply chain diversification and sustainable development worldwide.

INDUSTRY OVERVIEW

The Indian Non-Banking Financial Companies (NBFC) sector remains a critical pillar of financial inclusion and economic growth. Over the years, NBFCs have demonstrated remarkable endurance, expanding their prominence within the financial ecosystem. The sector's assets under management (AUM) have grown significantly, from less than ₹ 2 Tn at the turn of the century to ₹ 41 Tn by the end of FY 2023-24. Between FY 2018-19 and FY 2023-24, NBFC credit has expanded at a compound annual growth rate (CAGR) of approximately 11%.

Despite this significant expansion, AUM growth is expected to moderate, with year-on-year growth projected at 15-17% in FY 2024-25 and FY 2025-26, compared to 23% in FY 2023-24. This deceleration is primarily attributed to rising delinquencies, funding constraints and heightened regulatory oversight.

However, certain lending segments, including SME loans, loans against property (LAP) and used vehicle financing are expected to maintain strong growth. This underscores the strength of specific market verticals. MSME sector continues to offer strong growth potential supported by growing demand for alternate credit. Additionally, government initiatives aimed at promoting digital financial inclusion and expanding access to credit will further support the sector's growth. In this context, NBFCs have remained instrumental in widening credit outreach in underserved areas, especially in Tier-II and Tier-III cities, enabled by the rise of fintech partnerships and embedded finance ecosystems.

The Reserve Bank of India (RBI) has recently reduced the risk weight on bank loans to NBFCs to 100%, thus reinstating the previous framework.

This revision is poised to expand banks' lending capacity, offering NBFCs enhanced access to bank funding. Consequently, NBFCs are likely to rebalance their funding mix, increasing reliance on bank loans and reducing their dependence on short-term commercial papers. This strategic shift is anticipated to enhance funding stability and facilitate long-term growth.

Simultaneously, the regulatory expectations have risen sharply, particularly for larger NBFCs under the RBI's Scale-Based Regulatory (SBR) framework. NBFCs in the Upper Layer now face stricter governance, capital adequacy, risk management and disclosure norms, aligning them more closely with the regulatory standards set for banks. This represents a significant shift in the supervisory approach towards systemically important NBFCs.

In addition, the RBI has mandated public listing for Upper Layer NBFCs, with the aim of fostering greater transparency and improved market discipline. This move is expected to strengthen governance frameworks, deepen investor engagement and enhance long-term capital access for eligible NBFCs.

Recent restrictions on First Loss Default Guarantee (FLDG) arrangements have redefined the contours of NBFC-fintech collaboration. The cap on such exposures at 5% is set to promote more balanced risk-sharing models. These changes are likely to drive more equitable risk-sharing models and encourage responsible growth in digital lending partnerships.

GROWTH STRATEGIES

Regulatory Compliance and RegTech Adoption

A strong compliance framework is crucial for NBFCs to effectively navigate an ever-evolving regulatory environment. Harnessing RegTech solutions will streamline reporting, enhance risk management and ensure transparency. Additionally, automated compliance systems will enhance regulatory adherence, while also boosting investor confidence and operational efficiency, securing long-term sustainability.

For Upper Layer NBFCs, compliance expectations now encompass enhanced governance protocols. These include board independence, risk committee oversight and senior management accountability, all vital components of the new regulatory regime.

Technology-Driven Transformation

Digital innovation is set to drive enhanced efficiency and customer engagement within NBFCs. Data analytics and digital lending platforms will streamline credit assessments, fraud detection and onboarding processes, resulting in quicker loan approvals and more tailored financial solutions. These advancements will improve the borrower experience, reduce operational costs and reinforce the competitive standing of NBFCs within the financial sector.

Diversification of Funding Sources

Expanding funding channels will be crucial for mitigating liquidity risks and ensuring financial stability. Securitisation, co-lending with banks and fintech partnerships will offer alternative capital sources, reducing reliance on traditional funding. In addition, a diversified financial structure will enable NBFCs to adapt to market shifts and sustain long-term growth. Furthermore, a strategic tilt towards longer-tenure borrowings, diversified debt instruments and calibrated co-lending models will be essential to building resilient funding architecture in a dynamic interest rate and regulatory environment.

Focus on Tier-II and Tier-III Cities

As urban markets mature, NBFCs will expand into semi-urban and rural areas, where financial services remain underpenetrated. To capture this high-growth market and drive long-term growth, offering region-specific products, using digital outreach and providing vernacular language support will be essential.

Customer-Centric Strategies

Personalised financial solutions will set NBFCs apart in a competitive market. Dynamic credit scoring and data-driven decision-making will help address diverse customer needs, improving satisfaction and retention. Therefore, by harnessing real-time insights, NBFCs will strengthen customer relationships, drive growth and improve their market positioning.

Sustainability and ESG Financing

ESG considerations are set to influence NBFCs' lending strategies, with an increasing emphasis on green financing and sustainable investments. By aligning portfolios with ESG principles, NBFCs can enhance their credibility and attract responsible investors.

Despite facing headwinds from asset growth deceleration and regulatory changes, the NBFC sector's ability to innovate and adapt will define its long-term trajectory. With the right mix of technology adoption, policy alignment and financial prudence, NBFCs will continue to play a pivotal role in India's financial ecosystem, driving inclusive growth and expanding credit access across various segments.

Although the new regulatory environment poses transitional challenges, it is laying the groundwork for lasting strength. The framework promotes greater transparency, institutional maturity and structural resilience, ensuring the sector remains aligned with India's evolving financial goals.

COMPANY OVERVIEW

HDB Financial Services Limited (hereafter referred to as 'HDBFS' or 'The Company') is a leading, diversified retail-focussed NBFC. Established in 2007, the Company delivers a wide range of lending solutions through three primary verticals: Enterprise Lending, Asset Finance and Consumer Finance. It caters to the underserved and underbanked customers, including salaried individuals, self-employed professionals and entrepreneurs.

With a firm focus on customer centricity, the Company uses data insights to deliver tailored financial solutions beyond conventional lending. A strong commitment to integrity and transparency drives its ethical business practices and expanding service portfolio. This focussed strategy strengthens the Company's reputation as a trusted and respected player in India's financial sector.

PRODUCTS AND SERVICES

Loans

HDBFS offers tailored financial products and services that address the distinct needs of its customers, including first-time borrowers and underserved segments. It operates across three core areas, lending, fee-based financial solutions and business process outsourcing services. With each of its offerings, the Company ensures end-to-end support across a wide range of financial needs.

Consumer Loans

HDBFS provides a comprehensive suite of loan offerings designed to support individuals in meeting personal and household financial needs, both short term and medium term. The Company's consumer loan portfolio includes the following:

- **Consumer Durable Loans:** HDBFS offers loans that help customers purchase essential home appliances and consumer electronics such as air conditioners, washing machines, televisions and refrigerators. They also enable customers to spread out their payments, making these purchases more affordable without putting a strain on their finances.
- **Digital Product Loans:** The Company offers financing solutions for a variety of digital products, from everyday essentials to premium devices. With these loans, customers can purchase smartphones, laptops, tablets and other electronic gadgets without bearing the burden of upfront costs, ensuring access to the latest technology with financial ease.
- **Lifestyle Product Loans:** These loans empower customers to enrich their living standards by financing premium furniture, high-end home appliances and luxury goods, among others. These loans offer an effortless way to improve comfort and style, all while maintaining financial stability.
- **Personal Loans:** HDBFS extends financial solutions to individuals seeking support for various personal requirements. Whether addressing major life events, unforeseen expenses, or home improvements, these loans offer flexibility and convenience. With repayment plans and costs tailored to align with individual financial situations, customers can access funds in a way that suits their specific needs.
- **Auto Loans:** The Company's auto loans simplify the process for individuals and businesses looking to finance the purchase of new or pre-owned vehicles. With flexible repayment options, competitive interest rates and a seamless application process, these loans make vehicle ownership more attainable. Whether for personal use or business purposes, the Company provides customised financing solutions to suit diverse customer needs while ensuring a smooth and seamless borrowing experience.
- **Two-Wheeler Loans:** Tailored financing solutions are offered to make two-wheeler ownership more accessible and affordable. With competitive interest rates, flexible repayment plans and minimal documentation, the offering serves both first-time buyers and experienced riders. Designed for daily commutes or personal use, these loans ensure a smooth and hassle-free purchase journey.
- **Micro Lending:** With the aim of promoting financial inclusion and empowering underprivileged segments of society, the Company provides micro loans to customers through the Joint Liability Groups (JLGs) framework.

ENTERPRISE LOANS

The Company offers financial support to small and micro enterprises, enabling them to scale and meet working capital requirements. Its business loan offerings include:

- **Business Loans:** The Company offers unsecured loans designed to help small businesses address financial needs such as acquiring equipment, replenishing inventory, managing working capital, or renovating outlets.
- **Loan Against Property:** This facility enables businesses to get access to capital by using the market value of their property. The funds can be used for business expansion, working capital, debt refinancing, or other financial obligations. As a secured offering, it typically carries lower interest rates than unsecured alternatives.
- **Enterprise Business Loan:** HDBFS extends these loans to self-employed individuals, professionals, private firms and partnership businesses. They offer flexible terms, competitive interest rates and easy repayment options,

Directors' Report (Contd.)

helping businesses expand operations, acquire assets and manage day-to-day expenses efficiently.

- **Salaried Personal Loans (SPL):** The Company offers personal loans to salaried individuals, providing financial flexibility to address both personal and professional needs.
- **Gold Loans:** The Company provides secured loans against gold jewellery, allowing customers to access quick credit for urgent financial requirements.

ASSET FINANCE

The Company offers specialised financing solutions under Asset Finance, enabling customers to purchase new and pre-owned vehicles and equipment. These loans are structured to promote income generation and business expansion. The offerings include:

- **Commercial Vehicle Loans:** The Company finances the purchase of new and used commercial vehicles, along with offering refinancing for existing ones. It serves a wide range of customers, including fleet operators, first-time users, first-time buyers and captive users. Branch-based field officers (FOS) and strategic alliances with OEMs and dealers drive customer acquisition for this segment.
- **Construction Equipment Loans:** Designed for the construction sector, these loans support the purchase of both new and used machinery. Customers can also refinance existing equipment, ensuring ready access to essential machinery for their projects efficiently.
- **Tractor Loans:** HDBFS provides specialised loan solutions for acquiring tractors and related equipment, addressing both agricultural and commercial needs. These solutions enable customers to invest in vital equipment for farming and business operations.

FEE-BASED PRODUCTS/INSURANCE SERVICES

The Company holds a Corporate Insurance Agent licence from the Insurance Regulatory and Development Authority of India (IRDAI) and is authorised to offer both Life and General (Non-Life) insurance products. HDBFS has established partnerships with HDFC Life Insurance Co. Limited and Aditya Birla Sun Life Insurance Co. Limited for life insurance offerings. For general insurance, the Company collaborates with HDFC Ergo General Insurance Co. Limited, Tata AIG General Insurance Co. Limited and Go Digit General Insurance Limited, expanding its portfolio with comprehensive risk coverage solutions.

BPO SERVICES

The Company delivers a comprehensive range of BPO services, including collection support, sales assistance, back office operations and processing functions. An overview of its service offerings is provided below:

- **Collection Services:** HDBFS operates collection call centres for HDFC Bank, managing collections for its full suite of retail lending products. With a presence in 700 locations, the Company offers both telephonic and on-ground support. It has set up 18 call centres nationwide, equipped with 5,500 seats to deliver seamless and efficient collection services.
- **Back Office and Sales Support:** The Company supports HDFC Bank with back office operations and sales enablement. Its services include form processing, document verification, accounting tasks and transaction handling.

DIGITAL FIRST APPROACH

The Company has invested and built an advanced technology and data analytics platform that covers all key areas and stages of its business, including customer sourcing, onboarding and underwriting as well as operations and collections. The Company strives to elevate customer experience and operational efficiency through the use of technology. Our digital vision is to adopt new technologies to enable it to further develop and grow business within the regulatory environment we operate in. When investing in technological solutions, we ensure that our systems are built with customer-centric propositions that allows us to combine different services and improve customer experience with a strong security underpinning.

To realise this vision, we have adopted a structured platform categorisation strategy as explained below.

➢ **Systems of Innovation:** Over the past two years, HDBFS has prioritised investments in this foundational layer, recognising it as the core of the Company's differentiation strategy. Key focus areas include:

  - **Loan Origination System (LOS):** Platform that addresses specific product requirements, empowering the Company to craft customised business propositions for the market.
  - **Customer Relationship Management (CRM):** Deployed an industry-standard CRM system that serves as the omni-channel hub for sales and customer engagement, streamlining interactions with leads, prospects and existing customers.

Directors' Report (Contd.)

- **Data Lake and Analytics:** Consolidated a data repository that ensures consistent, timely access, supporting data-driven decision-making with structured access rights.
- **Digital Innovations:** Integrated modern technologies such as Low-Code/No-Code platforms and Robotic Process Automation (RPA) to optimise operations. Deployed reusable components like CKYC, eNACH and UPI 2.0 to facilitate seamless digital transactions throughout the organisation.
- **Systems of Engagement:** This functions as the API layer through which all channels, both direct-to-customer (D2C) and assisted digital platforms, interact with the Company's systems for acquisition and service-related needs. The channel framework is designed to accommodate existing engagement models, including APIs, IVR, contact centres, mobile applications, email, SMS, web platforms, chatbots, social media, DSAs, aggregators and fintech collaborations. It also remains adaptable to future engagement models ensuring scalability and innovation.
- **Mobile App:** Redesigned a Flutter-based native mobile application, complemented by a Progressive Web App (PWA) framework, serving as a comprehensive platform for prospects, existing customers and alumni to access the Company's services seamlessly.
- **Assisted Digital App:** Developed a dedicated mobile application for the sales, credit and collections teams, enabling them to assist customers through guided digital journeys.
- **API Gateway:** Integrated a modern API gateway with a developer and partner portal, supporting a self-service model and an Open API approach for secure and rapid onboarding.
- **DIY Platform:** Implemented a low-code platform that facilitates customer onboarding through a fully self-service, unassisted process.
- **Account Aggregators:** Established an end-to-end digital customer onboarding, pre-filling customer and prospect data to enhance credit decision-making and ensure a smooth, frictionless experience.
- **Communication Gateways:** Standardised solutions for email, SMS, WhatsApp, contact centres and chatbot interactions, all integrated with the CRM system to deliver a seamless omni-channel experience.

DIGITAL CUSTOMER SERVICE CHANNELS

The Company has introduced multiple digital channels to elevate customer service and ensure a smooth user experience:

- **HDB On-the-Go App:** Upgraded the mobile application with an enhanced user interface and advanced functionalities, designed to offer a seamless experience for users on both Android and iOS platforms. The app had 8.8 Mn downloads as of March 31, 2025.
- **Web-based Version:** A web-based version of the mobile app is deployed on the Company's website, enabling customers to conveniently access their loan account on their desktop.
- **WhatsApp Account Management:** The Company's customers can receive real-time updates on their loan accounts by sending a simple 'Hi' to the Company's WhatsApp number, +91 73049 26929. This feature allows easy and instant access to account details via a widely used messaging platform.
- **Chatbot Assistance:** The Company's virtual assistant, #AskPriya, provides instant responses to customer queries regarding loans and the latest offers. Powered by AI, this chatbot enhances service efficiency by delivering accurate and timely information.
- **Missed Call Service:** A service where customers can retrieve loan details via SMS by giving a missed call from their registered mobile number to 044 4560 2401. This service offers a quick and hassle-free way to access essential account information without requiring an internet connection.

Directors' Report (Contd.)

OTHER KEY INITIATIVES

- **Customer Service Week:** 'Customer Service Week' is an engaging initiative to educate walk-in customers about HDBFS's self-service tools. The programme highlights how customers can manage their loan accounts, apply for new loans, explore digital payment options, understand the grievance redressal system and learn about RBI's Ombudsman Scheme. Additionally, customer feedback is collected to assess service quality and drive continuous improvements.
- **Personalised Relationship Management:** Select customers are connected to a dedicated Relationship Manager who assist them with their financial needs.

SEGMENT-WISE PERFORMANCE

Revenue from the Company's lending business increased to ₹ 15,083.62 Crore in FY 2024-25, up from ₹ 12,221.57 Crore in FY 2023-24 driven by an increase in assets under management.

Revenue from the BPO services division was ₹ 1,216.66 Crore in FY 2024-25 compared to ₹ 1,949.55 Crore in FY 2023-24.

GEOGRAPHICAL PRESENCE

HDBFS has adopted a comprehensive approach to expanding its pan-India presence through a hybrid distribution model that combines both physical and digital channels. This strategy has enabled the Company to establish a significant nationwide footprint, with a network of 1,771 branches across 1,170 cities as of March 31, 2025.

The Company's strategy aims to ensure seamless customer access across urban, semi-urban and rural areas. This is achieved not only through its extensive branch network but also by strengthening partnerships with OEMs, dealers and brands. Additionally, the Company uses digital platforms to create multiple touchpoints that enhance customer reach, engagement and convenience. Majority of its network is located outside the top 20 cities, underscoring a strong emphasis on rural and semi-urban outreach.

The Company's data centres are located in Bengaluru and Mumbai, while its centralised operations are managed from Hyderabad, Chennai and Noida. To further optimise internal processes, HDBFS has implemented a specialised quality management system tailored for its centralised operations. This initiative is designed to enhance process efficiency, standardise operations and maintain consistent service quality across all branches.

OUTLOOK

The Company has a balanced approach to growth, regulatory compliance and customer-focussed innovation and is strategically positioned to create long-term value and make a significant contribution to India's financial inclusion and formalisation initiative.

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 2025-26.

RISK MANAGEMENT

As a financial services provider, the Company is exposed to multiple risks, including risks related to credit, operations, liquidity, digital lending and information security. To address these challenges, HDBFS has implemented a comprehensive risk management framework, ensuring proactive identification and mitigation of risks.

Risk oversight is a key priority, with the Board of Directors taking a central role in monitoring all risk categories. Dedicated committees have been established to provide focussed supervision and ensure stringent risk controls. The Company continually strengthens its security infrastructure, particularly in cybersecurity, to defend against emerging threats. With risk mitigation remaining a core priority, HDBFS remains confident in its ability to safeguard its financial stability, operational efficiency and market reputation.

Risk	Mitigation
Credit Risk, including Credit Concentration Risk	The Company has established policies, procedures and systems for managing credit risk. Credit quality is monitored and losses from defaults are minimised by setting credit parameters and monitoring exposures against approved limits. Credit concentration of exposures is also monitored to avoid unacceptable risk concentrations.
Business/Strategic Risk	HDBFS pursues diversification through various products, customer segments and geographies to mitigate business and strategic risks. A balanced growth approach is maintained while adhering to a healthy asset-liability mix and prudent provisioning policies.

Directors' Report (Contd.)

Risk	Mitigation
Reputation Risk	The Company mitigates reputation risk by implementing a code of conduct for employees, strong governance policies and a customer grievance mechanism. Stakeholders are engaged regularly to address concerns and expectations.
Technology Risk	HDBFS leverages technology to enhance customer experience, improve productivity and manage risks. The Company aims to continuously improve its processes and controls to mitigate cyber threats and has established a Cyber Resilience Framework and a next-generation Security Operations Centre with AI-ML capability. A layered technology and cybersecurity architecture, Disaster Recovery and Business Continuity Plans and access control mechanisms have been implemented. This is consistently monitored through a third-party assurance mechanism, on an ongoing basis. Further all employees undergo annual cybersecurity and compliance training and periodic simulation exercises to keep them abreast with the latest trends in the cybersecurity happenings, which helps the Company to continuously improve on its cybersecurity posture.
Digital Lending Risk	The Company has automated its loan application process by leveraging tools like CRM, rule engine and bureau integration to enhance productivity and deliver a seamless customer journey. HDBFS's controls have been implemented and analytics and reporting systems are in place for collection and recovery to maintain a healthy asset quality.
Compliance Risk	The Company manages and monitors compliance risks by implementing a Compliance Policy overseen by the Chief Compliance Officer and a dedicated team. The team regularly reviews products and processes for regulatory compliance and updates internal policies to minimise legal or regulatory risk.
Liquidity Risk	The Company's Asset-Liability Committee (ALCO) is responsible for managing liquidity risk and ensuring adequate levels of liquidity and interest rate risk management. To manage liquidity risk, the ALCO monitors various metrics, including the maturity profile, stock ratios and asset-liability mix. Additionally, the committee ensures sufficient unencumbered High-Quality Liquid Assets (HQLA) to meet short-term obligations by monitoring the Liquidity Coverage Ratio (LCR) daily. The Company has also implemented a liquidity risk framework which is monitored by the ALCO and the Risk Management Committee.
Interest Rate Risk	HDBFS's Asset-Liability Committee (ALCO) is responsible for managing balance sheet planning for risk-return and strategic management of interest rate and liquidity risks. The Company its sensitivity to interest rate movements using traditional gap analysis to identify and mitigate potential risks. The Advances Book and funding strategy are tailored to offset the repricing of borrowings by repricing loans.
Operational Risk	Operational risk is the chance of financial loss due to insufficient internal processes, personnel, technology systems, or external factors. It covers legal risk but not strategic or reputational risks. Operational risk is monitored by the Operational Risk Management Committee (ORMC). The Company has a three-layered defence mechanism which includes the business units, operational risk team and internal audit, combined with established policies, procedures and robust internal controls.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the financial performance of the Company along with its subsidiaries, collectively referred to as the Group. Control is determined based on the Group's ability to direct relevant activities and derive benefits from its association with the investee. A uniform set of accounting policies is applied across all entities within the Group to maintain consistency in financial reporting. In cases where any entity follows different accounting policies, necessary adjustments are made to align them with the Group's standard accounting practices, ensuring uniformity in the consolidated financial statements.

INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT

The Company has implemented a comprehensive internal control framework to ensure operational efficiency, regulatory compliance and accurate financial reporting. The Internal Audit Department (IAD) plays a crucial role in strengthening Governance, Risk and

Compliance (GRC) by conducting independent and objective evaluations. These assessments enhance transparency, accountability and trust across the organisation.

The internal audit function operates under a clear and comprehensive internal audit charter, supported by a risk-based audit policy that defines the department's purpose, structure, authority and responsibilities. Adopting a risk-based approach, the IAD focusses on high and medium-risk areas, ensuring effective resource allocation and addressing potential vulnerabilities.

The risk-based Internal Audit Framework also offers independent assurance to the Board's Audit Committee, tailored to the Company's scale, complexity and operations. The audit plan, developed based on activity risk profiles, is reviewed and approved annually by the Audit Committee, which also evaluates audit findings and performance.

To enhance audit quality and efficiency, while ensuring extensive data coverage, the IAD utilises advanced data analytics tools. Additionally, recognising the evolving industry scenario, Information Systems (IS) audits have become a key component of the internal audit function. This comprehensive audit strategy not only strengthens risk management practices but also reinforces the Company's ability to navigate technological advancements and emerging challenges.

HUMAN RESOURCES

Nurturing the Workforce

People are the driving force behind the success and operational efficiency of HDBFS. Recognising this, the Company is dedicated to creating an environment that empowers employees to achieve both their professional goals and personal milestones. By fostering safe, inclusive and supportive workplaces, HDBFS ensures that its employees adopt a mindset focussed on growth and positivity.

Cultivating a Strong Organisational Culture

The culture at HDBFS is rooted in six core values—Integrity, Collaboration, Agility, Respect, Excellence and Simplicity. These principles influence internal interactions and shape the Company's engagement with customers, suppliers and stakeholders. HDBFS conducts regular training sessions and workshops for both new hires and existing employees. Through this commitment, HDBFS strives to realise its ambition of becoming 'India's most admired NBFC.'

Fostering Diversity, Equity and Inclusion

HDBFS is committed to creating an equitable workplace where every individual is valued, respected and provided with equal opportunities. Recruitments and promotions are driven by merit, taking into account factors such as skills, experience and competence.

As part of its commitment to inclusivity, HDBFS actively hires individuals with disabilities and assigns roles aligned with their strengths. Office spaces are designed for accessibility, ensuring smooth mobility across locations. To further support their integration, tailored training programmes equip them with the skills needed to thrive in their roles. The Company also conducts regular awareness sessions to educate employees on inclusive policies and respectful workplace behaviour.

Developing Future-Ready Leaders

Talent development forms a critical pillar of the Company's growth strategy, evident in its consistent investment in people. Employees are continuously empowered through structured learning & development (L&D), skill enhancement and talent management programmes. The approach includes a blend of instructor-led training and digital learning platforms, equipping employees with technical expertise, emerging industry insights and advanced skill sets.

The Company conducts specialised programmes to prepare first-line managers for future leadership. Management Development Programmes sharpen strategic thinking, market understanding and leadership ability in high-potential talent. Taking this further, Leadership Development Programmes identify and nurture future leaders through holistic coaching and mentoring initiatives.

The Company also emphasises internal growth, with over 67% of middle and senior management roles filled through internal promotions. With a belief that career progression is not only about vertical progression, employees are encouraged to explore cross-functional roles across diverse functions and geographies.

Prioritising Employee Well-being and Recognition

Employee well-being remains a key priority for the Company, supported by a proactive focus on both physical and emotional health. Events like health check-ups, yoga and meditation workshops, sports tournaments, cultural celebrations and community outreach programmes are organised throughout the year. These activities improve engagement, boost morale, strengthen teamwork and support work-life balance.

The Company also places strong emphasis on acknowledging employee contributions. Through dedicated reward and recognition programmes, it celebrates high performance and motivates individuals to pursue excellence and continuous development.

CSR ACTIVITIES

HDBFS remains committed to its role as a responsible corporate entity, actively working to create a meaningful and lasting impact in the communities it serves. Through a structured and expansive Corporate Social Responsibility (CSR) framework, the Company has strengthened its outreach across multiple regions, focussing on critical areas such as healthcare accessibility, hygiene awareness, education, livelihood enhancement and environmental sustainability.

In collaboration with grassroots organisations, HDBFS has successfully implemented 10 targeted initiatives, extending support to underserved communities across 151 districts in 20 states and 2 union territories. These efforts have directly improved the lives of over 1,25,000 individuals, driving positive social transformation and fostering long-term resilience.

For further details on the Company's CSR activities, please refer to page 35.

CAUTIONARY STATEMENT

This Management Discussion and Analysis (MD&A) contains forward-looking statements that involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed or implied in these statements due to various factors, including economic conditions, regulatory changes, market dynamics and other unforeseen circumstances. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Readers are advised to exercise caution and not to place undue reliance on these forward-looking statements.

(Source: IMF Report on World Economic Outlook, January 2025, Economic Survey 2024-25, Press Information Bureau, Economic Times, Economic Survey of India, India Infrastructure, Crisil Report on NBFC Sector in India, Economic Times, Business Standard, Economic Times)

GREEN INITIATIVES

In line with the Green Initiatives, the Notice of Eighteenth Annual General Meeting of the Company is being sent to all Members whose email addresses are registered with the Company's Registrar and Share Transfer Agents /Depository Participant(s). Members who have not registered their e-mail addresses, are requested to register their e-mail IDs with their Depository Participant(s)/Company's Registrar and Share Transfer Agents, MUFG Intime India Private Limited.

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), Ministry of Corporate Affairs (MCA) and Registrar of Companies (ROC) and other government and regulatory authority for their continued co-operation, support and guidance. The Directors would also like to take this opportunity to express their sincere thanks all the customers, shareholders, employees, bankers and distributors for reposing their trust, commitment, loyalty and confidence in the Company. The Directors also express their gratitude for the advice, guidance and assistance received from time to time, from the auditors and statutory authorities.

For and on behalf of the Board of Directors

Arijit Basu
Chairman, Independent Director
DIN: 06907779

Place: Mumbai
Date: May 15, 2025

Annexure A

ANNUAL REPORT ON 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 CORPORATE SOCIAL RESPONSIBILITY & 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	Chairman of the Committee, Independent Director	3	3
2	Ms. Smita Affinwalla*	Member, Independent Director	3	2
3	Mr. Jayesh Chakravarthi**	Member, Independent Director	3	1
4	Mr. Bhaskar Sharma*	Member, Independent Director	3	1
5	Mr. Venkatraman Srinivasan**	Member, Independent Director	3	0
6	Mr. Ramesh G.	Member, Managing Director & CEO	3	3

*Mr. Bhaskar Sharma was inducted as a Member of the Corporate Social Responsibility & ESG Committee with effect from March 10, 2025 and Ms. Smita Affinwalla ceased to be member of the Corporate Social Responsibility & ESG Committee with effect from March 10, 2025.

**Mr. Jayesh Chakravarthi was inducted as a Member of the Corporate Social Responsibility & ESG Committee with effect from April 16, 2024 and Mr. Venkatraman Srinivasan ceased to be a member of the Corporate Social Responsibility & ESG Committee with effect from April 16, 2024.

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

CSR Policy includes Composition of CSR & ESG Committee and the CSR Policy is uploaded on the Company's website and can be accessed at: https://www.hdbfs.com/sites/default/files/policies/Corporate-Social-Responsibility-Policy-April-25.pdf

List of active CSR projects approved by the Company are uploaded on the Company's website and can be accessed at:

https://www.hdbfs.com/sites/default/files/hdbfs-pdf/ApprovedCSRProjectsforFY26_02052025.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 2024-25. 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 three projects and detailed assessment reports have been presented to 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 = ₹ 2,421.90 Crore

b. Two percent of average net profit of the company as per sub-section (5) of section 135 = ₹ 48.44 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 = ₹ 2.09 Crore

e. Total CSR obligation for the financial year (5b+5c-5d) = ₹ 46.35 Crore

6.

a. Amount spent on CSR projects (both Ongoing Project and other than Ongoing Project) = ₹ 44.37 Crore

b. Amount spent in Administrative Overheads = ₹ 2.31 Crore

c. Amount spent on Impact Assessment, if applicable = ₹ 0.10 Crore

d. Total amount spent for Financial Year 2024 - 2025 (6a+6b+6c) = ₹ 46.78 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
46.78	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	48.44
(ii)	Total amount spent for the Financial Year	46.78
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	0.44
(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)]	0.44

Note:

The Company had ₹ 2.09 Crore as amount available for set-off against prescribed CSR expenditure of ₹ 48.44 Crore for Financial Year 2024-25. During the year, the Company spent ₹ 46.78 Crore against the total CSR obligation of ₹ 46.35 Crore (₹ 48.44 Crore minus ₹ 2.09 Crore) leading to an excess spend of ₹ 0.44 Crore towards approved CSR programmes.

7. DETAILS OF UNSPENT CORPORATE SOCIAL RESPONSIBILITY AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS: Not Applicable

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

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 15, 2025

Annexure B

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2025

{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 Gujarat 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, 2025**, 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, 2025**, 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;

(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;

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

  (e) Master Circular for issue and listing of Non-Convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper

  (f) Master Circular for listing obligations and disclosure requirements for Non-Convertible Securities, Securitized Debt Instruments and/ or Commercial Paper

  (g) 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);**

  (h) 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);**

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

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

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

(vi) Reserve Bank of India Act, 1934 and the Rules and Regulations made there under to the extent applicable;

(vii) Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016 read with Master Direction - Reserve Bank of India (Filing of Supervisory Returns) Directions, 2024;

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

(ix) Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices;

(x) Master Directions on Fraud Risk Management in Non-Banking Financial Companies (NBFCs) (including Housing Finance Companies)

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

(xii) Master Circular – Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015

(xiii) Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations

(xiv) Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021;

(xv) Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022

(xvi) Master Direction on Treatment of Wilful Defaulters and Large Defaulters;

(xvii) The following HR laws are applicable to the Company:

a. The Employees' Provident Funds and Miscellaneous Provision Act,1952

b. Professional Tax Act, 1975

c. Maharashtra Labour welfare Fund Act, 1953

d. Payment of Gratuity Act, 1972

e. The Maternity Benefit Act, 1961

f. The Payment of Bonus Act, 1965

g. Maharashtra Shops and Establishment Act, 1948 (amended Act Dec 2017, Rules March 2018)

h. Maharashtra fire preservation and life safety measures Act 2006

i. The Equal Remuneration Act, 1976

j. The Employees State Insurance Act, 1948

k. The Contract Labour (Regulation & Abolishment) Act, 1970

l. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959

m. The Minimum Wages Act, 1948

n. The E-Waste (Management and Handling) Rules, 2022 & Environment (Protection) Act, 1986

o. The Information Technology Act, 2000

p. Cigarettes and other Tobacco products (Prohibition of Advertisement and Regulation of Trade and Commerce, Productions, Supply and Distribution) Rules, 2004

q. Weekly Holidays Act, 1942

r. Indian Electricity Rules, 1956 and

s. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

t. Private Security Agencies and Regulation Act

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;

(iii) Master circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities

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 are captured and recorded as a 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 17th Annual General Meeting held on June 27, 2024 to declare final dividend @10% i.e. ₹ 1 /- on each equity share for the financial year ended March 31, 2024.

b. Re-appointment of Mr. Adayapalam Kumaraswamy Viswanathan as an Independent Director of the Company at the Annual General Meeting held on June 27, 2024.

c. Issuance of redeemable non-convertible debentures (NCDs) and/ or other debt instruments on Private Placement Basis at the Annual General Meeting held on June 27, 2024.

d. Approval of selling, assignment, securitisation of receivables/book debts of the Company upto ₹ 9,500 Crore at the Annual General Meeting held on June 27, 2024.

e. Adoption of updated Articles of Association of the Company through Postal Ballot passed on October 21, 2024.

f. Approval of amendment in Employee Stock Option Scheme 2014, Employee Stock Option Scheme 2017 and Employee Stock Option Scheme 2022 for eligible employees of HDB Financial Services Limited through Postal Ballot passed on October 21, 2024.

g. Approval of shareholders for Initial Public Offer including fresh issue and offer for sale through Postal Ballot passed on October 21, 2024.

h. Approval for appointment of Mr. Bhaskar Sharma (DIN:02871367) as an Independent (Non-Executive) Director of the Company through Postal Ballot passed on October 21, 2024.

i. Approval appointment of Mr. Jayant Gokhale (DIN:00190075) as an Independent (Non-Executive) Director of the Company through Postal Ballot passed on October 21, 2024.

j. Approval of Material Related Party Transactions with HDFC Bank Limited for Financial Year 2025-26 through Postal Ballot passed on March 14, 2025.

k. Approval of Material Related Party Transactions with HDFC Life Insurance Company Limited for Financial Year 2025-26 through Postal Ballot passed on March 14, 2025.

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 27,01,779 (Twenty-Seven Lakh One Thousand Seven Hundred Seventy Nine) Equity Shares of ₹ 10/- each to employees of the Company.

b. The Company has issued and allotted ₹ 12,658 Crore (Rupees Twelve Thousand Six Hundred Fifty Eight Crore 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 ₹ 357 Crore (Rupees Three Hundred Fifty-Seven 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 ₹ 500 Crore (Rupees Five Hundred 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 ₹ 13,565 Crore (Rupees Thirteen Thousand Five Hundred Sixty Five Crore only) Commercial Papers with face value of ₹ 5 Lakh (Rupees Five Lakh only) each in the reporting year;

f. The Company has redeemed ₹ 10,351 Crore (Rupees Ten Thousand Three Hundred Fifty One Crore only) Secured Redeemable Non-Convertible Debentures in various tranches during the year.

g. The Company has redeemed ₹ 500 Crore (Rupees Five Hundred Crore only) Unsecured Non-Convertible Subordinated Bonds in various tranches during the year.

h. The Company has redeemed ₹ 11,215 Crore (Rupees Eleven Thousand Two Hundred Fifteen Crore only) Commercial Papers during the year.

i. The Board of Directors of the Company has declared Interim dividend of ₹ 2/- (Rupees Two Only) per equity share (i.e. 20% on face value of each equity shares) on October 16, 2024.

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

Ashwini Inamdar
Partner
FCS No: 9409
CP No: 11226
PR No: 3686/2023

Place: Mumbai
Date: April 16, 2025
UDIN: F009409G000129091

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.

Directors' Report (Contd.)

Annexure a

To,

The Members,

HDB FINANCIAL SERVICES LIMITED

Radhika, 2nd Floor, Law Garden Road,

Navrangpura, Ahmedabad Gujarat 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 above-mentioned provisions/ regulations, the adherence and compliance to the requirements of the said provisions/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)

Ashwini Inamdar

Partner

FCS No.: 9409

CP No: 11226

PR No: 3686/2023

Place: Mumbai

Date: April 16, 2025

UDIN: F009409G000129091

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, 2025

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, 2025	Options exercisable, end of year
ESOP-10	-	-	42,000	42,000	-	213	89,46,000	-	-
ESOP-11	-	-	7,770	7,770	3,420	274	21,28,980	4,960	4,960
ESOP-12	-	-	55,327	55,327	200	300	1,65,98,100	1,01,990	1,01,990
ESOP-13	-	-	1,53,925	1,53,925	945	348	5,35,65,900	1,67,725	1,67,725
ESOP-13A	-	20,000	3,000	3,000	-	409	12,27,000	20,000	20,000
ESOP-14	-	7,69,032	7,82,462	7,82,462	29,335	433	33,88,06,046	3,98,337	3,98,337
ESOP-15A	-	3,54,942	1,97,270	1,97,270	-	457	9,01,52,390	8,38,120	3,64,864
ESOP-15B	-	9,27,033	9,42,013	9,42,013	1,15,728	509	47,94,84,617	16,73,081	4,62,309
ESOP-16A	-	4,03,431	1,91,224	1,91,224	-	424	8,10,78,976	11,53,546	2,12,207
ESOP-16B	-	1,21,626	88,126	88,126	31,120	533	4,69,71,158	3,07,774	33,500
ESOP-16C	-	4,27,780	2,38,662	2,38,662	35,210	533	12,72,06,846	11,45,528	1,88,068
ESOP-17A	20,34,550	-	-	-	8,500	534	-	20,26,050	-
ESOP-17B	5,20,800	-	-	-	1,800	534	-	5,19,000	-

During the FY 2024-25, the Company amended Employee Stock Option Scheme 2014, Employee Stock Option Scheme 2017 and Employee Stock Option Scheme 2022 to comply with the regulatory requirements in terms of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations") and to provide ease of administration of the options under the ESOS – 2014, ESOS – 2017 and ESOS – 2022 including certain other conditions which are not prejudicial to the interest of the current optionees of the Company. The approval of shareholders of the Company was obtained through Postal Ballot Resolution passed on October 21, 2024.

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

Sr. No.	Name	Designation	Grant during FY 2024-25
1	Mr. Ramesh G.	Managing Director & CEO	2,61,300
2	Mr. Jaykumar Shah	Chief Financial Officer	75,000
3	Ms. Dipti Khandelwal	Company Secretary & Head Legal	8,500

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	1:20
Mr. Venkatraman Srinivasan, Independent Director	1:14
Ms. Smita Affinwalla, Independent Director	1:13
Dr. Amla Samanta, Independent Director	1:12
Mr. Adayapalam Viswanathan, Independent Director	1:15
Ms. Arundhati Mech, Independent Director	1:15
Mr. Jayesh Chakravarthi, Independent Director	1:12
Mr. Bhaskar Sharma, Independent Director	1:5
Mr. Jayant Gokhale, Independent Director	1:9
Mr. Jimmy Tata, Non-Independent Director	-
Mr. Ramesh G., Managing Director & Chief Executive Officer	1:247

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	10%
Chief Financial Officer	13%
Company Secretary	13%

3. During the year under review there was 11.2% increase in the median remuneration of the employees of your Company.
4. As on March 31, 2025 there were 89,943 employees on the rolls of your Company.
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 11.3% whereas the increase in the managerial remuneration was 11.05%.

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)	Loans availed	April 2024 – March 2025	The terms and rates are determined as per prevailing market rates. Loan availed is 2,652.68 Crore. Repaid is 5,851.99 Crore	This is in furtherance of the fund raising activities of the Company	NA	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.

For and on behalf of the Board of Directors

Arijit Basu
Chairman, Independent Director
DIN: 06907779

Place: Mumbai
Date: May 15, 2025

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, 2025 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)

Ashwini Inamdar
Partner
ACS No: 9409
CP No.: 11226
PR No.: 3686/2023

Place: Mumbai
Date: April 16, 2025
UDIN: F009409G000129265

Report on Corporate Governance

CORPORATE GOVERNANCE PHILOSOPHY

The Company's philosophy on Corporate Governance is aimed at assisting the management in conducting business efficiently and meeting its obligations to stakeholders. This philosophy is guided by a strong emphasis on transparency, accountability and integrity. The Company's governance practices and processes ensure that the interests of all stakeholders are addressed in a transparent manner and are deeply embedded into the organisation's culture.

The Company adheres to fair, transparent and ethical governance practices, which are essential for enhancing long- term shareholder value and maintaining investor trust. These standards are upheld through consistent efforts and a commitment to the highest levels of corporate conduct.

The Company is guided by a dynamic, experienced and well-informed Board. Along with its Committees and the established Corporate Governance Framework, the Board performs its fiduciary responsibilities towards all stakeholders. The Company has adopted a Board approved Corporate Governance Code, which supports the achievement of its goals and objectives. This Code encompasses all aspects of operations, management, action plans, internal controls, performance measurement and regulatory disclosures. The Corporate Governance Code is available on the Company's website and can be accessed at https://www.hdbfs.com/investors.

BOARD OF DIRECTORS

The Board of Directors ("**Board**") lie at the core of the Company's Corporate Governance Framework. The Board is committed to uphold sound principles of corporate governance and plays a crucial role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This commitment is reflected in the Company's governance practices, which aim to maintain an effective, informed and independent Board.

The Company seeks to maintain an appropriate balance of skills and experience within both the organisation and the Board. This approach enables the infusion of new perspectives while preserving continuity and institutional knowledge.

To facilitate effective oversight and decision-making, the Board is supported by several Committees, each entrusted with specific responsibilities in accordance with applicable laws viz. Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Information Technology Strategy Committee, Corporate Social Responsibility and ESG Committee, Stakeholders Relationship Committee, Customer Service Review Committee, Strategic Transaction Committee, Special Committee of the Board for Monitoring and Follow-up of cases of Frauds and Review Committee for Identification of Wilful Defaulters. These Committees enhance the functioning of the Board by ensuring the efficient flow of information and enabling a focused and timely resolution of diverse matters.

In compliance with the provisions of the Companies Act, 2013 ("**Act**"), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**"), and the Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Master Directions, 2023, No. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 ("**RBI Master Directions**"), the Board of the Company has an optimum combination of Executive, Non-Executive and Independent Directors. The composition of the Board is fully compliant with the requirements of Act and Rules made thereunder and SEBI Listing Regulations as amended from time to time. As on March 31, 2025, the Board comprised 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 two Women Directors.

Report on Corporate Governance (Contd.)

The composition of the Board of Directors as on March 31, 2025, along with the attendance of Directors at the Board Meetings held during the FY 2024-25 and at the last virtual Annual General Meeting held on June 27, 2024, is provided below:

Sr. No.	Name of the Director, Category & DIN	Director Since	No. 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	8	8	Yes	1	30.00	12.25	Nil	Nil
2.	*Mr. Venkatraman Srinivasan, Independent Director (DIN: 00246012)	March 12, 2015	8	8	Yes	6	Nil	15.50	15.00	Nil
3.	*Ms. Smita Affinwalla, Independent Director (DIN: 07106628)	March 12, 2015	8	8	Yes	1	Nil	13.25	15.00	Nil
4.	***Dr. Amla Samanta, Independent Director (DIN: 00758883)	May 01, 2019	8	7	Yes	2	Nil	11.25	15.00	Nil
5.	**Mr. Adayapalam Viswanathan, Independent Director (DIN: 08518003)	July 24, 2019	8	8	Yes	Nil	Nil	17.25	15.00	Nil
6.	Ms. Arundhati Mech, Independent Director (DIN: 09177619)	February 11, 2022	8	8	Yes	2	Nil	16.00	15.00	Nil
7.	Mr. Jayesh Chakravarthi, Independent Director (DIN: 08345495)	January 25, 2024	8	8	Yes	1	Nil	11.50	15.00	Nil
8.	#Mr. Bhaskar Sharma Independent Director (DIN: 02871367)	September 16, 2024	4	4	NA	1	Nil	4.50	6.00	Nil
9.	#Mr. Jayant Gokhale Independent Director (DIN: 00190075)	September 16, 2024	4	4	NA	1	Nil	7.25	11.00	Nil
10.	Mr. Jimmy Tata, Non-Executive Director (DIN: 06888364)	July 15, 2023	8	7	Yes	1	Nil	Nil	Nil	3,21,021
11.	Mr. Ramesh G., Managing Director & Chief Executive Officer (DIN: 05291597)	July 01, 2012	8	8	Yes	Nil	654.48	Nil	Nil	8,53,000

#Mr. Bhaskar Sharma and Mr. Jayant Gokhale were appointed as Independent Directors of the Company with effect from September 16, 2024.

*Mr. Venkatraman Srinivasan and Ms. Smita Affinwalla ceased to be Independent Directors of the Company with effect from March 11, 2025, upon completion of their respective terms.

Report on Corporate Governance (Contd.)

**Mr. Adayapalam Viswanathan was re-appointed as a Non-Executive and Independent Director of the Company with effect from July 24, 2024.

***Dr. Amla Samanta was re-appointed as a Non-Executive and Independent Director of the Company with effect from May 1, 2024.

The details of directorship and committee chairmanship/membership as on March 31, 2025, are provided below:

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
Dr. Amla Samanta	Nil	Nil	2	1	1
Mr. Adayapalam Viswanathan	Nil	Nil	Nil	Nil	1
Ms. Arundhati Mech	Afcom Holdings Limited	1	Nil	Nil	1
Mr. Jayesh Chakravarthi	Nil	Nil	1	Nil	Nil
Mr. Bhaskar Sharma	Polycab India Limited	Nil	Nil	Nil	2
Mr. Jayant Gokhale	Nil	Nil	1	1	1
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 the computation of maximum number of Committees in which a Director can serve as Chairman or Member, in accordance with Regulation 26(1) of SEBI Listing Regulations (i.e. Chairmanship/Membership of the Audit Committee and the Stakeholders Relationship Committee across all Indian public companies, including HDB Financial Services Limited).

Note: The number of Committee Memberships mentioned for each Director includes the position held as Chairman of such Committee in public companies, including HDB Financial Services Limited.

The details of changes in the composition of the Board during the current FY 2024-25 and previous FY 2023-24 are provided below:

S.N.	Name of the Director	Capacity	Nature of change	Effective Date
1	Mr. Arijit Basu	Chairman and Non-Executive Director (Non-Independent Director)	Resignation	May 31, 2023
2	Mr. Arijit Basu	Part-Time Non-Executive Chairman and Independent Director	Appointment	May 31, 2023
3	Mr. Jimmy Tata	Non-Executive Director	Appointment	July 15, 2023
4	Mr. Jayesh Chakravarthi	Independent Director	Appointment	January 25, 2024
5	Dr. Amla Samanta	Independent Director	Re-appointment	May 01, 2024
6	Mr. A K Viswanathan	Independent Director	Re-appointment	July 24, 2024
7	Mr. Bhaskar Sharma	Independent Director	Appointment	September 16, 2024
8	Mr. Jayant Gokhale	Independent Director	Appointment	September 16, 2024
9	Mr. Venkatraman Srinivasan	Independent Director	Cessation	March 11, 2025
10	Ms. Smita Affinwalla	Independent Director	Cessation	March 11, 2025

All Directors have submitted the necessary disclosures regarding their directorship and committee positions held in other companies. Based on the declaration received, 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 strategic directions to the Management.

The Board meets at least once in every quarter to review the quarterly results and other key matters. Additional meetings are convened to address specific needs and business requirements of your Company. In case of business exigencies, the Board's approvals are obtained through circular resolutions, which are placed before the Board in the subsequent meeting for noting. The quorum of the Board meeting is maintained in accordance with the statutory requirement of three directors or one-third of the total strength, whichever is higher.

To facilitate participation of Directors who are unable to attend the meeting in person, video-conferencing facility are made available. Such participation is conducted in compliance with the applicable provisions of the Companies Act, 2013 and relevant regulations. The Senior Management personnel, Business Heads and other executives are invited to Board Meetings as and when required, to provide insights and updates on operational and strategic matters.

During the Board Meetings, presentations were made to the Board covering key areas including, annual action plans and business strategies, financial statements and performance reviews, information technology and security risk management, customer grievances and service frameworks, compliance update and risk assessment, regulatory developments under the scale based regulation (SBR), etc.

During the FY 2024-25, your Board of Directors met eight (8) times, the Meetings were held on April 16, 2024; May 17, 2024; July 13, 2024; September 16, 2024; September 20, 2024 (adjourned meeting); October 16, 2024; October 28, 2024; January 14, 2025; and March 10, 2025. The requisite quorum was present at all 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, in compliance with regulatory requirements.

DECLARATION OF INDEPENDENCE

The Company has received necessary declaration and confirmation from all of its Independent Directors confirming that they meet the criteria of independence as prescribed under the Act and SEBI Listing Regulations. All Independent Directors have further confirmed that they have registered their names in the Independent Directors' Databank as mandated. In the opinion of the Board, all Independent Directors continue to fulfil the conditions prescribed for an independent director as stipulated in Regulation 16(1)(b) & 62D(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

In accordance with the requirements of the Code for Independent Directors under the Act, and Rules made thereunder and the 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 to discuss matters relating to Company's affairs and put forth their perspectives and evaluate the Board's functioning, without the presence of Non-Independent Directors and members of the Management.

At this Meeting, the Independent Directors reviewed the performance of Non-Independent Directors, the Board as a whole and the Chairperson of the Company, while also assessing the quality, quantity and timeliness of information received from the Company's Management.

A separate Meeting of Independent Directors was held on April 15, 2024, during the financial year under review.

The details of the Separate Meeting of Independent Directors held during FY 2024-25 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 (%)
Mr. Arijit Basu	1	1	100
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
Mr. Jayesh Chakravarthi	1	1	100

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company conducts orientation programs, presentations and training sessions at periodic intervals to familiarise the Independent Directors with the Company's strategies, operations and functions.

Additionally, as a part of the regular Board and Committee meetings, presentations are made to the Independent Directors on a range of subjects including, business operations and strategies plans, risk management framework, industry trends and regulatory developments, internal control, cyber security risk and compliance updates. These sessions facilitate one-on-one interaction between Independent Directors and the senior management team and internal auditors, fostering deeper insights in the Company's functioning. The Company also organises branch visits for Independent Directors to help them gain a practical understanding of on-ground operations.

As per the requirements under the SEBI Listing Regulations, the details of the familiarisation programmes imparted to Independent Directors, including information on their roles, rights, responsibilities, the nature of the industry and the Company's business model along with the number of sessions and hours spent during the Financial Year 2024-25, are available on the Company's website and can be accessed at: https://www.hdbfs.com/sites/default/files/grp_pdf/Familiarization_Program_imparted_to_Independent_Directors_12042025.pdf

BOARD SKILLS/EXPERTISE/ COMPETENCE MATRIX

In accordance with the SEBI Listing Regulations, the Board of Directors has identified a set of core skills, expertise and competencies that are deemed essential in the context of the Company's business model and operations. The Board affirms that these skills and competencies are well represented among the current Directors, ensuring effective governance and strategic guidance for the Company. The current composition of the Board encompasses the following competencies:

Skill/ Expertise/Competency of Board Members	
General Management & Leadership	Business & Strategic Planning, Administration, Leadership.
Financial & Risk Management Skills	Finance, Accounting, Audit, Tax, Risk Management and Economics.
Technical, professional skills and knowledge including Legal Governance & regulatory aspects	Governance, Banking, Industry Knowledge, Regulatory Compliance, Information Technology, Cyber Security, Human Resource and BFSI Industry Knowledge.
Sales and Marketing	Marketing

Sr. No.	Name of Director	General Management & Leadership	Financial & Risk Management Skills	Technical, professional skills and knowledge including Legal Governance & regulatory aspects	Sales and Marketing
1	Mr. Arijit Basu	Yes	Yes	Yes	Yes
2	Mr. A.K Viswanathan		Yes	Yes	
3	Ms. Arundhati Mech	Yes	Yes	Yes	
4	Ms. Amla Samanta	Yes	Yes	Yes	
5	Mr. Jayesh Chakravarthi	Yes		Yes	Yes
6	Mr. Bhaskar Sharma	Yes			Yes
7	Mr. Jayant Gokhale		Yes	Yes	
8	Mr. Jimmy Tata	Yes	Yes	Yes	
9	Mr. Ramesh G.	Yes	Yes	Yes	Yes

COMMITTEES OF THE BOARD OF DIRECTORS

The Committees constituted by the Board plays a crucial role in strengthening the governance framework of the Company. These Committees focus on specific operational and regulatory areas that require in-depth oversight, deliberation and resolution.

Each Committee has been established with the formal approval of the Board and operates in accordance with the roles and responsibilities defined under the Company's Corporate Governance Code. The terms of reference of these Committees are in line with the requirements of the Companies Act, 2013, SEBI Listing Regulations and RBI Master Directions. The brief terms of reference for each Committees are aligned with their functional scope and are available in detail in the Company's Corporate Governance Code, accessible at https://www.hdbfs.com/investors

Report on Corporate Governance (Contd.)

The Chairperson of each Committee regularly briefs the Board on key discussions, recommendations and decisions taken in the respective meetings. The quorum for all Board Committees is two members or one-third of the total strength, whichever is higher. The Company Secretary acts as the Secretary to all the Committees of the Board.

As on March 31, 2025, your Company has ten (10) Committees of the Board. These Committees enable focused and informed decisions in the best interest of the Company and its stakeholders.

The Committees of the Board are as follows:

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
G. Customer Service Review Committee
H. Strategic Transaction Committee
I. Special Committee of the Board for Monitoring and Follow-up of cases of Frauds
J. Review Committee for Identification of Wilful Defaulters

During the FY 2024-25, 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 auditors, 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 & 62F 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 6 (Six) times during the year under review on April 15, 2024; April 16, 2024 (adjourned meeting); May 15, 2024; July 11, 2024; July 13, 2024 (adjourned meeting); October 14, 2024; October 16, 2024 (adjourned meeting); October 28, 2024; January 13, 2025, January 14, 2025 (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, 2025 and the details of attendance for the FY 2024-25 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. Jayant Gokhale**	October 16, 2024	Chairman, Independent Director	2	2	Nil
2.	Mr. Adayapalam Viswanathan	July 24, 2019	Member, Independent Director	6	6	Nil
3.	Ms. Smita Affinwalla*	March 12, 2015	Member, Independent Director	6	6	Nil
4.	Mr. Venkatraman Srinivasan*	March 12, 2015	Member, Independent Director	6	6	Nil
5.	Mr. Jimmy Tata	October 14, 2023	Member, Non-Executive Director	6	6	3,21,021

*Mr. Venkatraman Srinivasan and Ms. Smita Affinwalla ceased to be a members of the Audit Committee pursuant to the reconstitution of the Committee with effect from March 10, 2025.

Report on Corporate Governance (Contd.)

**Mr. Jayant Gokhale was inducted as a member of the Audit Committee effective October 16, 2024 and was subsequently appointed as Chairman of the Committee with effect from March 10, 2025, following the said reconstitution.

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, with particular reference to:

  (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;

  (b) Changes, if any, in accounting policies and practices and reasons for the same;

  (c) Major accounting entries involving estimates based on the exercise of judgment by management;

  (d) Significant adjustments made in the financial statements arising out of audit findings;

  (e) Compliance with listing and other legal requirements relating to financial statements;

  (f) Disclosure of any related party transactions; and

  (g) Modified opinion(s) in the draft audit report.

(vi) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

(vii) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public or rights issue, or preferential issue or qualified institutions placement and making appropriate recommendations to the Board to take up steps in this matter;

(viii) Approval or any subsequent modifications of transactions of the Company with related parties;

(ix) Scrutinising of inter-corporate loans and investments;

(x) Valuation of undertakings or assets of the Company, wherever it is necessary;

(xi) Evaluating internal financial controls and risk management systems;

(xii) Monitoring the end use of funds raised through public offers and related matters.

(xiii) Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;

(xiv) Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

Report on Corporate Governance (Contd.)

(xv) Discussing with internal auditors on any significant findings and follow up there on;

(xvi) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

(xvii) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances

(xviii) Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(xix) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(xx) Reviewing the functioning of the whistle blower mechanism;

(xxi) Approving the appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

(xxii) Reviewing the utilisation of loans and/or advances from/investment by the holding company in any subsidiary exceeding rupees 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/ investments;

(xxiii) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

(xxiv) Ensuring that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company;

(xxv) Authority to deal with or investigate into any matter in relation to the items herein or referred to it by the Board of Directors of the Company, Reserve Bank of India, Securities Exchange Board of India and recognised Stock Exchange and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company and;

(xxvi) Performing such other activities as may be delegated by the Board and/or prescribed under the Companies Act, the Listing Regulations, RBI Master Directions and any other applicable rules, regulations, guidelines, clarifications, circulars and notifications issued by the Government of India including Securities and Exchange Board of India, Reserve Bank of India any other regulatory authority.

(xxvii) Approving adjustments to the ECL model output (i.e. a management overlay), if any.

(xxviii) Periodic review of the cases of wilful default and recommend steps to be taken to prevent such occurrences and their early detection should these occur. The review shall focus on identifying root causes of wilful default and addressing deficiencies, if any, in the wilful defaulter classification process adopted by the Company.

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, Directors 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 & 62G 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 Financial Officer, Chief - People & Operations and other senior executives who were considered necessary for providing inputs to the Committee. The Nomination & Remuneration Committee met 4 (Four) times during the year under review, on May 17, 2024, June 17, 2024, September 16, 2024 and December 16, 2024.

The composition of the Nomination & Remuneration Committee as on March 31, 2025 and the details of attendance for the FY 2024-25 is as under:

Sr. No.	Name of the Member	Designation in the Committee & Capacity	Member of Committee since	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Ms. Arundhati Mech*	Chairperson, Independent Director	April 16, 2024	4	4	Nil
2.	Mr. Arijit Basu	Member, Independent Director	August 16, 2021	4	4	Nil
3.	Dr. Amla Samanta	Member, Independent Director	July 24, 2019	4	4	Nil
4.	Mr. Venkatraman Srinivasan*	Member, Independent Director	March 12, 2015	0	0	Nil

*Ms. Arundhati Mech was inducted as a member and appointed as the Chairperson of the Nomination & Remuneration Committee with effect from April 16, 2024 and Mr. Venkatraman Srinivasan ceased to be the Chairperson and a member of the Committee pursuant to reconstitution effective from the same date.

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 scrutinizing the declarations received by the directors in this regard;

(vi) Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal;

(vii) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

(viii) Recommend to the Board, all remuneration, in whatever form, payable to senior management;

(ix) To specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;

(x) To consider giving stock options to the employees in the form of equity shares of the Company and also consider any other compensation related issues or matters relating to the Company's employees;

(xi) Performing such other activities as may be delegated by the Board and/or prescribed under the Companies Act, the Listing Regulations, the RBI Master Directions and any other applicable rules, regulations, guidelines, clarifications, circulars and notifications issued by the Government of India including Securities and Exchange Board of India, Reserve Bank of India any other regulatory authority.

Performance Evaluation of Board, its Committees and Directors

As a part of its commitment to strong corporate governance and Board effectiveness, the Company has engaged an independent external agency, Excellence Enablers Private Limited, for carrying out an independent performance evaluation of the Board as a whole, individual Directors (including Independent Directors), Board Committees and the Chairperson.

The evaluation methodology adopted by the agency was comprehensive and multi-layered. It involved the use of structured questionnaires tailored to assess key parameters such as Board composition and diversity, strategic inputs and direction, risk oversight, ethical leadership, committee effectiveness and the role and performance of individual Directors. These questionnaires were complemented by one-on-one confidential interviews with Directors to gain qualitative insights into inter-personal dynamics, the quality of deliberations and areas for Board development. In addition, Excellence Enablers reviewed minutes of Board and Committee meetings, strategic documents and governance practices followed by the Company to benchmark against leading governance norms.

Following the data collection and interaction phase, the agency provided a detailed report summarizing its findings, highlighting the strengths and effectiveness of the Board and suggesting actionable recommendations for improvement. The report indicated that the Board operates cohesively, demonstrates sound judgment in decision-making and aligns well with the long-term interests of the Company. It also suggested a few developmental areas such as enhanced succession planning and deeper oversight on ESG-related initiatives. The feedback and findings were deliberated upon by the Nomination and Remuneration Committee and the Board and steps are being taken to incorporate the recommendations into future governance practices and Board engagement process.

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

Your Company has a Stakeholders Relationship Committee in compliance with Section 178(5) of the Act and Regulation 20 & 62H of SEBI Listing Regulations.

Composition, Meetings & Attendance:

The Stakeholders Relationship Committee met twice during the year under review on April 15, 2024 and October 16, 2024. The composition of the Stakeholders Relationship Committee as on March 31, 2025 and the details of attendance for the FY 2024-25 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.	Mr. Venkatraman Srinivasan*	April 16, 2024	Member, Independent Director	1	1	Nil
3.	Ms. Arundhati Mech**	April 16, 2022	Member, Independent Director	1	1	Nil
4.	Mr. Bhaskar Sharma***	March 10, 2025	Member, Independent Director	0	0	Nil
5.	Mr. Ramesh G.	April 18, 2017	Member, Managing Director & Chief Executive Officer	2	2	8,53,000

*Mr. Venkatraman Srinivasan was inducted as a Member of the Stakeholder Relationship Committee with effect from April 16, 2024 and subsequently ceased to be a Member pursuant to the reconstitution of the Committee with effect from March 10, 2025.

**Ms. Arundhati Mech ceased to be a Member of the Committee pursuant to the reconstitution effective April 16, 2024.

***Mr. Bhaskar Sharma was inducted as a Member of the Committee pursuant to its reconstitution with effect from March 10, 2025.

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.

(vi) Resolving grievances of debenture holders related to creation of charge, payment of interest/principal, maintenance of security cover and any other covenants

(vii) Performing such other activities as may be delegated by the Board and/or prescribed under the Companies Act, the Listing Regulations, RBI Master Directions and any other applicable rules, regulations, guidelines, clarifications, circulars and notifications issued by the Government of India including Securities and Exchange Board of India, Reserve Bank of India any other regulatory authority.

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Stakeholders Relationship Committee - Other details:

Name, designation and address of Compliance Officer:

Ms. Dipti Khandelwal - Company Secretary & Compliance Officer
HDB House, Tukaram Sandam Marg,
A-Subhash Road, Vile Parle (E),
Mumbai- 400057, India
Telephone: +91 22 4911 6300
Details of investor complaints received and redressed during FY 2024-25 are as follows:

Opening as on April 01, 2024	Received during the year	Resolved during the year	Closing as on March 31, 2025
0	0	0	0

D. RISK MANAGEMENT COMMITTEE

Your Company has Risk Management Committee in compliance with Regulation 21 & 62I 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 17, 2024, September 25, 2024, December 16, 2024 and March 21, 2025. In addition to the members of the Risk Management Committee, these meetings were attended by Chief Risk Officer, Chief Financial Officer, Chief Technology Officer, Chief Information Security Officer, Chief Credit 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, 2025 and the details of attendance for the FY 2024-25 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	3	2	Nil
3.	Ms. Arundhati Mech	April 16, 2022	Member, Independent Director	4	4	Nil
4.	Mr. Jayant Gokhale**	March 10, 2025	Member, Independent Director	1	1	Nil
5.	Mr. Jimmy Tata	July 17, 2012	Member, Non-Executive Director	4	4	3,21,021
6.	Mr. Ramesh G.	October 14, 2023	Member, Managing Director & Chief Executive Officer	4	4	8,53,000

*Mr. Venkatraman Srinivasan ceased to be a Member of the Risk Management Committee pursuant to the reconstitution of the Committee with effect from March 10, 2025.

**Mr. Jayant Gokhale was inducted as a member of the Committee with effect from March 10, 2025, following the said reconstitution.

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;

(vi) Monitoring and overseeing implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(vii) Periodically reviewing the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(viii) Keeping the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(ix) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

(x) Approving and reviewing the Assets Classification & Expected Credit Loss policy,

(xi) Review IT Risk assessment of IT systems

(xii) Approving a framework to evaluate the risks and materiality of all existing and prospective outsourcing and the policies that apply to such arrangements;

(xiii) Laying down appropriate approval authorities for outsourcing depending on risks and materiality;

(xiv) Setting up suitable administrative framework of senior management for the purpose of the Master Directions;

(xv) Undertaking regular review of outsourcing strategies and arrangements for their continued relevance and safety and soundness;

(xvi) Deciding on business activities of a material nature to be outsourced and approving such arrangements.

(xvii) Reporting to the Board of Directors of the Company on periodical basis on the status of review of Risk Governance and

(xviii) Performing such other activities as may be delegated by the Board and/or prescribed under the Companies Act, the Listing Regulations, the RBI Master Directions and any other applicable rules, regulations, guidelines, clarifications, circulars and notifications issued by the Government of India including Securities and Exchange Board of India, Reserve Bank of India any other regulatory authority.

(xix) Prepare enterprise-wide Risk Matrix, review & monitoring risk migration, if any.

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E. CORPORATE SOCIAL RESPONSIBILITY AND ESG COMMITTEE

Your Company has Corporate Social Responsibility and ESG (CSR & ESG) Committee in compliance with the provisions of Section 135 of the Act.

Composition, Meetings & Attendance:

The CSR & ESG Committee met 3 (Three) times during the year under review on April 15, 2024, September 23, 2024 and March 17, 2025. The composition of the Corporate Social Responsibility and ESG Committee as on March 31, 2025 and the details of attendance for the FY 2024-25 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	3	3	Nil
2.	Mr. Venkatraman Srinivasan*	October 14, 2023	Member, Independent Director	1	0	Nil
3.	Mr. Jayesh Chakravarthi*	April 16, 2024	Member, Independent Director	2	1	Nil
4.	Ms. Smita Affinwalla**	March 12, 2015	Member, Independent Director	2	2	Nil
5.	Mr. Bhaskar Sharma**	March 10, 2025	Member, Independent Director	1	1	Nil
6.	Mr. Ramesh G	March 12, 2015	Member, Managing Director & Chief Executive Officer	3	3	8,53,000

*Mr. Venkatraman Srinivasan ceased to be a Member of the CSR & ESG Committee pursuant to its reconstitution with effect from April 16, 2024.

*Mr. Jayesh Chakravarthi was inducted as a Member of the Committee pursuant to the reconstitution with effect from April 16, 2024.

*Ms. Smita Affinwalla ceased to be a Member of the Committee pursuant to the reconstitution with effect from March 10, 2025.

**Mr. Bhaskar Sharma was inducted as a Member of the Committee pursuant to the reconstitution with effect from March 10, 2025.

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

(iii) Approve the CSR budget for the year.

(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.

(vi) To ensure reporting and communication to stakeholders on the Company's ESG projects/initiatives (including CSR).

(vii) To formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy.

(viii) Perform all such actions as may be required under the relevant laws as prescribed by the Companies Act, 2013 and rules/regulations as prescribed by various regulators.

(ix) To monitor the Company's ESG Framework, strategy, goals and disclosures.

F. INFORMATION TECHNOLOGY STRATEGY COMMITTEE

Your Company has Information Technology (IT) Strategy Committee in compliance with 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, the Committee met 4 (Four) times during the year under review on June 17, 2024, September 23, 2024, December 16, 2024 and March 27, 2025.

The composition of the Information Technology Strategy Committee as on March 31, 2025 and the details of attendance for the FY 2024-25 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. Jayesh Chakravarthi*	April 16, 2024	Chairman, Independent Director	4	4	Nil
2.	Mr. Adayapalam Viswanathan**	July 24, 2019	Member, Independent Director	4	4	Nil
3	Ms. Arundhati Mech	April 16, 2022	Member, Independent Director	4	4	Nil
4.	Ms. Smita Affinwalla***	August 16, 2021	Member, Independent Director	0	0	Nil
5.	Mr. Ramesh G.	January 18, 2018	Member, Managing Director & Chief Executive Officer	4	4	8,53,000
6.	Mr. Mathew Panat	April 16, 2022	Member, Chief Technology Officer	4	4	14,000

*Mr. Jayesh Chakravarthi was inducted as the Chairman of the Information Technology Strategy Committee pursuant to the reconstitution of the Committee with effect from April 16, 2024.

**Mr. Adayapalam Viswanathan ceased to be the Chairman of the Committee and continued as a Member with effect from April 16, 2024.

***Ms. Smita Affinwalla ceased to be a Member of the Committee pursuant to its reconstitution of the Committee with effect from April 16, 2024.

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.

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(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; and

(vi) The Committee to review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the Company.

G. CUSTOMER SERVICE REVIEW COMMITTEE

Your Company has constituted Customer Service Review Committee at its Board Meeting held on April 16, 2024, to oversee the functioning of the executive Committee on Customer Service and also to monitor and bring out continuous improvement in the quality of services rendered to the customers and thereby enhancing the customer satisfaction level across all categories.

Composition, Meetings & Attendance:

The Customer Service Review Committee met 3 (Three) times during the year under review on July 12, 2024, October 15, 2024 and January 13, 2025. The composition of the Customer Service Review Committee as on March 31, 2025 and the details of attendance for the FY 2024-25 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.	Ms. Smita Affinwalla*	April 16, 2024	Chairperson, Independent Director	3	3	Nil
2.	Mr. Jayesh Chakravarthi	April 16, 2024	Member, Independent Director	3	3	Nil
3.	Mr. Bhaskar Sharma**	October 16, 2024	Member, Independent Director	1	1	Nil
4.	Mr. Ramesh G.	April 16, 2024	Member, Managing Director & Chief Executive Officer	3	3	8,53,000

*Ms. Smita Affinwalla ceased to be a Member of the Customer Service Review Committee pursuant to its reconstitution with effect from March 10, 2025

**Mr. Bhaskar Sharma was inducted as the Member of the Committee pursuant to reconstitution of the Committee with effect from October 16, 2024

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 Customer Service Review Committee inter-alia includes:

i. To review and monitor policies on customer rights, customer communication, etc.

ii. To review activities of executive committee of Customer Service (CSRC-E), in accordance with the guidelines laid down by RBI

iii. To review complaints based on categories and complaints received from RBI

iv. To review the status of settlement of claims

v. To review ongoing function, processes and process improvements

vi. To review & monitor ombudsman awards passed and obtain working of ombudsman

vii. To review & monitor the steps and remedial actions taken by the Company to reduce the customer complaints as well as review the reporting in regard to customer liability

viii. To carry out detailed review of the customer services/customer care and initiate prompt corrective actions wherever service quality/skill gaps are noticed

H. STRATEGIC TRANSACTION COMMITTEE

Your Company has constituted Strategic Transaction Committee at its Board Meeting held on April 16, 2024, to explore various opportunities and transactions in the best interest of the Company, its shareholders and potential financial/strategic opportunities. These transactions/opportunities would be initiated depending upon the external environment across various parameters.

Composition, Meetings & Attendance:

The Strategic Transaction Committee met 5 (Five) times during the year under review on September 4, 2024, October 04, 2024, October 28, 2024, October 30, 2024 and December 30, 2024. The composition of the Strategic Transaction Committee as on March 31, 2025 and the details of attendance for the FY 2024-25 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. Arijit Basu	April 16, 2024	Chairman, Independent Director	5	5	Nil
2.	Mr. Jayant Gokhale**	October 16, 2024	Member, Independent Director	3	3	Nil
3.	Mr. Venkatraman Srinivasan*	April 16, 2024	Member, Independent Director	5	5	Nil
4.	Mr. Ramesh G	April 16, 2024	Member, Managing Director & Chief Executive Officer	5	5	8,53,000

*Mr. Venkatraman Srinivasan ceased to be a Member of the Strategic Transaction Committee pursuant to its reconstitution with effect from March 10, 2025.

**Mr. Jayant Gokhale was inducted as the Member of the Committee pursuant to its reconstitution with effect from October 16, 2024.

Brief Description of Terms of Reference:

i. To decide, in consultation with the BRLMs, the size, timing (including opening and closing dates), pricing and all other terms and conditions of the issue and transfer of the Equity Shares for the Offer, including the number of Equity Shares to be offered pursuant to the Offer (including any reservation, green shoe option and any rounding off in the event of oversubscription) price and any discount allowed under applicable laws that may be fixed and determined in accordance with the applicable laws and to accept any amendments, modifications, variations, or alterations thereto;

ii. To undertake as appropriate such communication with the existing shareholders of the Company as required under applicable law, including inviting them to participate in the Offer by making an offer for sale in relation to such number of Equity Shares held by them as may be deemed appropriate and which are eligible for the offer for sale in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"), and taking all actions as may be necessary or authorised in connection with any offer for sale;

iii. To make applications, seek clarifications, obtain approvals and seek exemptions from, where necessary, the Reserve Bank of India ("RBI"), SEBI, the relevant registrar of companies, the stock exchanges where the Equity Shares are proposed to be listed ("Stock Exchanges") and any other governmental or statutory authorities as may be required in connection with the Offer and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required and wherever necessary, incorporate such modifications/amendments as may be required in the draft red herring prospectus, the red herring prospectus and the prospectus as applicable;

iv. To finalize, settle, approve, adopt and file in consultation with the BRLMs where applicable, the draft red herring prospectus, the red herring prospectus the prospectus, the preliminary and final international wrap and any amendments, supplements, notices, addenda or corrigenda thereto and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/modifications as may be required by SEBI, the RoC or any other relevant governmental and statutory authorities or in accordance with applicable laws;

v. To decide in consultation with the BRLMs on the actual Offer size, timing, pricing, discount, reservation and all the terms and conditions of the Offer, including the price band (including offer price for anchor investors), bid period, offer price and to do all such acts and things as may be necessary and expedient for and incidental and ancillary to the Offer including to make any amendments, modifications, variations or alterations in relation to the Offer;

vi. To appoint and enter into and terminate arrangements with the BRLMs and in consultation with BRLM(s), appoint and enter into agreements with the underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, sponsor banks to the Offer, registrars, legal advisors, auditors, advertising agency, monitoring agency, syndicate member and any other agencies or persons or intermediaries to the Offer and to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate or fee/engagement letter with the BRLMs and negotiation, finalisation, execution and, if required, amendment of the offer agreement with the BRLMs for such purpose;, including to remunerate all such intermediaries/ agencies including the payments of commissions, brokerages, etc.;

vii. To negotiate, finalise and settle and to execute and deliver or arrange the delivery of the draft red herring prospectus, the red herring prospectus, the prospectus, offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, monitoring agency agreement, cash escrow agreement, agreements with the registrar to the offer and all other documents, deeds, agreements and instruments whatsoever with the registrar to the Offer, legal advisors, auditors, stock exchange(s), BRLMs and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of the Company to execute all or any of the aforesaid documents or any amendments thereto as may be required or desirable in relation to the Offer;

viii. To seek, if required, the consent and/or waiver of the lenders of the Company and its subsidiary, customers, parties with whom the Company or its subsidiary has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India and any other consents and/or waivers that may be required in relation to the Offer or any actions connected therewith;

ix. To open and operate bank accounts in terms of the escrow agreement and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

x. To open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

xi. To authorize and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;

xii. To determine the utilisation and accept and appropriate the proceeds of the Offer in accordance with the applicable laws;

xiii. To approve code of conduct as may be considered necessary by the Strategic Transaction Committee or as required under applicable laws, regulations or guidelines for the Board, officers of the Company and other employees of the Company;

xiv. To approve the implementation of any corporate governance requirements that may be considered necessary by the Board or the Strategic Transaction Committee or as may be required under the applicable laws or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and listing agreements to be entered into by the Company with the relevant stock exchanges, to the extent allowed under law;

xv. To issue receipts/allotment letters/confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorize one or more officers of the Company to sign all or any of the aforestated documents;

xvi. To authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;

xvii. To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/confirmation of allotment notes, share certificates in accordance with the relevant rules, in consultation with the BRLMs;

xviii. To open with the bankers to the Offer, such accounts as may be required by the regulations issued by SEBI;

xix. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and/or modify, as the case maybe, agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorize one or more officers of the Company to execute all or any of the aforestated documents;

xx. To make applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Company where necessary;

xxi. To settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment, terms of the IPO, utilisation of the IPO proceeds and matters incidental thereto as it may deem fit;

xxii. To submit undertaking/certificates or provide clarifications to the SEBI, Registrar of Companies and the relevant stock exchange(s) where the Equity Shares are to be listed;

xxiii. To negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the Strategic Transaction Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the Strategic Transaction Committee shall be conclusive evidence of the authority of the Strategic Transaction Committee in so doing;

xxiv. To delegate any of its powers set out under (a) to (r) hereinabove as may be deemed necessary and permissible under applicable laws, by way of authorising any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorney;

xxv. To approve suitable policies on insider trading, whistle-blowing, risk management and any other policies as may be required under the SEBI Listing Regulations or any other applicable laws;

xxvi. Deciding, negotiating and finalising the pricing and all other related matters regarding the Pre-IPO Placement, including the execution of the relevant documents with the investors in consultation with the BRLMs and in accordance with applicable laws;

xxvii. taking on record the approval of the Selling Shareholders for offering their Equity Shares in the Offer for Sale;

xxviii. all actions as may be necessary in connection with the Offer, including extending the Bid/Offer period, revision of the Price Band, allow revision of the Offer for Sale portion in case any Selling Shareholder decides to revise it, in accordance with the applicable laws;

xxix. to authorize and empower officers of the Company (each, an "Authorized Officer(s)"), for and on behalf of the Company, to execute and deliver, on a several basis, any agreements and arrangements as well as amendments or supplements thereto that the Authorized Officer(s) consider necessary, appropriate or advisable, in connection with the Offer, including, without limitation, engagement letter(s), memoranda of understanding, the listing agreement(s) with the Stock Exchange(s), the agreement with the registrar, the agreements with the depositories', the offer agreement with the BRLMs (and other entities as appropriate), the underwriting agreement, the syndicate agreement with the BRLMs and syndicate members, the cash escrow and sponsor bank agreement and any other contractual arrangements or any amendments there to require with BRLMs, bankers to the Company, managers, underwriters, escrow agents, accountants, auditors, legal counsel, advertising agency(ies), syndicate members, brokers, escrow collection bankers, auditors, grading agency, monitoring agency and all such persons or agencies as may be involved in or concerned with the Offer, if any and confirmation of allocation notes and allotment advice and to make payments to or remunerate by way of fees, commission, brokerage or the like or reimburse expenses incurred in connection with the Offer by the BRLMs and to do or cause to be done any and all such acts or things that the Authorized Officer(s) may deem necessary, appropriate or desirable in order to carry out the purpose and intent of the foregoing resolutions for the Offer; and any such agreements or documents so executed and delivered and acts and things done by any such Authorized Officer(s) shall be conclusive evidence of the authority of the Authorized Officer and the Company in so doing; and

xxx. to withdraw the draft red herring prospectus or the red herring prospectus or to decide to not proceed with the Offer at any stage in accordance with Applicable Laws and in consultation with the BRLMs.

xxxi. To explore, consider, evaluate, negotiate, approve any financial or strategic opportunities and transactions involving the Company, its shareholders and any third party ("Transaction");

I. SPECIAL COMMITTEE OF THE BOARD FOR MONITORING AND FOLLOW-UP OF CASES OF FRAUDS

Your Company, at its Board Meeting held on October 16, 2024, has constituted Special Committee of the Board for Monitoring and Follow-up of Cases of Frauds in compliance with the provisions of RBI Master Direction NO. RBI/DOS/2024-25/120, DOS.CO.FMG.SEC.No.7/23.04.001/2024-25, dated July 15, 2024, Master Directions on Fraud Risk Management in Non- Banking Financial Companies (NBFCs) (including Housing Finance Companies).

Composition, Meetings & Attendance:

The Special Committee of the Board for Monitoring and Follow-up (SCBMF) of Cases of Frauds met once during the year under review on March 27, 2025. The composition of the SCBMF as on March 31, 2025 and the details of attendance for the FY 2024-25 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. Arijit Basu	October 16, 2024	Chairman, Independent Director	1	1	Nil
2.	Mr. Jayant Gokhale	October 16, 2024	Member, Independent Director	1	1	Nil
3.	Mr. Ramesh G.	October 16, 2024	Member, Managing Director & Chief Executive Officer	1	1	8,53,000

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 special committee of the board for monitoring and follow-up of cases of frauds inter-alia includes:

i. To oversee the effectiveness of the fraud risk management in the Company.

ii. To review and monitor cases of frauds, including root cause analysis and suggest mitigating measures for strengthening the internal controls, risk management framework and minimising the incidence of frauds. The coverage and the periodicity of such reviews to be as per the Fraud Risk Management Policy of the Company. The coverage of such review may include, among others, categories/trends of frauds, industry/sectoral/geographical concentration of frauds, delay in detection/classification of frauds and delay in examination/conclusion of staff accountability, etc.

iii. To carry out any other role and responsibilities as mandated by the Board and/or any regulatory authority from time to time.

J. REVIEW COMMITTEE FOR IDENTIFICATION OF WILFUL DEFAULTERS

Your Company, at its Board Meeting held on October 16, 2024, has constituted Review Committee for Identification of Wilful Defaulters in compliance with the RBI's Master directions on Treatment of Wilful Defaulters and Large Defaulters having reference no. RBI/DoR/2024-25/122 DoR.FIN.REC.No.31/20.16.003/2024-25 dated July 30, 2024 on wilful defaulters.

Composition, Meetings & Attendance:

The Review Committee for Identification of Wilful Defaulters met once during the year under review on March 27, 2025. The composition of the Review Committee for Identification of Wilful Defaulters as on March 31, 2025 and the details of attendance for the FY 2024-25 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. Ramesh G.	October 16, 2024	Chairman, Managing Director & Chief Executive Officer	1	1	8,53,000
2.	Ms. Arundhati Mech	October 16, 2024	Member, Independent Director	1	1	Nil
3.	Mr. Adayapalam Viswanathan	October 16, 2024	Member, Independent Director	1	1	Nil

Report on Corporate Governance (Contd.)

Brief Description of Terms of Reference:

i. To classify 'Wilful Defaulters' as proposed by Committee for Identification of Wilful Defaulters and pass a reasoned order.

ii. To review the cases of wilful default periodically.

iii. To carry out such other role and responsibilities as may be mandated by the Board and/or regulatory authorities from time to time

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
17th AGM	June 27, 2024 at 12 noon	Held through Video Conferencing ("VC") /Other Audio Visual Means ("OAVM")	• Approve the Re-appointment of Mr. Adayapalam Kumaraswamy (AK) Viswanathan as an Independent Director of the Company. • Approve selling, assignment, securitisation of receivables/book debts of the Company upto ₹ 9,000 Crore. • Authority to issue redeemable non-convertible debentures and/or other debt instruments on private placement basis.
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.

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

During the FY 2022-23; FY 2023-24 and FY 2024-25 the Company did not hold any Extra-Ordinary General Meeting.

c. Details of business transacted through Postal Ballot during the FY 2024-25:

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 special resolutions was obtained through Postal Ballot Notice dated September 20, 2024.

Report on Corporate Governance (Contd.)

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 2024-25, the Company had sought approval of the members through two postal ballot notices, the details of the postal ballots through which special resolutions were passed are given below:

Date of Notice	Date of Scrutinizer's report	Date of passing the resolution	Special Resolution(s) passed
September 20, 2024	October 21, 2024	October 21, 2024	1. Adoption of updated Articles of Association of the Company 2. Amendment of the HDB Financial Services Limited - Employees Stock Option Scheme – 2014 3. Amendment of the HDB Financial Services Limited - Employees Stock Option Scheme – 2017 4. Amendment of the HDB Financial Services Limited - Employees Stock Option Scheme – 2022 5. Initial Public Offer of Equity Shares of the Company 6. To approve appointment of Mr. Bhaskar Sharma (DIN: 02871367) as an Independent (Non-Executive) Director of the Company 7. To approve appointment of Mr. Jayant Gokhale (DIN: 00190075) as an Independent (Non-Executive) Director of the Company

Voting results of Special resolution passed through Postal Ballot Notice dated September 20, 2024:

Special Resolution(s)	% of Votes in favour of the Resolution	% of Votes against the Resolution	% of Invalid Votes
Resolution No. 1	99.9998	00.0002	-
Resolution No. 2	99.9973	00.0027	-
Resolution No. 3	99.9973	00.0027	-
Resolution No. 4	99.9974	00.0026	-
Resolution No. 5	99.9998	0.0002	-
Resolution No. 6	99.9997	0.0003	-
Resolution No. 7	99.9997	0.0003	-

PROCEDURE FOR POSTAL BALLOT

Pursuant to the provisions of the Act read applicable rules and in accordance with the circulars issued by the Ministry of Corporate Affairs (MCA), the Company conducted the voting on proposed resolutions exclusively through remote e-voting, eliminating the need for physical postal ballot forms. In line with the MCA Circulars, the Postal Ballot notice was dispatched electronically via e-mail to shareholders who had registered their e-mail addresses with the Company or with their depository participants. The Company also facilitated the registration of e-mail address by shareholders who had not registered previously, to ensure they could receive the notice and participate in e-voting.

The Company published a public notice in leading newspapers providing information about the Postal Ballot and the process for e-voting. Voting rights were determined on the basis of equity shares held by the members as on the cut-off date specified in the notice.

As per the provisions of the Act, the Company appointed Mr. Mitesh Shah, Proprietor of M/s. Mitesh J. Shah & Associates, Practicing Company Secretary, as the Scrutinizer to conduct the postal ballot process in a fair and transparent manner. Upon completion of voting, the Scrutinizer submitted a consolidated report to the Chairman of the Company. The results were declared by the Chairman and published on the Company's website and communicated to the stock exchanges. If approved by the requisite majority, the resolution is deemed to have been passed on the last date of e-voting, as specified in the postal ballot notice.

There is no immediate proposal for passing any special resolution through postal ballot as on date.

Report on Corporate Governance (Contd.)

SENIOR MANAGEMENT

The particulars of Senior Management of the Company as at March 31, 2025:

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	Mr. Vishal Patel*	Head – Investor Relations
14	Ms. Dipti Khandelwal	Company Secretary and Head Legal

*Mr. Vishal Patel, was inducted into the Senior Management Team as Head - Investor Relations with effect from October 16, 2024.

DETAILS OF REMUNERATION TO DIRECTORS

a. Pecuniary Relationship/Transaction with Non-Executive Directors

During the FY 2024-25, there were no pecuniary relationship or transactions between the Company and any of its Non–Executive Directors, other than the receipt of sitting fees, profit-related commission and remuneration (as applicable) for their role as Directors. The Company has not advanced any loans to its Directors or to any firms/companies in which Directors may be interested.

b. Remuneration Paid to Executive Director

The details of the remuneration paid and stock options granted to Mr. Ramesh G., Managing Director & CEO, during the financial year 2024-25 are as follows:

Particulars of Remuneration	Amount in ₹
Gross salary	5,13,64,536
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	25,192
c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
Perquisite value of stock options exercised	-
Bonus	1,40,58,100
Sweat Equity	-
Commission	-
Company Car	-
Total	**6,54,47,828**
Number of Stock Options granted	2,61,300

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 practicing chartered accountant or Category 1 Merchant Bank registered with SEBI. The vesting schedule for the stock options is as follows:

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 exercise period for vested options is 7 years from the respective dates of vesting

The criteria for evaluation of the performance of the Managing Director & CEO include Leadership and Strategic Direction, Strategy formulation and execution, Financial Planning and Performance, Board Relations and Governance effectiveness, Stakeholder and External Relations, Human Resource Management and Team Development, Succession Planning and Product/Service and Industry 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.

The service contracts, including notice period, are as per the terms of agreement executed by the Company with Managing Director & CEO. No severance fee is payable by the Company upon termination of the agreement.

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

c. **Criteria for Sitting Fees/Commission and Remuneration paid to Non-Executive Directors**

All the Directors of the Company, except for Mr. Jimmy Tata and Mr. Ramesh G., are entitled to sitting fees for attending meetings of the Board and its various Committees. Commission is paid to all Non-Executive Directors, except Mr. Jimmy Tata, Mr. Arijit Basu and Mr. Ramesh G., in accordance with the provisions approved by the shareholders and subject to the limits prescribed under the Act. Reimbursement of out-of-pocket expenses incurred for attending meetings of the Board and Committees is provided to all Directors, regardless of whether they receive sitting fees or commission. No stock options were granted to any Non-Executive Director during the financial year.

SITTING FEES

Sitting fees was paid to all the Independent Directors of the Company. The sitting fees for attending meetings of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Information Technology Strategy Committee, Risk Management Committee, Corporate Social Responsibility & ESG Committee, Stakeholders Relationship Committee and Separate meeting of Independent Directors meetings is ₹ 75,000 per meeting.

For meetings of the Strategic Transaction Committee, Special Committee of the Board for Monitoring and Follow-up of cases of Frauds and the Review Committee for Identification of Wilful Defaulters, the sitting fee is ₹ 50,000 per meeting.

PROFIT RELATED COMMISSION

The shareholders, through Postal Ballot notice dated January 14, 2023, approved a revision in the payment of profit related commission to Independent Directors with effect from April 01, 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 per Financial Year, not exceeding 1% of the net profit of the Company of the relevant financial year in aggregate.

The details of sitting fees, commission and remuneration paid/payable to non-executive directors during the financial year 2024-25 is as under:

(Amount in ₹)

Name of Director	Sitting Fees	Commission	Remuneration
Mr. Arijit Basu	12,25,000	Nil	30,00,000
Mr. Venkatraman Srinivasan	15,50,000	15,00,000	Nil
Ms. Smita Affinwalla	13,25,000	15,00,000	Nil
Mr. Adayapalam Viswanathan	17,25,000	15,00,000	Nil
Dr. Amla Samanta	11,25,000	15,00,000	Nil
Ms. Arundhati Mech	16,00,000	15,00,000	Nil
Mr. Jayesh Chakravarthi	11,50,000	15,00,000	Nil
Mr. Bhaskar Sharma	4,50,000	6,00,000	Nil
Mr. Jayant Gokhale	7,25,000	11,00,000	Nil

Note: The shareholders at the Annual General Meeting held on June 30, 2023, approved a remuneration of ₹ 30,00,000 per annum, payable on monthly basis, to Mr. Arijit Basu, in his capacity as Part-Time Non-Executive Chairman & Independent Director.

DISCLOSURES

SUCCESSION PLANNING

Succession planning is a structured process aimed at identifying and preparing individuals to fill key position at the Board and Senior Management levels. It involves recognising talent, assessing potential and developing the next generation of leaders to ensure leadership continuity and organisational sustainability.

Report on Corporate Governance (Contd.)

The Company's succession planning process focuses on:

- Identifying high-potential employees for critical roles.
- Developing leadership capabilities through structured coaching, mentoring and targeted training.
- Ensuring continuity in leadership and smooth transitions, without disruption to current operations or performance.

The Company has implemented a Succession Planning Policy for appointments to the Board of Directors and Senior Management, in line with good governance practice.

RELATED PARTY TRANSACTIONS

During the financial year, there were no materially significant related party transactions or pecuniary relationships between the Company and its Directors that could 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 F.Y. 2025-26 with HDFC Bank Limited and HDFC Life Insurance Company Limited, being a related party of the Company through Postal Ballot on Friday, March 14, 2025 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 2024-25, 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

In accordance with the requirements of the SEBI Listing Regulations, the total fees paid by the Company during the FY 2024-25 to the Statutory Auditors, including their network firms/entities, is as under:

Sr. No.	Particulars	Amount (₹ in Crore)
	M/s. Kalyaniwalla & Mistry LLP & its firms/entities	
1	Fees as Statutory Auditors	0.73
2	Fees for other services (IPO related)	0.28
	M/s. G. D. Apte & Co. & its firms/entities	
1	Fees as Statutory Auditors	0.73
2	Fees for other services (IPO related)	0.28

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

The Company is committed to maintain a safe and respectful workplace for all employees. The details of complaints filed, disposed of and pending during the year under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, have been disclosed the Directors' Report, which forms part of this Annual Report.

CEO/CFO CERTIFICATION

As required under the SEBI Listing Regulations, a certificate confirming accuracy of the financial statements and the adequacy of internal controls relating to financial reporting for the year ended March 31, 2025, has been provided by the Managing Directors & CEO and the Chief Financial Officer of the Company.

The said CEO/CFO Certificate is annexed to this Report as **Annexure - II**.

REPORT ON CORPORATE GOVERNANCE

The Company is categorised as High Value Debt Listed Entity ("HVDLE") in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). In line with the applicable regulatory framework, the Company submits the quarterly corporate governance compliance report to the stock exchange, as mandated under Regulation 27(2) & 62Q(2)(a) of the SEBI Listing Regulations.

The Company has obtained a certificate from Mehta & Mehta, Company Secretaries, confirming compliance with the provisions relating to corporate governance as specified under the SEBI Listing Regulations. This certificate forms part of the Directors' Report and is annexed accordingly.

CODE OF CONDUCT

As per the requirements of the SEBI Listing Regulations, the Company has adopted a Board approved code of conduct applicable to all Directors and Senior Management Personnel, which incorporates the duties of directors as prescribed under the Companies Act, 2013. The Code of Conduct is available 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 financial year ended March 31, 2025. A declaration to this effect, signed by the Managing Director & CEO is included in the Annual Report as **Annexure – III**.

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

During the financial year 2024-25, none of the Independent Directors have resigned prior to the completion of their respective tenure. Accordingly, no detailed reasons for resignation are required to be disclosed.

COMPLIANCE OF MANDATORY AND DISCRETIONARY REQUIREMENTS

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

The Company has also adopted and complied with the following discretionary requirements, as outlined in Part E of schedule II of the SEBI Listing Regulations:

a) **The Board**

An office has been made available for the Non-Executive Chairman. The Chairman is entitled to reimbursement of expenses incurred while discharging his duties.

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

The financial statements of the Company carry an unmodified audit opinion from the Statutory Auditors.

c) Separation of Roles - Chairman and Managing Director or the Chief Executive Officer

The role of the Chairman and the Managing Director & Chief Executive Officer are distinct and separate, in line with best governance practices.

Mr. Arijit Basu serves as the Part-Time Non-Executive Chairman & Independent Director.

Mr. Ramesh G. is the Managing Director & Chief Executive Officer, responsible for executing the Company's strategic and operational objectives in consultation with the Board.

d) Reporting of Internal Auditor

The Internal Auditor of the Company reports directly to the Audit Committee, thereby ensuring independence and effective oversight.

ADHERENCE TO ACCOUNTING STANDARDS

The financial statements of the Company have been prepared in compliance with the applicable Indian Accounting Standards (Ind-AS) notified under Section 133 of the Companies Act, 2013, and are in accordance with Schedule III to the Companies Act, 2013.

RISK MANAGEMENT AND INTERNAL CONTROL POLICIES ADOPTED BY THE COMPANY

The Company has a comprehensive Risk Management Framework in place. Risk assessment and mitigation plans are periodically reviewed and placed before the Audit Committee, Risk Management Committee and the Board, for consideration and guidance.

SECRETARIAL STANDARDS

The Company has adhered to the applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI), as mandated under the Companies Act, 2013.

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 (RBI) and is carrying on the business of Non-Banking Financial Company (NBFC), not accepting public deposit.

The key corporate details of the Company are 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:	1,771 branches across 1,170 cities in India
6.	Registered Office Address	Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad, Gujarat, India, 380 009
7.	Corporate Office Address	HDB House, Tukaram Sandam Marg, A-Subhash Road, Vile Parle (E), Mumbai, 400 057
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, while the Commercial Papers 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

Pursuant to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, the Company shall be mandatorily listed within 3 years of being classified as an Upper Layer NBFC. During the year, the Company filed its Draft Red Herring Prospectus (DRHP) dated October 30, 2024, for an Initial Public Offering (IPO) aggregating up to ₹ 12,500 Crore, comprising of a fresh issue aggregating up to ₹ 2,500 Crore and an offer for sale aggregating up to ₹ 10,000 Crore.

As of now, the equity shares of the Company are not listed on the Stock Exchange; hence the stock exchange code/Symbol is not applicable. The annual listing fees for listed debt securities, as prescribed, have been paid to the said stock exchanges up to March 31, 2025.

C. Dematerialisation of Shares and Liquidity

As on March 31, 2025, the entire equity share capital of the Company was held in dematerialised form with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Since the equity shares are not listed, they are not traded on any Stock Exchange.

Mode of holding	Number of Equity Shares	% to paid-up capital
Central Depository Services (India) Limited (CDSL)	77,32,264	0.97%
National Securities Depository Limited (NSDL)	78,80,44,081	99.03%
Total	**79,57,76,345**	**100%**

D. Registrar and Share Transfer Agent and Share Transfer System

In compliance with Regulation 7 of the SEBI Listing Regulations, M/s. MUFG Intime India Private Limited continues to serve as the Registrar and Share Transfer Agent (RTA) of the Company, providing comprehensive share registry services. Since all the securities of the Company are in dematerialised form, there is no physical transfer of securities.

M/s. MUFG Intime India Private Limited
Address: C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400 083
Website: https://in.mpms.mufg.com

Contact person for Equity Shares:
Mr. Pradeep Mokale
Tel.: 022 4918 6000
Fax: 022 4918 6060
Email: mumbai@in.mpms.mufg.com

Contact person for Commercial Papers & Non-Convertible Securities:
Mr. Ganesh Jadhav
Tel.: 022 4918 6000
Fax: 022 4918 6060
Email: mumbai@in.mpms.mufg.com

E. Details of forthcoming 18th Annual General Meeting (AGM)

Details of AGM	Date and Time	Venue
18th AGM	June 12, 2025 at 11:00 a.m.	through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")

F. Dividend History

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/-	June 23, 2022	June 27, 2022	July 30, 2029
4	2022-23	Interim	₹ 0.9/-	December 16, 2022	December 31, 2022	January 16, 2030
		Final	₹ 1.1/-	June 30, 2023	July 14, 2023	August 02, 2030
5	2023-24	Interim	₹ 2/-	October 14, 2023	November 03, 2023	November 16, 2030
		Final	₹ 1/-	June 27, 2024	June 28, 2024	July 28, 2031
6	2024-25	Interim	₹ 2/-	October 16, 2024	October 25, 2024	November 17, 2031

G. Shareholding Pattern of the Company as at March 31, 2025:

Name of Shareholder	No. of equity shares held	Percentage
HDFC Bank Limited	75,05,96,670	94.32
Others	4,51,79,675	5.68
Total	**79,57,76,345**	**100**

H. Means of communication

The Company maintains a dedicated 'Investors' section on its official website to facilitate easy access to information for shareholders. All relevant information and documents required to be disclosed in accordance with the provisions of the Act and SEBI Listing Regulations are regularly updated and made available at: https://www.hdbfs.com/investors

The quarterly, half-yearly and annual financial results are submitted to both BSE Limited (BSE) and National Stock Exchanges of India Limited (NSE). These financial results are also published in widely circulated newspapers, including the Free Press Journal (Mumbai edition), to ensure wider public dissemination.

In addition, the Annual Report, along with the quarterly, half-yearly and annual financial results, is made available on the Company's website at www.hdbfs.com, BSE Limited at www.bseindia.com and National Stock Exchanges of India Limited at www.nseindia.com This multi-channel approach ensures timely, transparent and effective communication with shareholders and various stakeholders.

I. 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. Therefore, there is no impact on equity on account of such instruments.

J. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Company does not engage in trading or dealing in commodities and hence is not exposed to commodity price risk.

However, during the financial year, the Company entered into derivative transactions with various counterparties to hedge its foreign exchange and interest rate risks arising out of External Commercial Borrowings (ECBs). These ECBs are fully hedged, thereby eliminating exposure to foreign exchange fluctuations.

K. Credit Ratings

The credit rating details of the Company are disclosed in the Directors' Report, which forms part of this Annual Report.

L. Unclaimed Dividend

In accordance with the provisions of Sections 124 and 125 of the Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), including any amendment thereto:

- Dividends not claimed within seven years from the date of transfer to the Unpaid Dividend Account of the Company are liable to be transferred to the Investor Education and Protection Fund ("IEPF").
- The list of unclaimed dividends, including the name of the shareholders, dividend amount and the proposed date of transfer to IEPF, has been uploaded on the Company's website and can be accessed at: https://www.hdbfs.com/investors

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 Gujarat 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 Gujarat 380009 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance 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 ended on March 31, 2025 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	Dr. Amla Ashim Samanta	00758883	May 01, 2019
3	Mr. Adayapalam Kumaraswamy Viswanathan	08518003	July 24, 2019
4	Ms. Arundhati Mech	09177619	February 11, 2022
5	Mr. Ramesh Ganesan	05291597	July 01, 2012
6	Mr. Jimmy Minocher Tata	06888364	July 15, 2023
7	Mr. Jayesh Rajagopalan Chakravarthi	08345495	January 25, 2024
8	Mr. Bhaskar Sharma	02871367	September 16, 2024
9	Mr. Jayant Purushottam Gokhale	00190075	September 16, 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)

Ashwini Inamdar
Partner
FCS No: 9409
CP No.: 11226
PR No.: 3686/2023
Place: Mumbai
Date: April 16, 2025
UDIN: F009409G000129309

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, 2025 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, 2025 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.

Ramesh G.
Managing Director & Chief Executive Officer
(DIN: 05291597)

Jaykumar Shah
Chief Financial Officer

Place: Mumbai
Date: April 16, 2025

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, 2025.

Ramesh G.
Managing Director & Chief Executive Officer

Place: Mumbai
Date: April 16, 2025

Independent Auditor's Report

TO

THE MEMBERS OF

HDB FINANCIAL SERVICES LIMITED

Report on the Audit of the Standalone Ind-AS Financial Statements

OPINION

We have audited the accompanying standalone Ind-AS financial statements of **HDB FINANCIAL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2025, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended and the Notes to the standalone Ind-AS financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "standalone Ind-AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind-AS 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 (India Accounting Standard) Rules, 2015, as amended, (Ind-AS) and with other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, the profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone Ind-AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind-AS 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 together with the ethical requirements that are relevant to our audit of the standalone Ind-AS financial statements under the provisions of the Companies Act, 2013 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind-AS financial statements of the current year. These matters were addressed in the context of our audit of the standalone Ind-AS 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
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',	
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 ECL Policy and ECL approach note that articulate the objectives of managing each portfolio. • Obtained an understanding of the ECL model adopted by the Company including the key inputs and assumptions.

Independent Auditor's Report (Contd.)

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.
	• 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 the following procedures:
	  ▪ tested appropriateness of staging of borrowers based on DPD and other loss indicators.
	  ▪ evaluated the methodology used to determine management overlays and adjustments to the output of the ECL model
	  ▪ the mathematical accuracy of the ECL computation by using the same input data as used by the Company.
	  ▪ verified the completeness and adequacy of the disclosures made in the financial statements and ensured compliance with Ind AS provisions.
	Obtained written representations from management 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.

Information Technology system used for the financial reporting process	
IT systems and controls The Company's key financial accounting and reporting processes are highly dependent on information technology considering the significant number of transactions that are processed daily across multiple and distinct Information Technology ('IT') systems. The Financial accounting system of the Company is interfaced with several other IT systems including Loan Management & Originating systems as well as several other systemic workflows. IT general and application controls are critical to ensure that IT systems are able to process the data, completely, accurately and consistently for reliable financial reporting, 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.	During the course of audit, we deployed our internal experts to carry out the review of IT general controls. Our key audit processes were as under: • Review of the IT applications and IT infrastructure of the Company in order to identify the IT applications and the infrastructure which has a significant impact on the financial reporting process, as "Key IT systems/ applications" • Obtaining an understanding of Company's Key IT applications, databases and operating systems. • Review of reports of information security audits conducted by the Company either internally or through external experts.

Independent Auditor's Report (Contd.)

Key Audit Matter	How the matter was addressed in our audit
These includes 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, we planned our audit by assessing the risk of a material misstatement arising from the technology as significant for the audit, hence the Key Audit Matter.	• testing design and operating effectiveness of IT controls such as IT governance and policy framework, access controls, change management controls, program development & system implementation, IT operations & backup controls, data integrity and protection controls, business continuity and disaster recovery, incident management, batch processing & monitoring etc. • testing the accuracy of the information produced by the Company's key IT systems/applications. • testing of compensating controls and performing alternate procedures, whenever necessary. • testing of compliance with the requirements relating to 'Audit Trail' and it's data backup under 'the Companies Act, 2013'. We employed various techniques such as inquiry, review of documentation/ record/ reports, observation and re-performance for the purpose of IT review.

INFORMATION OTHER THAN THE STANDALONE IND-AS FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's Report and Report on Corporate Governance but does not include the standalone Ind-AS financial statements and our auditor's report thereon which we obtained prior to the date of this auditor's report. The Board of Directors' report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone Ind-AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind-AS 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 Ind-AS 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.

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 IND-AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind-AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and the cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 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 Ind-AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind-AS 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.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE IND-AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone Ind-AS 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 Ind-AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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.
- 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- 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 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 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of the users of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone Ind-AS financial statements.

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.

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.

Independent Auditor's Report (Contd.)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind-AS financial statements of the current period 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 MATTER

The annual financial statements of the Company for the year ended March 31, 2024, were audited by erstwhile joint auditors whose audit report dated April 16, 2024, expressed an unmodified opinion on those annual financial statements.

Our opinion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1) 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 Companies Act, 2013, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2) As required by section 143(3) of the Act, we report that:

   a) 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.

   b) 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.

   c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone Ind-AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

   e) On the basis of the written representations received from the Directors of the Company as on March 31, 2025, taken on record by the Board of Directors, none of the Directors of the Company is disqualified as on March 31, 2025, from being appointed as a Director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.

   g) 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 ("the Rules"), in our opinion and to the best of our information and according to the explanations given to us:

      i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind-AS financial statements – Refer Note 39.1 to the standalone Ind-AS financial statements.

      ii) The Company has made provision, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 39.3 to the standalone Ind-AS financial statements.

      iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

      iv) The Management has represented that:

         a) to the best of their knowledge and belief, 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 entity(ies) ("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;

b) to the best of their knowledge and belief, 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, 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;

Based on such audit procedures performed by us that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11 (e) of the Rules as provided under (a) and (b) above contain any material misstatement.

v) As per information and explanation given by Management and based on the records of the Company, the final dividend proposed for the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

The Board of Directors of the Company have proposed final dividend for the current year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

The interim dividend declared and paid by the Company during the year and until the date of this audit report is in compliance with Section 123 of the Act.

vi) Based on our examination which included test checks, the Company 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. Additionally, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

3) According to information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act.

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

Saurabh S. Peshwe
Partner
Membership Number: 121546
UDIN: 25121546BMLILG9824

Place: Mumbai
Date: April 16, 2025

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

Roshni R. Marfatia
Partner
Membership Number: 106548
UDIN: 25106548BMKSNY7719

Place: Mumbai
Date: April 16, 2025

Annexure 'A' to the Independent Auditor's Report on the Standalone Financial Statements of HDB Financial Services Limited for the year ended 31 March 2025

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 prudential regulation under Scale Based Regulations 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 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.

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.

Annexure 'A' to the Independent Auditor's Report on the Standalone Financial Statements of HDB Financial Services Limited for the year ended 31 March 2025 (Contd.)

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 2025 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 except as provided below:

(Amount Rs. in crores)

Sr	Name of the Statue	Nature of Dues	Amount under dispute	Amount paid under dispute	Net Dues	Period	Forum where dispute is pending
1	Goods & Services Tax Act 2017	Goods and Service Tax	5.59	3.95	1.64	2017-18 to 2019-20	Additional/Joint Commissioner (Appeals), GST
2	Goods & Services Tax Act 2017	Goods and Service Tax	6.38	0.64	5.74	2020-21	GST Officer

(Note: The above balances do not include amounts of Interest and Penalty)

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.

Annexure 'A' to the Independent Auditor's Report on the Standalone Financial Statements of HDB Financial Services Limited for the year ended 31 March 2025 (Contd.)

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 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 Rs.0.81 Crores comprising of 5 instances.

b) Based on the information and explanation provided by the Management 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 identified by the Management in the previous year ended March 31, 2024, has been filed by the erstwhile Joint auditors in the current year 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) 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

Annexure 'A' to the Independent Auditor's Report on the Standalone Financial Statements of HDB Financial Services Limited for the year ended 31 March 2025 (Contd.)

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) 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.

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

Saurabh S. Peshwe
Partner
Membership Number: 121546
UDIN: 25121546BMLILG9824

Place: Mumbai
Date: April 16, 2025

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

Roshni R. Marfatia
Partner
Membership Number: 106548
UDIN: 25106548BMKSNY7719

Place: Mumbai
Date: April 16, 2025

Annexure B to the Independent Auditor's Report

Independent Auditor's report on the Internal Financial Controls with reference to standalone financial statements under Clause (j) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to the standalone financial statements of HDB Financial Services Limited (hereinafter referred to as the 'the Company'), as of March 31, 2025, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). 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 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 Companies Act, 2013 (the "Act").

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards 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 standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 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 judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference standalone financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

A Company's internal financial control with reference to 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 control with reference to standalone financial statements includes those policies and procedures that:

i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

ii) 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 authorizations of management and directors of the Company; and

iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

Annexure B to the Independent Auditor's Report (Contd.)

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE STANDALONE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to 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 standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has in all material respects, adequate internal financial controls with reference to the standalone financial statements and such internal financial controls were operating effectively as at March 31, 2025, based on the internal controls with reference standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

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

Saurabh S. Peshwe
Partner
Membership Number: 121546
UDIN: 25121546BMLILG9824

Place: Mumbai
Date: April 16, 2025

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

Roshni R. Marfatia
Partner
Membership Number: 106548
UDIN: 25106548BMKSNY7719

Place: Mumbai
Date: April 16, 2025

Standalone Balance Sheet

as at March 31, 2025

(Currency : Indian Rupees in Crore)

Particulars	Note No.	As at March 31, 2025	As at March 31, 2024
ASSETS:			
1 Financial Assets			
(a) Cash and cash equivalents	4	**950.46**	647.85
(b) Bank balances other than (a) above	5	**33.81**	54.66
(c) Derivative financial instruments	6	**108.00**	1.91
(d) Trade receivables	7	**225.17**	124.61
(e) Loans	8	**1,03,343.04**	86,721.26
(f) Investments	9	**2,060.13**	3,380.33
(g) Other financial assets	10	**47.65**	39.50
		1,06,768.26	**90,970.12**
2 Non-Financial Assets			
(a) Current tax assets (Net)	11	**76.89**	41.29
(b) Deferred tax assets (Net)	12A	**883.25**	939.95
(c) Property, plant and equipment	13	**243.12**	162.53
(d) Other intangible assets	13	**32.30**	22.15
(e) Right of use Assets	14	**459.67**	326.51
(f) Other non-financial assets	15	**199.80**	93.96
		1,895.03	**1,586.39**
TOTAL ASSETS		**1,08,663.29**	**92,556.51**
LIABILITIES AND EQUITY:			
Liabilities			
3 Financial Liabilities			
(a) Derivative financial instruments	6	**2.06**	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		**452.68**	509.00
(c) Debt securities	17	**39,465.17**	34,851.12
(d) Borrowings (other than debt securities)	18	**41,928.89**	33,831.38
(e) Subordinated liabilities	19	**6,003.71**	5,648.17
(f) Other financial liabilities	20	**3,944.08**	2,955.27
		91,796.59	**77,799.71**
4 Non-Financial Liabilities			
(a) Current tax liabilities (net)	21	**65.66**	58.65
(b) Provisions	22	**564.51**	502.94
(c) Other non-financial liabilities	23	**416.78**	452.50
		1,046.95	**1,014.09**
5 Equity			
(a) Equity share capital	24	**795.78**	793.08
(b) Other equity	25	**15,023.97**	12,949.63
		15,819.75	**13,742.71**
TOTAL LIABILITIES AND EQUITY		**1,08,663.29**	**92,556.51**
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 G D Apte & Co
Chartered Accountants
Firms' Registration No: 100515W

Saurabh S. Peshwe
Partner
Membership No: 121546

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

Roshni R. Marfatia
Partner
Membership No: 106548

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Arijit Basu
Part Time Non-Executive Chairman & Independent Director
DIN: 06907779

G. Ramesh
Managing Director & CEO
DIN: 05291597

Dipti Khandelwal
Company Secretary
Membership No: F11340

Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 16, 2025

Standalone Statement of Profit and Loss

for the year ended March 31, 2025

(Currency : Indian Rupees in Crore)

Particulars			Note No.	For the year ended March 31, 2025	For the year ended March 31, 2024
1	**Revenue from operations**				
	(a)	Interest income	26	**13,835.79**	11,156.72
	(b)	Sale of services		**1,216.66**	1,949.55
	(c)	Other financial charges		**1,192.45**	953.11
	(d)	Net gain on fair value changes	27	**54.92**	113.69
	(e)	Net gain/(loss) on derecognition of financial instruments under amortised cost category		**0.46**	(1.95)
	Total Revenue from operations			**16,300.28**	**14,171.12**
2	**Expenses**				
	(a)	Finance Costs	28	**6,390.15**	4,864.32
	(b)	Impairment on financial instruments	29	**2,113.05**	1,067.39
	(c)	Employee Benefits Expenses	30	**3,619.57**	3,850.75
	(d)	Depreciation, amortisation and impairment	13,34	**194.42**	145.14
	(e)	Others expenses	31	**1,055.29**	938.85
	Total Expenses			**13,372.48**	**10,866.45**
3	**Profit/(loss) before tax**			**2,927.80**	**3,304.67**
4	Tax Expense:		11,12B		
	(a)	Current tax		**739.19**	770.67
	(b)	Deferred tax (credit)		**72.80**	73.16
	(c)	Income tax for earlier year		**(60.11)**	-
	Total Tax expense			**751.88**	**843.83**
5	**Profit for the year**			**2,175.92**	**2,460.84**
6	**Other Comprehensive Income**				
	(a)	Items that will not be reclassified to profit or loss			
		- Remeasurement loss on defined benefit plan		**(9.48)**	(31.54)
		- Income tax relating to items that will not be reclassified to profit or loss		**2.38**	7.94
	Sub total (a)			**(7.10)**	**(23.60)**
	(b)	Items that will be reclassified to profit or loss			
		- Movement in cash flow hedge reserve		**(54.50)**	(17.10)
		- Income tax relating to items that will be reclassified to profit or loss		**13.72**	4.30
	Sub total (b)			**(40.78)**	**(12.80)**
	Other Comprehensive Income			**(47.88)**	**(36.40)**
7	**Total Comprehensive Income for the year**			**2,128.04**	**2,424.44**
8	**Earnings per equity share (for continuing operations)**		32		
		Basic (₹)		**27.40**	31.08
		Diluted (₹)		**27.32**	31.04
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 G D Apte & Co
Chartered Accountants
Firms' Registration No: 100515W

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

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Saurabh S. Peshwe
Partner
Membership No: 121546

Roshni R. Marfatia
Partner
Membership No: 106548

Arijit Basu
Part Time Non-Executive Chairman & Independent Director
DIN: 06907779

G. Ramesh
Managing Director & CEO
DIN: 05291597

Dipti Khandelwal
Company Secretary
Membership No: F11340

Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 16, 2025

Standalone Statement of Changes in Equity

as at March 31, 2025

(Currency : Indian Rupees in Crore)

A EQUITY SHARE CAPITAL

Particulars	As at March 31, 2025	As at March 31, 2024
Balance at the beginning of the year	**793.08**	791.40
- 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	**2.70**	1.68
Balance at the end of the reporting year	**795.78**	**793.08**

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, 2024	**3,223.13**	**69.22**	**2,177.26**	**7,567.62**	**(81.25)**	**(6.35)**	**12,949.63**
Profit for the year	-	-	-	2,175.92	-	-	**2,175.92**
Other Comprehensive Income	-	-	-	-	(7.10)	(40.78)	**(47.88)**
Total Comprehensive Income for the year	-	-	-	2,175.92	(7.10)	(40.78)	**2,128.04**
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	-	-	435.18	(435.18)	-	-	**-**
Premium on issue of shares	121.92	-	-	-	-	-	**121.92**
Share based payment	-	62.48	-	-	-	-	**62.48**
Transfer on allotment of shares pursuant to ESOP scheme	26.35	(26.35)	-	-	-	-	**-**
Dividends	-	-	-	(79.31)	-	-	**(79.31)**
Interim Dividend	-	-	-	(158.79)	-	-	**(158.79)**
Balance as at March 31,2025	**3,371.40**	**105.35**	**2,612.44**	**9,070.26**	**(88.35)**	**(47.13)**	**15,023.97**

Standalone Statement of Changes in Equity as at March 31, 2025 (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, 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**

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 G D Apte & Co
Chartered Accountants
Firms' Registration No: 100515W

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

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Saurabh S. Peshwe
Partner
Membership No: 121546

Roshni R. Marfatia
Partner
Membership No: 106548

Arijit Basu
Part Time Non-Executive Chairman & Independent Director
DIN: 06907779

G. Ramesh
Managing Director & CEO
DIN: 05291597

Dipti Khandelwal
Company Secretary
Membership No: F11340

Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 16, 2025

Standalone Statement of Cash Flow

for the year ended March 31, 2025

(Currency : Indian Rupees in Crore)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	**2,927.80**	3,304.67
Adjustments for		
Interest Income	**(13,835.79)**	(11,156.72)
Interest Expenses	**6,263.50**	4,771.63
(Profit)/loss on sale of asset	**(0.20)**	(0.85)
Realised net loss/ (gain) on FVTPL investments	**(58.21)**	(89.91)
Unrealised net loss/(gain) on FVTPL investments	**3.29**	(23.78)
Discount on commercial paper	**99.25**	77.01
Provision for compensated absence and gratuity	**11.54**	29.87
Employee share based payment expenses	**62.48**	55.24
Depreciation, amortisation and impairment	**194.42**	145.14
Impairment on financial instruments	**2,113.05**	1,067.39
Operating cash flow before working capital changes	**(2,218.87)**	**(1,820.31)**
Adjustments for working capital changes:		
(Increase)/ decrease in Loans	**(18,720.91)**	(21,405.98)
(Increase)/ decrease in trade receivables	**(99.52)**	(58.85)
(Increase)/ decrease in other financial assets and others	**(400.29)**	291.32
Increase/(decrease) in other financial and non financial liabilities & provisions	**712.06**	(44.60)
Increase/(decrease) in trade payables	**(56.32)**	217.16
Cash generated from/(Used in) operations before adjustments for interest received and interest paid	**(20,783.84)**	**(22,821.26)**
Interest Paid	**(5,810.74)**	(4,110.50)
Interest Received	**13,663.02**	10,946.14
Cash generated from/(Used in) operations	**(12,931.56)**	**(15,985.62)**
Direct taxes (paid)/net of refunds	**(694.77)**	(750.42)
Net cash flow generated from/(used in) operating activities (A)	**(13,626.33)**	**(16,736.04)**
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments	**(42,427.90)**	(52,917.26)
Sale of investments	**43,794.86**	50,893.87
Purchase of fixed assets	**(209.79)**	(123.35)
Sale of fixed assets	**1.85**	1.18
Net cash generated (used in)/from investing activities (B)	**1,159.02**	**(2,145.56)**
C CASH FLOW FROM FINANCING ACTIVITIES		
Debt securities issued	**26,223.00**	22,167.71
Debt securities repaid	**(21,566.00)**	(14,490.01)
Borrowings other than debt securities issued	**43,193.59**	29,910.87
Borrowings other than debt securities repaid	**(35,223.72)**	(20,307.29)
Subordinated debt issued	**857.00**	2,337.07
Subordinated debt repaid	**(500.00)**	(230.00)
Proceeds from issue of shares and security premium	**124.62**	71.45
Repayment of lease liabilities	**(100.47)**	(80.87)
Dividend paid	**(238.10)**	(245.38)
Net cash generated (used in)/ from financing activities (C)	**12,769.92**	**19,133.55**

Standalone Statement of Cash Flow
for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**302.61**	**251.95**
Add : Cash and cash equivalents as at the beginning of the year	**647.85**	395.90
Cash and cash equivalents as at the end of the year *	**950.46**	**647.85**
* **Components of cash and cash equivalents**		
Balances with banks	**909.61**	606.10
Demand drafts on hand	**5.63**	6.30
Cash on hand	**35.22**	35.45
	950.46	**647.85**

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 G D Apte & Co
Chartered Accountants
Firms' Registration No: 100515W

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

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Saurabh S. Peshwe
Partner
Membership No: 121546

Roshni R. Marfatia
Partner
Membership No: 106548

Arijit Basu
Part Time Non-Executive
Chairman & Independent Director
DIN: 06907779

G. Ramesh
Managing Director & CEO
DIN: 05291597

Dipti Khandelwal
Company Secretary
Membership No: F11340

Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 16, 2025

Notes to the Standalone Financial Statements

for the year ended March 31, 2025

(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 January 16, 2025.

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, 2025.

(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 '₹') 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, 2025 (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 for 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

(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

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 of same borrower are cleared.

Notes to the Standalone Financial Statements
for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

(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 the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

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 AS 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-impaired financial assets the interest income is calculated by applying

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

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 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

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:

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

- 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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

(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 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 as at March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

4 CASH AND CASH EQUIVALENTS

	As at March 31, 2025	As at March 31, 2024
Cash on hand	**35.22**	35.45
Balances with banks (In Current Accounts)	**909.61**	606.10
Demand drafts on hand	**5.63**	6.30
Total	**950.46**	**647.85**

5 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31, 2025	As at March 31, 2024
Deposits with bank*	**2.58**	2.12
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments.	**-**	45.90
Collateral with Banks for Derivative	**30.97**	6.38
Interest accrued but not due	**0.26**	0.26
Total	**33.81**	**54.66**

**All the above deposits are lien marked*

6 DERIVATIVE FINANCIAL INSTRUMENTS

	As at March 31, 2025			As at March 31, 2024		
	Notional amounts	Fair Value-Assets	Fair Value-Liabilities	Notional amounts	Fair Value-Assets	Fair Value-Liabilities
Part I						
(i) Currency derivatives:						
Currency swaps	**8,974.88**	**108.54**	**-**	2,085.13	-	4.77
Subtotal (i)	**8,974.88**	**108.54**	**-**	**2,085.13**	**-**	**4.77**
(ii) Interest rate derivatives						
Forward Rate Agreements and Interest Rate swaps	**2,475.00**	**-**	**2.06**	1,750.00	1.92	-
Subtotal (ii)	**2,475.00**	**-**	**2.06**	**1,750.00**	**1.92**	**-**
Less : Provision on derivative financial instruments	**-**	**0.54**	**-**	**-**	**0.01**	**-**
Total Derivative Financial Instruments (i)+(ii)	**11,449.88**	**108.00**	**2.06**	**3,835.13**	**1.91**	**4.77**
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, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

	As at March 31, 2025			As at March 31, 2024		
	Notional amounts	Fair Value- Assets	Fair Value- Liabilities	Notional amounts	Fair Value- Assets	Fair Value- Liabilities
(ii) Cash flow hedging:						
Currency derivatives	**8,974.88**	**108.54**	**-**	2,085.13	-	4.77
Interest rate derivatives	**2,475.00**	**-**	**2.06**	1,750.00	1.92	-
Subtotal (ii)	**11,449.88**	**108.54**	**2.06**	**3,835.13**	**1.92**	**4.77**
(iii) Undesignated Derivatives						
Currency Swaps	-	-	-	-	-	-
Subtotal (iii)	**-**	**-**	**-**	**-**	**-**	**-**
Less : Provision on derivative financial instruments	**-**	**0.54**	**-**	**-**	**0.01**	**-**
Total Derivative Financial Instruments (i)+(ii)+(iii)	**11,449.88**	**108.00**	**2.06**	**3,835.13**	**1.91**	**4.77**

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, 2025	As at March 31, 2024
Receivables Considered good - Unsecured	**226.72**	124.01
Receivables which have significant increase in the credit risk	**-**	8.10
Receivables credit impaired	**6.68**	1.77
	233.40	**133.88**
Less: Impairment loss allowance	**8.23**	9.27
Total	**225.17**	**124.61**

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, 2025	As at March 31, 2024
Balance as at beginning of the year	**9.27**	6.90
Increase during the year	**6.18**	7.63
Decrease during the year	**(7.23)**	(5.26)
Balance at end of the year	**8.23**	**9.27**

Notes to the Standalone Financial Statements as at March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

Trade receivables ageing schedule :

Previous Period figures are in italics

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	**226.37**	**0.33**	**0.02**	**-**	**-**	**226.72**
	(123.95)	*(0.06)*	-	-	-	*(124.01)*
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	**-**	**-**	**-**	**-**	**-**	**-**
	(5.00)	*(1.66)*	*(1.27)*	*(0.17)*	-	*(8.10)*
(iii) Undisputed Trade Receivables- credit impaired	**1.21**	**2.58**	**0.94**	**1.77**	**0.18**	**6.68**
	(1.12)	*(0.65)*	-	-	-	*(1.77)*
(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	**227.58**	**2.91**	**0.96**	**1.77**	**0.18**	**233.40**
	(130.07)	***(2.37)***	***(1.27)***	***(0.17)***	**-**	***(133.88)***

8 LOANS (AT AMORTISED COST)

		As at March 31, 2025	As at March 31, 2024
A	**Term Loans in India**	**1,06,877.58**	**90,217.93**
	Less: Impairment loss allowance	**3,534.54**	3,496.67
	Total	**1,03,343.04**	**86,721.26**
B	**Out of above**		
	Secured (Secured by tangible assets)	**78,032.20**	64,358.98
	Unsecured	**28,845.38**	25,858.95
	Total	**1,06,877.58**	**90,217.93**
	Less: Impairment loss allowance	**3,534.54**	3,496.67
	Total	**1,03,343.04**	**86,721.26**
C	**Out of above**		
	Term Loans in India - at amortised cost		
	- Public sector	**-**	-
	- Others	**1,06,877.58**	90,217.93
	Total Gross Loans	**1,06,877.58**	**90,217.93**
	Less: Impairment loss allowance	**3,534.54**	3,496.67
	Total	**1,03,343.04**	**86,721.26**

Notes to the Standalone Financial Statements as at March 31, 2025 (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, 2025	As at March 31, 2024
Stage 1	**1,02,734.94**	87,218.17
Stage 2	**1,728.93**	1,287.94
Stage 3	**2,413.71**	1,711.82
Total	**1,06,877.58**	**90,217.93**

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, 2025	% to the total Loans and Advances in the nature of loans	As at March 31, 2024	% 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, 2025	As at March 31, 2024
Recorded at Fair value through statement of profit and loss		
Outside India	-	-
In India		
Mutual fund units	-	1,753.41
Securities receipt of ARC	**13.74**	37.33
Unquoted equity shares	**2.30**	2.30
Recorded at Amortised Cost		
Outside India	-	-
In India		
Treasury bills/G-Sec	**2,044.09**	1,587.29
Total	**2,060.13**	**3,380.33**

10 OTHER FINANCIAL ASSETS

	As at March 31, 2025	As at March 31, 2024
Security deposits at amortised cost (Unsecured, considered good)	**31.45**	28.22
Prepaid rent (Security deposits, Unsecured, considered good)	**13.52**	10.31
Retained interest on assigned loan	**1.32**	0.86
Servicing assets on assigned loan	**1.36**	0.11
Total	**47.65**	**39.50**

Notes to the Standalone Financial Statements as at March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

11 CURRENT TAX ASSETS (NET)

	As at March 31, 2025	As at March 31, 2024
Current tax assets		
Advance tax and tax deducted at source (Net of provision for tax ₹ 739.19 Crore) (Previous Period : ₹ 770.67 Crore)	**76.89**	41.29
Total	**76.89**	**41.29**

12A DEFERRED TAX ASSETS (NET)

	Balance as at April 01, 2023	(Charge)/ Credit to profit and loss	(Charge)/ Credit to OCI	Balance as at March 31, 2024	(Charge)/ Credit to profit and loss	(Charge)/ Credit to OCI	As at March 31, 2025
Deferred Tax Asset							
Depreciation and amortisation	49.42	18.20	-	**67.62**	(39.54)	-	**28.08**
Provision for employee benefits	21.35	5.17	7.94	**34.46**	(6.30)	2.38	**30.54**
Loans - Impairment	952.12	(38.30)	-	**913.82**	(31.57)	-	**882.25**
Securitisation and others	16.74	8.11	-	**24.85**	(24.85)	-	**-**
Cash Flow Hedges Reserve	(2.17)	-	4.30	**2.13**	-	13.72	**15.85**
Deferred Tax Asset	**1,037.46**	**(6.82)**	**12.24**	**1,042.88**	**(102.26)**	**16.10**	**956.72**
Deferred Tax Liabilities							
Borrowings	(3.29)	(5.08)	-	**(8.37)**	(9.32)	-	**(17.69)**
Investments - MTM and others	(17.43)	(5.98)	-	**(23.41)**	23.41	-	**(0.00)**
Loans - DSA	1.56	(41.67)	-	**(40.11)**	(28.88)	-	**(68.99)**
Lease	(17.44)	(13.60)	-	**(31.04)**	44.25	-	13.21
Deferred Tax Liabilities	**(36.59)**	**(66.34)**	**-**	**(102.93)**	**29.46**	**-**	**(73.47)**
Net Deferred Tax Assets	**1,000.87**	**(73.16)**	**12.24**	**939.95**	**(72.80)**	**16.10**	**883.25**

12B DEFERRED TAX ASSETS (NET)

The components of income tax expense for the period ended March 31, 2025 and March 31, 2024 are:

	As at March 31, 2025	As at March 31, 2024
Current tax:		
In respect of current year	**739.19**	770.67
In respect of prior years	**(60.11)**	-
Deferred Tax:		
Deferred tax relating to origination and reversal of temporary differences	**72.80**	73.16
Adjustments due to changes in tax rates		
In respect of prior years	**-**	-
Total Income Tax recognised in Statement of Profit or Loss (Credit)	**751.88**	**843.83**
Current tax	**739.19**	770.67
Deferred tax (Credit)	**72.80**	73.16

Notes to the Standalone Financial Statements as at March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

Income Tax recognised in Other comprehensive income

	As at March 31, 2025	As at March 31, 2024
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	**2.38**	7.94
Income tax relating to items that will be reclassified to profit or loss	**13.72**	4.30
Total Income tax recognised in Other comprehensive income (Debit)	**16.10**	**12.24**

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, 2025	As at March 31, 2024
Profit before tax	**2,927.80**	3,304.67
Applicable income tax rate (%)	**25.17**	25.17
Income tax expense calculated at applicable income tax rate	**736.87**	831.72
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	**27.52**	21.78
Effect of tax incentives (net)	**-**	(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	**(12.51)**	-
Income tax expense recognised in profit and loss	**751.88**	**843.83**

Notes to the Standalone Financial Statements as at March 31, 2025 (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, 2024	**82.29**	**102.79**	**101.04**	**257.53**	**0.15**	**13.03**	**556.82**	**83.75**	**83.75**	**640.57**
Additions during the year	32.05	26.49	49.58	65.69	-	7.49	181.30	28.49	28.49	209.79
Disposals/Adjustments during the year	6.68	10.08	6.37	21.05	-	1.92	46.10	-	-	46.10
Balance as at March 31, 2025	**107.66**	**119.20**	**144.25**	**302.17**	**0.15**	**18.60**	**692.02**	**112.24**	**112.24**	**804.26**
Accumulated Depreciation/impairment as at April 01, 2024	**56.72**	**88.67**	**62.73**	**181.26**	**0.03**	**4.89**	**394.29**	**61.60**	**61.60**	**455.89**
Depreciation charge during the year	13.16	13.65	14.92	53.34	0.01	3.98	99.06	18.34	18.34	117.40
Disposals/Adjustments during the year	6.52	9.88	5.78	21.00	-	1.27	44.45	-	-	44.45
Accumulated Depreciation/impairment as at March 31, 2025	**63.36**	**92.44**	**71.87**	**213.60**	**0.04**	**7.60**	**448.90**	**79.94**	**79.94**	**528.84**
Net carrying amount as at March 31, 2025	**44.30**	**26.76**	**72.38**	**88.57**	**0.11**	**11.00**	**243.12**	**32.30**	**32.30**	**275.42**
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 for 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**

Note : No revalution of any class of assets is carried out during the period.

Notes to the Standalone Financial Statements as at March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

14 RIGHT OF USE ASSETS

	As at March 31, 2025	As at March 31, 2024
Right of Use Assets (ROU) (Refer note 34)	**459.67**	326.51
Total	**459.67**	**326.51**

15 OTHER NON-FINANCIAL ASSETS

	As at March 31, 2025	As at March 31, 2024
Capital advances	**39.67**	38.29
Advances recoverable in cash or in kind (Unsecured, considered good)	**160.13**	55.67
Total	**199.80**	**93.96**

16 TRADE PAYABLES

	As at March 31, 2025	As at March 31, 2024
Trade payables		
i) total outstanding dues to micro and small enterprises	**-**	-
ii) total outstanding dues of creditors other than micro and small enterprises	**452.68**	509.00
Total	**452.68**	**509.00**

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	**449.56**	**2.45**	**0.41**	**0.25**	**452.68**
	(505.84)	*(1.71)*	*(0.62)*	*(0.83)*	*(509.00)*
iii) Disputed dues - MSME	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
iv) Disputed dues - Others	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
v) Unbilled Trade payables	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
Total	**449.56**	**2.45**	**0.41**	**0.25**	**452.68**
	(505.84)	***(1.71)***	***(0.62)***	***(0.83)***	***(509.00)***

Notes to the Standalone Financial Statements as at March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

17 DEBT SECURITIES

	As at March 31, 2025	As at March 31, 2024
At Amortised Cost		
Secured		
Privately placed redeemable Non Convertible Debenture	**36,203.68**	33,896.68
Unsecured		
Commercial paper	**3,525.00**	1,175.00
Total	**39,728.68**	**35,071.68**
Less: Unamortised borrowing cost	**263.51**	220.56
Debt Securities (Net of unamortised cost)	**39,465.17**	**34,851.12**
Debt securities in India	**39,728.68**	35,071.68
Debt securities outside India	**-**	-
Total	**39,728.68**	**35,071.68**
Less: Unamortised borrowing cost	**263.51**	220.56
Debt Securities (Net of unamortised cost)	**39,465.17**	**34,851.12**

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)*
5.5-6.5	**1,845.00**	**1,785.00**	**-**	**-**	**3,630.00**
	(6,578.00)	*(3,630.00)*	-	-	*(10,208.00)*
6.5-7.5	**936.00**	**-**	**-**	**-**	**936.00**
	(1,650.00)	*(936.00)*	-	-	*(2,586.00)*
7.5-8.5	**13,879.00**	**15,463.68**	**2,295.00**	**-**	**31,637.68**
	(1,723.00)	*(15,417.50)*	*(2,062.18)*	*(1,500.00)*	*(20,702.68)*
Total	**16,660.00**	**17,248.68**	**2,295.00**	**-**	**36,203.68**
	(10,351.00)	***(19,983.50)***	***(2,062.18)***	***(1,500.00)***	***(33,896.68)***

17.3 - The non convertible debentures are secured by way of a first and pari passu mortgage in favour of the Security Trustee on the Company's Office no.130, 3rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and/or further secured by way of hypothecation of receivables under financing activity. 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, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

18 BORROWINGS (OTHER THAN DEBT SECURITIES)

	As at March 31, 2025	As at March 31, 2024
At Amortised Cost		
Borrowings (other than debt securities)		
Secured		
(a) External commercial borrowings (ECB)	**8,974.88**	2,085.13
(b) Term loan against hypothecation of Receivables under financing activity	**32,990.21**	31,661.03
(c) Borrowing under Securitisation	**-**	85.22
Total	**41,965.09**	**33,831.38**
Less: Unamortised borrowing cost	**36.20**	-
Borrowings (Other than Debt Securities) net of unamortised cost	**41,928.89**	**33,831.38**
Borrowings in India	**32,990.21**	31,746.25
Borrowings outside India	**8,974.88**	2,085.13
Total	**41,965.09**	**33,831.38**
Less: Unamortised borrowing cost	**36.20**	-
Borrowings (Other than Debt Securities) net of unamortised cost	**41,928.89**	**33,831.38**

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	**8,974.88**	**-**	**-**	**8,974.88**
	(2,085.13)	-	-	*(2,085.13)*

The Company had availed total External Commercial Borrowing (ECBs) of US$ 1050 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 and US$ 800 Mn was raised in FY24-25. 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%)	**140.00**	**280.00**	**45.00**	**-**	**465.00**
	(500.00)	*(200.00)*	*(125.00)*	-	*(825.00)*
1 Month MCLR + (0.00% to 0.75%)	**1,011.90**	**739.88**	**0.00**	**-**	**1,751.79**
	(2,224.40)	*(1,964.29)*	*(567.50)*	-	*(4,756.19)*
3 Month MCLR + (0.00% to 1.5%)	**427.50**	**431.25**	**-**	**-**	**858.75**
	(427.50)	*(858.75)*	-	-	*(1,286.25)*
Total (a)	**1,579.40**	**1,451.13**	**45.00**	**-**	**3,075.54**
	(3,151.90)	***(3,023.04)***	***(692.50)***	**-**	***(6,867.44)***

Notes to the Standalone Financial Statements as at March 31, 2025 (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
1 Month T-Bills rates (0.00% to 4.00%)	**4,680.83**	**2,311.67**	**735.00**	**-**	**7,727.50**
	(2,741.66)	*(4,532.50)*	*(1,795.00)*	*-*	*(9,069.16)*
3 Month T-Bills rates (0.00% to 4.00%)	**4429.72**	**4,610.07**	**1,133.33**	**-**	**10,173.12**
	(2,017.50)	*(1,742.57)*	*(1,219.44)*	*(211.11)*	*(5,190.62)*
Repo Rate (0.00% to 3.50%)	**3,430.33**	**2,974.26**	**1,141.25**	**-**	**7,545.84**
	(3,676.76)	*(2,458.55)*	*(403.13)*	*-*	*(6,538.44)*
Total (b)	**12,540.88**	**9,896.00**	**3,009.58**	**0.00**	**25,446.46**
	(8,435.92)	***(8,733.62)***	***(3,417.57)***	***(211.11)***	***(20,798.22)***

Fixed Interest rate (c)	0-1 years	1-3 years	3-5 years	>5 years	Total
4.50% - 8.35%	***2,255.98***	***2,051.11***	***161.11***	**-**	***4,468.21***
	(1,926.80)	*(1,943.57)*	*(125.00)*	*-*	*(3,995.37)*
Total (a)+(b)+(c)	***16,376.26***	***13,398.24***	***3,215.69***	**-**	***32,990.21***
	(13,514.62)	***(13,700.23)***	***(4,235.07)***	***(211.11)***	***(31,661.03)***

18.4.1 - Term loans includes ₹ 6,531.23Crore (Previous period ₹ 9,730.54 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)*

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 books of accounts.

19 SUBORDINATED LIABILITIES

	As at March 31, 2025	As at March 31, 2024
At Amortised Cost		
Unsecured		
(a) Privately placed subordinated (Tier II) redeemable bonds	**4,527.00**	4,670.00
(b) Redeemable non convertible perpetual bonds	**1,500.00**	1,000.00
Total	**6,027.00**	**5,670.00**
Less: Unamortised borrowing cost	**23.29**	21.83
Subordinated Liabilities net of unamortised cost	**6,003.71**	**5,648.17**
Subordinated Liabilities in India	**6,027.00**	5,670.00
Subordinated Liabilities outside India	**-**	-
Total	**6,027.00**	**5,670.00**
Less: Unamortised borrowing cost	**23.29**	21.83
Subordinated Liabilities net of unamortised cost	**6,003.71**	**5,648.17**

Notes to the Standalone Financial Statements
as at March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

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
6.50-10.50	**2,313.50**	**3,713.50**	**6,027.00**
	(2,070.00)	*(3,600.00)*	*(5,670.00)*

20 OTHER FINANCIAL LIABILITIES

	As at March 31, 2025	As at March 31, 2024
Interest accrued	**2,285.87**	1,833.21
Overdrawn balances in current account with banks	**920.74**	679.13
Deposits (not as defined in Section 2(31) of Companies Act, 2013)	**10.21**	10.19
Collateral from Banks for Derivative	**124.40**	-
Creditors for other expenses	**9.83**	1.96
Statutory liabilities	**80.81**	59.57
Unclaimed Dividend	**0.06**	0.04
Lease Liability (ROU)	**512.16**	371.17
Total	**3,944.08**	**2,955.27**

21 CURRENT TAX LIABILITIES (NET)

	As at March 31, 2025	As at March 31, 2024
Provisions for tax (Net of advance tax ₹ 555.00 Crore, Previous Period ₹ 565.00 Crore)	**65.66**	58.65
Total	**65.66**	**58.65**

Particulars	Opening Balance	Additions during the period	Reversals during the period	Closing Balance
As at March 31, 2025	**58.65**	**45.83**	**38.82**	**65.66**
As at March 31, 2024	41.97	20.25	3.57	58.65

22 PROVISIONS

	As at March 31, 2025	As at March 31, 2024
Provision for employee benefits		
Gratuity	**119.44**	107.90
Salary, bonus and reimbursements	**413.62**	366.26
Contribution to provident fund	**31.45**	28.78
Total	**564.51**	**502.94**

Notes to the Standalone Financial Statements as at March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

23 OTHER NON-FINANCIAL LIABILITIES

	As at March 31, 2025	As at March 31, 2024
Provision for expenses	**416.78**	452.50
Total	**416.78**	**452.50**

Particulars	Opening Balance	Additions during the year	Reversals during the year	Closing Balance
As at March 31, 2025	**452.50**	**171.64**	**207.36**	**416.78**
As at March 31, 2024	266.91	351.59	166.00	452.50

24 EQUITY SHARE CAPITAL

	Face Value ₹ each	As at March 31, 2025 Number of shares	As at March 31, 2024 Number of shares	As at March 31, 2025	As at March 31, 2024
Authorised equity shares	10	**1,00,15,50,000**	1,00,15,50,000	**1,001.55**	1001.55
Issued, Subscribed & Paid up equity shares fully paid up	10	**79,57,76,345**	79,30,74,566	**795.78**	793.08
				795.78	**793.08**

24.1 Reconciliation of the number of shares

	As at March 31, 2025		As at March 31, 2024	
	Number	Amount	Number	Amount
Equity shares of ₹ 10 fully paid up				
Shares outstanding at the beginning of the year	**79,30,74,566**	**793.08**	79,13,99,083	791.40
Shares issued - exercised for ESOP scheme	**27,01,779**	**2.70**	16,75,483	1.68
Shares issued - right issue	**-**	**-**	-	-
Shares outstanding at the end of the year	**79,57,76,345**	**795.78**	79,30,74,566	793.08

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.

24.3 Details of shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at March 31, 2025			As at March 31, 2024		
	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**	**94.32**	**0.00%**	75,05,96,670	94.64	0.00%

Notes to the Standalone Financial Statements as at March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

24.4 Number of shares reserved for ESOPs

	As at March 31, 2025	As at March 31, 2024
Equity shares of ₹ 10 fully paid up		
Number of Shares reserved for ESOPs (Refer note 35)	83,56,111	87,28,798

25 OTHER EQUITY

	As at March 31, 2025	As at March 31, 2024
Other equity		
(i) Securities Premium Account	**3,371.40**	3,223.13
(ii) Employee Stock Options Outstanding Account	**105.35**	69.22
(iii) Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	**2,612.44**	2,177.26
(iv) Retained Earnings-Other than Remeasurement of Post Employment Benefit Obligations	**9,070.26**	7,567.62
(v) Retained Earnings- Remeasurement of Post Employment Benefit Obligations	**(88.35)**	(81.25)
(vi) Cash Flow Hedges Reserve	**(47.13)**	(6.35)
	15,023.97	**12,949.63**

(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, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

26 INTEREST INCOME

	For the year ended March 31, 2025	For the year ended March 31, 2024
On Financial Assets measured at Amortised Cost :		
Interest on Loans	**13,670.52**	11,043.60
Interest on deposits with Banks	**16.42**	17.10
Interest income from Investment	**141.15**	96.02
Other Interest Income	**7.70**	-
Total	**13,835.79**	**11,156.72**

27 NET GAIN/ (LOSS) ON FAIR VALUE CHANGES

	For the year ended March 31, 2025	For the year ended March 31, 2024
Net gain/ (loss) on financial instruments at fair value through profit or loss (FVTPL)		
Investments	**54.92**	113.69
	54.92	**113.69**
Net gain/ (loss) on financial instruments at fair value through profit or loss (FVTPL)		
Realised	**58.21**	89.91
Unrealised	**(3.29)**	23.78
Total	**54.92**	**113.69**

28 FINANCE COSTS

	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest expenses on financial liabilities measured at amortised cost		
Interest on borrowings (includes Interest on lease liabilities ₹ 35.60 Crore,Previous Period ₹ 26.82 Crore)	**2,813.13**	2,047.55
Interest on debt securities	**2,945.42**	2,390.10
Interest on subordinated liabilities	**504.95**	333.98
Discount on commercial paper	**99.25**	77.01
Other borrowing costs	**27.40**	15.68
Total	**6,390.15**	**4,864.32**

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

29 IMPAIRMENT ON FINANCIAL INSTRUMENTS

	For the year ended March 31, 2025	For the year ended March 31, 2024
Impairment on financial instruments at amortised cost		
Loans	**2,114.09**	1,065.02
Trade receivables	**(1.04)**	2.37
Total	**2,113.05**	**1,067.39**

30 EMPLOYEE BENEFITS EXPENSES

	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries and wages (including bonus)	**3,246.45**	3,471.04
Contribution to provident and other funds	**264.11**	274.31
Employee share based payment expenses	**62.48**	55.24
Staff welfare expenses	**46.53**	50.16
Total	**3,619.57**	**3,850.75**

31 OTHER EXPENSES

	For the year ended March 31, 2025	For the year ended March 31, 2024
Rent	**4.32**	15.25
Rates and taxes	**3.46**	3.62
Telephone	**70.64**	61.73
Power and fuel	**40.90**	34.41
Repairs and maintenance- premises	**19.56**	9.22
Repairs and maintenance-others	**4.82**	3.19
Credit report charges	**59.89**	45.29
Commission and brokerage	**0.09**	0.50
Auditor's remuneration (Refer Note No. 33)	**1.61**	1.74
Insurance	**2.05**	1.63
Loss/(Profit) on sale of asset	**(0.20)**	(0.85)
Expenses towards Corporate Social Responsibility Initiative (Refer Note No. 41)	**46.86**	31.30
Bank Charges	**43.21**	42.41
Legal & professional	**53.14**	46.18
Travelling expenses	**108.11**	93.97
Collection expenses	**225.59**	189.48
Information technology expenses	**128.20**	113.75
Printing & stationery	**42.86**	33.65
Others administrative expenses	**200.18**	212.38
Total	**1,055.29**	**938.85**

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

32 EARNING PER SHARE

	For the year ended March 31, 2025	For the year ended March 31, 2024
Net Profit (₹ in Crore)	**2,175.92**	2,460.84
Weighted average number of equity shares		
Basic	**79,40,39,471**	79,18,48,757
Diluted	**79,63,49,252**	79,28,40,651
Earnings per share (₹)		
Basic	**27.40**	31.08
Diluted	**27.32**	31.04
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 23,09,781 shares (Previous period 9,91,893 shares).

33 AUDITOR'S REMUNERATION

	For the year ended March 31, 2025	For the year ended March 31, 2024
As Auditor	**1.46**	1.54
For taxation matters	**-**	-
For company law matters	**-**	-
For other services	**-**	-
For reimbursement of expenses	**0.02**	0.06
Sub Total	**1.48**	1.60
GST	**0.13**	0.14
Total	**1.61**	**1.74**

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, 2025

(i) Amounts recognised in the Balance sheet

Sr No.	Particulars	March 31, 2025	March 31, 2024
a)	**Right-of-use assets (net)**	**459.67**	326.51
b)	**Lease liabilities**		
	Current	**65.68**	60.38
	Non-current	**446.48**	310.79
	Total Lease liabilities	**512.16**	**371.17**
c)	**Additions to the Right-of-use assets**	**224.63**	135.63

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

(ii) Amounts recognised in the Statement of Profit and Loss

Sr No.	Particulars	March 31, 2025	March 31, 2024
a)	Depreciation charge for right-of-use assets	**77.02**	64.01
b)	Interest expense (included in finance cost)	**35.60**	26.82
c)	Expense relating to short-term leases	**4.32**	15.25

(iii) Cash Flows

Particulars	March 31, 2025	March 31, 2024
The total cash outflow of leases	**100.47**	83.85

(iv) Future Commitments

Particulars	March 31, 2025	March 31, 2024
Future undiscounted lease payments to which leases is not yet commenced	**35.17**	34.97

(v) Maturity analysis of undiscounted lease liability

Period	March 31, 2025	March 31, 2024
Not later than one year	**103.89**	87.69
Later than one year and not later than five years	**365.67**	263.77
Later than five years	**201.85**	128.28
Total	**671.41**	**479.74**

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, ESOP-16C on October 23, 2023, ESOP-17A on June 17, 2024 and ESOP-17B on September 16, 2024. 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

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 Oct 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 Jan 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 Oct 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 Jan 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	7 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
xii.	ESOP - 17A	30% at the end of each 12 and 24 months and 40% at the end of 36 months from June 30, 2024	10 years	Equity settled	NA	NA
xiii.	ESOP - 17B	30% at the end of each 12 and 24 months and 40% at the end of 36 months from September 30, 2024	10 years	Equity settled	NA	NA

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (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, 2025

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	-	-	
ESOP - 11	16,150	-	7,770	3,420	4,960	4,960
ESOP - 12	1,57,517	-	55,327	200	1,01,990	1,01,990
ESOP - 13	3,22,595	-	1,53,925	945	1,67,725	1,67,725
ESOP - 13A	23,000	-	3,000	-	20,000	20,000
ESOP – 14	12,10,134	-	7,82,462	29,335	3,98,337	3,98,337
ESOP – 15A	10,35,390	-	1,97,270	-	8,38,120	3,64,864
ESOP – 15B	27,30,822	-	9,42,013	1,15,728	16,73,081	4,62,309
ESOP – 16A	13,44,770		1,91,224		11,53,546	2,12,207
ESOP – 16B	4,27,020		88,126	31,120	3,07,774	33,500
ESOP – 16C	14,19,400		2,38,662	35,210	11,45,528	1,88,068
ESOP – 17A	-	20,34,550		8,500	20,26,050	-
ESOP – 17B	-	5,20,800		1,800	5,19,000	-
Total	**87,28,798**	**25,55,350**	**27,01,779**	**2,26,258**	**83,56,111**	**19,53,960**
Weighted average exercise price (₹)	472.43	534.00	461.24	502.91	494.05	450.94

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

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

Following summarises the information about stock options outstanding as at March 31, 2025

Plan	Exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)
ESOP – 11	**274**	**4,960**	**0.84**
ESOP – 12	**300**	**1,01,990**	**1.59**
ESOP – 13	**348**	**1,67,725**	**2.84**
ESOP – 13A	**409**	**20,000**	**3.42**
ESOP – 14	**433**	**3,98,337**	**3.59**
ESOP – 15A	**457**	**8,38,120**	**4.17**
ESOP – 15B	**509**	**16,73,081**	**4.59**
ESOP – 16A	**424**	**11,53,546**	**8.25**
ESOP – 16B	**533**	**3,07,774**	**8.59**
ESOP – 16C	**533**	**11,45,528**	**8.59**
ESOP – 17A	**534**	**20,26,050**	**9.25**
ESOP – 17B	**534**	**5,19,000**	**9.51**

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

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 17A	ESOP 17B
Dividend yield	0.58%	0.58%
Expected volatility	40.50%	39.56%
Risk- free interest rate	6.88%	6.64%
Expected life of the option	4.39	4.39

The Company recorded an employee stock compensation expense of ₹ 62.48 Crore (previous year ₹ 55.24 Crore) in Statement of Profit and Loss.

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

36 SEGMENT REPORTING

Sr No.	Particulars	March 31, 2025	March 31, 2024
i.	**Segment Revenue**		
	Lending business	**15,083.62**	12,221.57
	BPO Services	**1,216.66**	1,949.55
	Unallocated		-
	Income from Operations	**16,300.28**	**14,171.12**
ii.	**Segment Results**		
	Lending business	**2,903.37**	3,178.35
	BPO Services	**71.29**	157.62
	Unallocated	**(46.86)**	(31.30)
	Profit before tax	**2,927.80**	**3,304.67**
	Income Tax expenses		
	Current tax	**739.19**	770.67
	Deferred tax Asset	**72.80**	73.16
	Income tax for earlier year	**(60.11)**	-
	Net Profit	**2,175.92**	**2,460.84**
iii.	**Capital Employed**		
	Segment assets		
	Lending business	**1,07,504.76**	91,470.27
	BPO Services	**198.39**	105.01
	Unallocated	**960.14**	981.23
	Total Assets	**1,08,663.29**	**92,556.51**
	Segment Liabilities		
	Lending business	**92,099.66**	78,151.30
	BPO Services	**242.14**	192.83
	Unallocated	**501.76**	469.67
	Total Liabilities	**92,843.55**	**78,813.80**
	Net Segment assets/(liabilities)	**15,819.74**	13,742.71
iv.	**Capital Expenditure (including net CWIP)**		
	Lending business	**199.43**	115.03
	BPO Services	**10.35**	8.32
	Unallocated	**-**	-
	Total	**209.79**	**123.35**
v.	**Depreciation**		
	Lending business	**184.45**	131.47
	BPO Services	**9.97**	13.67
	Unallocated	**-**	-
	Total	**194.42**	**145.14**

Notes to the Standalone Financial Statements
for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

Sr No.	Particulars	March 31, 2025	March 31, 2024
vi.	**Other non cash expenditure**		
	Lending business	**2,113.05**	1,067.38
	BPO Services	**-**	-
	Unallocated	**-**	-
	Total	**2,113.05**	**1,067.38**

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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

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)

Bhaskar Sharma(Independent Director) (date of appointment September 16, 2024)

Dr. Amla Samanta (Independent Director)

Jayesh Chakravarthi (Independent Director)

Jayant Gokhale(Independent Director) (date of appointment September 16, 2024)

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, 2025	March 31, 2024
HDFC Bank Limited	Bank charges	**8.54**	9.56
	Charges for back office support services received/ recoverable	**204.83**	533.67
	Charges for sales support services received/recoverable	**738.05**	1,140.05
	BBPS Charges	**2.53**	0.81
	Corporate logo license fees	**32.59**	26.16
	Dividend paid	**225.18**	232.68
	Interest paid on non-convertible debentures	**56.60**	198.23
	Interest paid on term loan and OD account	**633.91**	575.46
	Interest received on fixed deposits	**-**	1.79
	Investment banking fees paid	**0.01**	0.18
	IPA charges	**0.07**	0.02
	Reimbursement of IT expense, secondment charge & other common expenses	**3.64**	0.36
	Rent paid for premises taken on sub-lease	**0.94**	2.75
	Securities purchased during the year	**-**	200.00
	Term loan availed during the year	**500.00**	6,700.00
	Tele collection charges/field collection charges received/ recoverable for collection services rendered	**273.77**	275.83
	Redemption of NCD	**675.00**	-

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

Related Party	Nature of Transaction	March 31, 2025	March 31, 2024
HDFC Securities Ltd.	Rent income for premises given on sub-lease	**0.02**	0.09
	Recovery of expenses	**(0.07)**	0.12
Key Management Personnel	a) Short term employee benefits	**7.99**	7.35
	b) post-employment benefits	**-**	-
	c) Other long-term benefits	**-**	-
	d) Termination benefits	**-**	-
	e) Share based Payments#	**-**	1.51
	f) Commission paid	**0.83**	0.81
HDFC Life Insurance Company Limited	Income from Insurance commission	**70.56**	46.19
	Receipt of funds	**-**	150.00
	Redemption of bonds(Including Premium)	**-**	42.21
HDFC Ergo General Insurance Company Limited	Income from Insurance commission	**8.04**	15.20
	Insurance Premium Expense (Car & Group policy)	**0.25**	2.21
	Redemption of NCD	**50.00**	0

#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 ₹ 5.78 Crore (previous year ₹ 5.07 Crore) with a corresponding credit to the reserves.

Balances outstanding:

Related Party	Nature of Transaction	March 31, 2025	March 31, 2024
HDFC Bank Limited	Balance in current accounts	**544.32**	534.13
	Balance receivable	**94.75**	-
	Balance payable	**8.73**	0.23
	Security deposit paid	**0.10**	0.16
	Security deposit received	**9.85**	9.85
	Term loan outstanding	**6,531.23**	9,634.71
	Non convertible debentures issued	**150.00**	825.00
	WCDL Loan Outstanding	**-**	95.83
HDFC Securities Ltd.	Balance receivable	**0.02**	0.15
HDFC Life Insurance Company Limited**	Balance payable - Securities	**1,289.00**	1,239.00
	Balance receivable	**7.51**	7.12
HDFC Ergo General Insurance Company Limited**	Balance payable	**20.00**	70.00
	Balance receivable	**0.79**	2.53

*** 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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

Details of Actuarial Valuation as at March 31, 2025.

Particulars				March 31, 2025	March 31, 2024
A.	**Change in defined benefit obligation**				
	1	Defined benefit obligation at beginning of period		**142.14**	164.71
	2	Service cost			
		a.	Current service cost	**12.85**	14.74
		b.	Past service cost	**-**	-
		c.	(Gain)/loss on settlements	**-**	-
	3	Interest expenses		**10.25**	12.22
	4	Cash flows			
		a.	Benefit payments from plan	**(8.25)**	(61.24)
		b.	Benefit payments from employer	**(4.76)**	(19.00)
		c.	Settlement payments from plan	**-**	-
		d.	Settlement payments from employer	**-**	-
	5	Remeasurements			
		a.	Effect of changes in demographic assumptions	**1.18**	0.72
		b.	Effect of changes in financial assumptions	**(1.67)**	15.07
		c.	Effect of experience adjustments	**10.60**	14.93
	6	Transfer In /Out			
		a.	Transfer In	**-**	-
		b.	Transfer out	**-**	-
	7	Defined benefit obligation at end of period		**162.35**	142.14
B.	**Change in fair value of plan assets**				
	1	Fair value of plan assets at beginning of period		**34.25**	86.68
	2	Interest income		**2.47**	6.43
	3	Cash flows		**-**	
		a.	Total employer contributions	**-**	
			(i) Employer contributions	**13.80**	3.20
			(ii) Employer direct benefit payments	**-**	-
			(iii) Employer direct settlement payments	**-**	-
		b.	Participant contributions	**-**	-
		c.	Benefit payments from plan assets	**(8.25)**	(61.24)
		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)	**0.63**	(0.83)
	5	Transfer In /Out			
		a.	Transfer In	**-**	-
		b.	Transfer out	**-**	-
	6	Fair value of plan assets at end of period		**42.91**	34.25

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

Particulars			March 31, 2025	March 31, 2024
C.	**Amounts recognised in the Balance Sheet**			
	1	Defined benefit obligation	**162.35**	142.14
	2	Fair value of plan assets	**(42.91)**	(34.25)
	3	Funded status	**119.44**	107.89
	4	Effect of asset ceiling	**-**	-
	5	Net defined benefit liability (asset)	**119.44**	107.89
D.	**Components of defined benefit cost**			
	1	Service cost		
		a. Current service cost	**12.85**	14.74
		b. Past service cost	**-**	-
		c. (Gain)/loss on settlements	**-**	-
		d. Total service cost	**12.85**	14.74
	2	Net interest cost		
		a. Interest expense on DBO	**10.25**	12.22
		b. Interest (income) on plan assets	**2.47**	6.43
		c. Interest expense on effect of (asset ceiling)	**-**	-
		d. Total net interest cost	**7.78**	5.79
	3	Remeasurements (recognised in OCI/Retained Earnings)		
		a. Effect of changes in demographic assumptions	**1.18**	0.72
		b. Effect of changes in financial assumptions	**(1.67)**	15.07
		c. Effect of experience adjustments	**10.60**	14.93
		d. Return on plan assets (excluding interest income)	**0.63**	(0.83)
		e. Changes in asset ceiling (excluding interest income)	**-**	-
		f. Total remeasurements included in OCI/Retained Earnings	**9.48**	31.54
	4	Total defined benefit cost recognised in P&L and OCI	**30.11**	52.07
E.	**Re-measurement**			
	a.	Actuarial Loss/(Gain) on DBO	**10.11**	30.72
	b.	Returns above Interest Income	**(0.63)**	0.83
	c.	Change in Asset ceiling	**-**	-
	Total Re-measurements (OCI/Retained Earnings)		**9.48**	31.54
F.	**Employer Expense (P&L)**			
	a.	Current Service Cost	**12.85**	14.74
	b.	Interest Cost on net DBO	**7.78**	5.79
	c.	Past Service Cost	**-**	-
	d.	Total P&L Expenses	**20.63**	20.53

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

Particulars			March 31, 2025	March 31, 2024
G.	**Net defined benefit liability (asset) reconciliation**			
	1	Net defined benefit liability (asset)	**107.89**	78.02
	2	Defined benefit cost included in P&L	**20.63**	20.53
	3	Total remeasurements included in OCI/Retained Earnings	**9.48**	31.54
	4	a. Employer contributions	**(13.80)**	(3.20)
		b. Employer direct benefit payments	**(4.76)**	(19.00)
		c. Employer direct settlement payments	**-**	-
	5	Net transfer	**-**	-
	6	Net defined benefit liability (asset) as of end of period	**119.44**	107.89
H.	**Reconciliation of OCI (Re-measurement)**			
	1	Recognised in OCI at the beginning of period	**107.27**	75.74
	2	Recognised in OCI during the period	**9.48**	31.54
	3	Recognised in OCI/Retained Earnings at the end of the period	**116.75**	107.27
I.	**Sensitivity analysis - DBO end of Period**			
	1	Discount rate +100 basis points	**(4.81)**	(3.88)
	2	Discount rate -100 basis points	**5.29**	4.27
	3	Salary Increase Rate +1%	**4.94**	3.98
	4	Salary Increase Rate -1%	**(4.60)**	(3.70)
	5	Attrition Rate +1%	**(1.84)**	(1.52)
	6	Attrition Rate -1%	**1.99**	1.65
J.	Significant actuarial assumptions			
	1	Discount rate Current Year (p.a.)	**6.63%**	7.21%
	2	Discount rate Previous Year (p.a.)	**7.21%**	7.42%
	3	Salary increase rate (p.a.)	**4% to 14% p.a**	3.00% - 15.00%
	4	Attrition Rate (%)	**9% to 86% p.a**	9.00% - 89.00%
	5	Retirement Age (years)	**60**	60
	6	Pre-retirement mortality	**Indian Assured Lives Mortality 2012-14 (Urban)**	IALM (2012-14) Urban
	7	Disability	**Nil**	Nil

Notes to the Standalone Financial Statements
for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

Particulars			March 31, 2025	March 31, 2024
K.	**Data**			
	1	No.	**87,183**	86,753
	2	Average age (yrs.)	**30.22**	30.07
	3	Average past service (yrs.)	**2.57**	2.49
	4	Average salary monthly (₹)	**9,704.82**	9,200.53
	5	Future service (yrs.)	**29.78**	29.93
	6	Weighted average duration of DBO	**4.00**	4.00
L.	**Expected cash flows for following year**			
	1	Expected contributions/Addl. Provision Next Year	**72.91**	72.36
	2	Expected total benefit payments		
		Year 1	**60.70**	59.93
		Year 2	**24.31**	20.54
		Year 3	**15.63**	12.81
		Year 4	**12.75**	10.35
		Year 5	**13.01**	9.08
		Above 5 years	**83.65**	73.12

Category of Plan assets	% of Fair value to total planned assets (as at March 31, 2025)
Government securities and corporate bonds/debentures	**93.64%**
Money market instruments and fixed deposits	**0.26%**
Net current assets and other approved security	**6.10%**
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.

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

39 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Sr No.	Particulars	March 31, 2025	March 31, 2024
1	Claims against the Company not acknowledged as debt (Refer Note 39.1)	**124.26**	105.44
2	Estimated amount of contracts remaining to be executed on capital account and not provided for:	**34.36**	85.10
	(Net of Advances amounting to ₹ 39.63 Crore, previous year ₹ 37.13 Crore)		
3	Undrawn committed sanctions to borrowers	**629.12**	372.07

39.1 Claims against the Company not acknowledged as debt

Particulars	March 31, 2025	March 31, 2024
Suit filed by borrowers	**38.61**	19.80
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	**124.26**	**105.44**

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 January 01, 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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2025 (Contd.)
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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.

40 MATURITY ANALYSIS OF ASSETS & LIABILITIES

Particulars	March 31, 2025		March 31, 2024	
	Within 12 months	After 12 months	Within 12 months	After 12 months
ASSETS				
Financial Assets				
(a) Cash and cash equivalents (CCE)	**950.46**	**-**	647.85	-
(b) Bank balances other than CCE	**2.84**	**30.97**	48.28	6.38
(c) Derivative financial instruments	**-**	**108.00**	-	1.91
(d) Trade receivables	**225.17**	**-**	124.61	-
(e) Loans	**36,267.74**	**67,075.30**	31,476.37	55,244.89
(f) Investments	**2,044.09**	**16.04**	3,340.70	39.63
(g) Other financial assets	**-**	**47.65**	-	39.50
	39,490.30	**67,277.96**	**35,637.81**	**55,332.31**
Non-financial Assets				
(a) Current tax assets (Net)	**76.89**	**-**	41.29	-
(b) Deferred tax assets (Net)	**-**	**883.25**	-	939.95
(c) Property, plant and equipment	**-**	**243.12**	-	162.53
(d) Capital work-in-progress	**-**	**-**	-	-
(e) Other intangible assets	**-**	**32.30**	-	22.15
(f) Right of Use Assets	**79.66**	**380.01**	66.39	260.12
(g) Other non-financial assets	**160.13**	**39.67**	55.67	38.29
	316.68	**1,578.35**	163.35	1,423.04
TOTAL ASSETS	**39,806.98**	**68,856.31**	**35,801.16**	**56,755.35**
LIABILITIES				
Financial Liabilities				
(a) Derivative financial instruments	**-**	**2.06**	-	4.77
(b) Trade payables	**438.84**	**13.84**	403.27	105.73
(c) Debt securities	**20,060.56**	**19,404.61**	11,467.72	23,383.40
(d) Borrowings other than debt securities	**16,376.27**	**25,552.62**	13,599.84	20,231.54
(e) Subordinated liabilities	**-**	**6,003.71**	499.88	5,148.29
(f) Other financial liabilities	**3,363.02**	**581.06**	2,406.58	548.69
	40,238.69	**51,557.90**	**28,377.29**	**49,422.42**

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

Particulars	March 31, 2025		March 31, 2024	
	Within 12 months	After 12 months	Within 12 months	After 12 months
Non-Financial Liabilities				
(a) Current tax liabilities (net)	**65.66**	**-**	58.65	-
(b) Provisions	**517.98**	**46.53**	428.52	74.42
(c) Other non-financial liabilities	**416.78**	**-**	452.50	-
	1,000.42	**46.53**	939.67	74.42
TOTAL LIABILITIES	**41,239.11**	**51,604.43**	**29,316.96**	**49,496.84**
NET	**(1,432.12)**	**17,251.88**	**6,484.20**	**7,258.51**

41 CORPORATE SOCIAL RESPONSIBILITY

The average profit before tax of the Company for last three financial years was ₹ 2,421.90 Crore, basis which the Company's Prescribed CSR Budget for FY 2024-25 is ₹ 48.44 Crore. In FY 2023-24, an excess amount of ₹ 2.09 Crore was spent against the Prescribed CSR Budget for FY 2023-24, hence after adjusting the excess spend, the Company's total CSR Obligation for FY 2024-25 is ₹ 46.35 Crore.

a) Amount spent during the year on:

Particulars	March 31, 2025			March 31, 2024		
	Amount Spent	Amount Unpaid/ provision	Total	Amount Spent	Amount Unpaid/ provision	Total
Construction/acquisition of any asset	**-**	**-**	**-**	-	-	-
On purpose other than (i) above	**46.78**	**0.07**	**46.86**	31.30	Not Applicable	31.30

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
(2.09)	48.44	46.78	(0.43)

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
(2.09)	-	48.44	46.78	-	(0.43)	-

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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2025 (Contd.)
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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, 2025	March 31, 2024
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.

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	Fair Value	
		hierarchy	March 31, 2025	March 31, 2025
Mutual fund units	FVTPL	Level 1	-	1,753.41
Unquoted equity shares	FVTPL	Level 3	**2.30**	2.30
Securities receipt of ARC	FVTPL	Level 2	**13.74**	37.33
Derivative financial instruments	FVTPL	Level 2	**108.00**	1.92

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

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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, 2025		March 31, 2024	
			Carrying value	Fair value	Carrying value	Fair value
Financial Assets						
(a) Cash and cash equivalents (CCE)	Amortised cost		**950.46**	**950.46**	647.85	647.85
(b) Bank balances other than CCE	Amortised cost		**33.81**	**33.81**	54.66	54.66
(c) Derivative financial instruments	FVTPL	Level 2	**108.00**	**108.00**	1.91	1.91
(d) Trade receivables	Amortised cost		**225.17**	**225.17**	124.61	124.61
(e) Loans	Amortised cost	Level 3	**1,03,343.04**	**1,04,137.86**	86,721.26	87,859.69
(f) Investments - Mutual funds	FVTPL	Level 1	**-**	**-**	1,753.41	1,753.41
Investments - G-Sec & Treasury bills	Amortised cost	Level 2	**2,044.09**	**2,078.87**	1,587.29	1,590.36
Investments - In Security Receipts	FVTPL	Level 2	**13.74**	**13.74**	37.33	37.33
Investments - Unquoted equity shares	FVTPL	Level 3	**2.30**	**2.30**	2.30	2.30
(g) Other financial assets	Amortised cost		**47.65**	**47.65**	39.50	39.50
			1,06,768.26	**1,07,597.87**	90,970.12	92,111.62
Financial Liabilities						
(a) Derivative financial instruments	FVTPL	Level 2	**2.06**	**2.06**	4.77	4.77
(b) Trade payables	Amortised cost		**452.68**	**452.68**	509.00	509.00
(c) Debt securities	Amortised cost	Level 2	**39,465.17**	**41,418.20**	34,851.12	35,439.59
(d) Borrowings other than Securitisation	Amortised cost	Level 2	**41,928.89**	**42,000.94**	33,746.16	34,001.76
Borrowings under Securitisation	Amortised cost	Level 2	**-**	**-**	85.22	83.40
(e) Subordinated liabilities	Amortised cost	Level 2	**6,003.71**	**6,321.10**	5,648.17	5,847.17
(f) Other financial liabilities	Amortised cost		**3,944.08**	**3,944.08**	2,955.27	2,955.27
			91,796.59	**94,139.06**	77,799.71	78,840.96

(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.

Notes to the Standalone Financial Statements
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(Currency : Indian Rupees in Crore)

(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.

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

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

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.

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, 2025	March 31, 2024
Stage 1	**1,02,734.94**	87,218.17
Stage 2	**1,728.93**	1,287.94
Stage 3	**2,413.71**	1,711.82
Total	**1,06,877.58**	**90,217.93**

b) **An analysis of changes in the gross carrying amount and corresponding ECL allowances in relations to loans is as under:**

	March 31, 2025			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	**87,218.17**	**1,287.94**	**1,711.82**	**90,217.93**
Originated or new	**65,413.44**	**418.34**	**275.72**	**66,107.50**
Matured or repaid	**(44,676.28)**	**(911.49)**	**(1,784.39)**	**(47,372.16)**
Transfers to Stage 1	**346.33**	**(206.34)**	**(139.99)**	**-**
Transfers to Stage 2	**(1,756.40)**	**1,780.51**	**(24.11)**	**-**
Transfers to Stage 3	**(3,810.32)**	**(640.03)**	**4,450.35**	**-**
Amounts written off (net of recovery)	**-**	**-**	**(2,075.69)**	**(2,075.69)**
Gross carrying amount - closing balance	**1,02,734.94**	**1,728.93**	**2,413.71**	**1,06,877.58**

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

	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, 2025			
	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	**1,974.39**	**378.45**	**1,143.83**	**3,496.67**
Originated or new	**1,006.92**	**123.51**	**171.23**	**1,301.66**
Increase/(decrease) in provision on existing financial assets (Net of recovery)	**(854.48)**	**80.03**	**1,586.35**	**811.90**
Transfers to Stage 1	**104.53**	**(38.22)**	**(66.31)**	**-**
Transfers to Stage 2	**(82.12)**	**92.39**	**(10.27)**	**-**
Transfers to Stage 3	**(361.19)**	**(240.25)**	**601.44**	**-**
Amounts written off (net of recovery)	**-**	**-**	**(2,075.69)**	**(2,075.69)**
Impairment loss allowance - closing balance	**1,788.05**	**395.91**	**1,350.58**	**3,534.54**

	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 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, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

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.

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, 2025	March 31, 2024
Gross carrying amount	**605.52**	1,137.69
Impairment allowance	**172.95**	366.82
Net carrying amount	**432.57**	770.87

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:

	March 31, 2025	March 31, 2024
Carrying value of Loans	**1,03,343.04**	86,721.26
Mortgage backed loans	**24,463.51**	20,658.54
Other assets backed loans	**47,690.10**	38,706.72
Unsecured Loans	**27,344.87**	24,417.20
Others	**3,844.56**	2,938.80
Total	**1,03,343.04**	**86,721.26**

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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

Collateral coverage - credit impaired loans

Loan to Value (LTV) range	March 31, 2025	March 31, 2024
Upto 50 % Coverage	931.10	527.43
51-75 % Coverage	122.86	40.39
76-100 % Coverage	9.17	0.17
Above 100% Coverage	-	-
Total	**1,063.13**	**567.99**

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 March 31, 2025.

March 31, 2025	Less than 1 year	1 years to 3 years	3 years to 5 years	5 years and above	Total
Trade payables	438.84	13.84	-	-	452.68
Debt securities	23,252.48	19,610.25	2,601.13	-	45,463.86
Borrowings	18,990.75	24,643.50	3,400.52	-	47,034.77
Borrowings under Securitisation	-	-	-	-	-
Subordinated liabilities	514.88	1,666.50	2,475.44	4,917.36	9,574.18
Total	**43,196.95**	**45,934.09**	**8,477.09**	**4,917.36**	**1,02,525.49**

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	13,626.43	22,192.30	2,649.28	1,620.75	40,088.75
Borrowings	15,631.21	17,920.27	4,617.90	219.03	38,388.40
Borrowings under Securitisation	86.44	-	-	-	86.44
Subordinated liabilities	990.01	1,273.86	1,955.62	4,740.63	8,960.12
Total	**30,737.36**	**41,492.16**	**9,222.80**	**6,580.41**	**88,032.72**

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

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, 2025	**March 31, 2024**	**March 31, 2025**	**March 31, 2024**
Borrowings that are re-priced	**0.25%**	**0.25%**	72.30	73.77
Loans that are re-priced	**0.25%**	**0.25%**	60.90	50.49

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 underlying 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 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, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

46 IMPACT OF HEDGING ACTIVITIES

a) Disclosure of effects of hedge accounting on financial position:

March 31, 2025

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)	**8,974.88**	**-**	**108.54**	**-**	**January 12, 2027** **August 13, 2027** **August 30, 2027** **September 27, 2027** **March 24, 2028**	**113.31**	**(55.29)**	**Borrowings**
Interest rate swaps	**2,475.00**	**-**	**-**	**2.06**	**May 28, 2026** **September 27, 2028** **September 24, 2027** **June 25, 2027** **June 25, 2027**	**(3.98)**	**-**	**Borrowings**

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	January 12, 2027	(170.94)	151.93	Borrowings
Interest rate swaps	1,750.00		1.92		May 27, 2026 & September 26, 2028	1.92	-	Borrowings

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

b) Disclosure of effects of hedge accounting on financial performance

March 31, 2025				
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	**113.31**	**-**	**(55.29)**	**Finance cost**
Interest rate risk	**(3.98)**	**-**	**-**	**Finance cost**

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

47 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Particulars	April 01, 2024	Cash flows	Exchange Difference	Other	March 31, 2025
Debt securities	34,851.13	4,657.00	-	(42.95)	**39,465.17**
Borrowings other than debt securities	33,746.16	8,055.09	163.84	(36.20)	**41,928.89**
Borrowings under Securitisation	85.22	(85.22)	-	-	**-**
Subordinated liabilities	5,648.17	357.00	-	(1.46)	**6,003.71**
Total	**74,330.67**	**12,983.87**	**163.84**	**(80.61)**	**87,397.77**

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**

(i) Other column includes the effect of amortisation of processing fees etc.

(ii) Total Liabilities comprises of Debt securities, Borrowings (other than debt securities) and Subordinated Liabilities

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

48 EXPENDITURE/REMITTANCES IN FOREIGN CURRENCIES

a) Expenditure in Foreign Currencies

Particulars	March 31, 2025	March 31, 2024
Processing charges for debt instrument	**45.34**	2.49
Professional charges	**0.83**	0.02
Annual software application fee	**9.58**	3.30
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.

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, 2025	March 31, 2024
Carrying amount of transferred assets measured at amortised cost	-	79.94
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	-	85.22
Fair value of assets	-	71.23
Fair value of associated liabilities	-	83.40
Net position at Fair Value	-	(12.17)

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

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, 2025	March 31, 2024
Carrying amount of de-recognised financial asset	**374.97**	17.11
Carrying amount of retained assets at amortised cost*	**41.73**	1.82
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.

RBI disclosures from Notes 51 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 SEPTEMBER 24, 2021 FOR NON-STC SECURITISATION TRANSACTIONS.

Sr No.	Particulars	March 31, 2025	March 31, 2024
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
2	Total amount of securitised assets as per books of the SPEs	-	79.94
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	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	• First Loss	-	45.90
	• Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	• First Loss	-	-
	• Others	-	-

Notes to the Standalone Financial Statements
for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

Sr No.	Particulars	March 31, 2025	March 31, 2024
	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
	Corporate Guarantee		
	(a) Amount paid	-	-
	(b) Repayment received	-	-
	(c) Outstanding amount	-	-
8	Average default rate of portfolios observed in the past.		2.00%
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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

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, 2025			March 31, 2024		
		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	-	-	-	-	-	-
vii)	Excess provision reversed to the Profit and Loss Account on accunt of sale	-	-	-	-	-	-

b) Security Receipts (SRs) Ratings held

Particulars	March 31, 2025		March 31, 2024	
	Rating Agencies	Rating	Rating Agencies	Rating
EARC TRUST SC - 411 Series I (*)	Indian rating and research	IND RR5- (Upto 25%)	Indian rating and research	IND RR4- (25% - 50%)

(*) 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).

c) Details of loans (not in default) acquired during the year

Sr No.	Particulars	March 31, 2025	March 31, 2024
i)	Aggregate amount of loans acquired (₹ in Crore)	-	-
ii)	Weighted average residual maturity (in years)	-	-
iii)	Weighted average holding period by originator (in years)	-	-
iv)	Retention of beneficial economic interest by the originator	-	-
v)	Aggregate consideration paid	-	-
vi)	Tangible security coverage	-	-

Notes to the Standalone Financial Statements
for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

d) Details of Assignment Transactions

Sr No.	Particulars	March 31, 2025			March 31, 2024		
		To ARCs	To permitted transferees	To other transferees	To ARCs	To permitted transferees	To other transferees
i)	Number of Accounts	-	2,102	-	-	-	-
ii)	Aggregate principal outstanding of loans transferred	-	4,589	-	-	-	-
iii)	Weighted average residual tenor of the loans transferred	-	3.10 years	-	-	-	-
iv)	Net book value of loans transferred (at the time of transfer)	-	4,589	-	-	-	-
v)	Aggregate consideration	-	4,589	-	-	-	-
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 NIL (previous year ₹ 93.63 Crore) on account of securitisation transaction outstanding till March 31, 2025.

55 Loan against gold portfolio to Total assets is 0.75% (previous year 0.57%).

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, 2025	March 31, 2024
No of loan accounts	641	755
Outstanding loan amount	4.15	4.35
Sale Consideration of gold**	7.13	8.11

**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, 2025 (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, 2025

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**	1,02,734.94	1,780.15	1,00,954.79	454.30	1,325.85
	Stage 2	1,728.93	395.91	1,333.02	11.97	383.94
Subtotal		**1,04,463.87**	**2,176.06**	**1,02,287.81**	**466.27**	**1,709.79**
Non-Performing Assets (NPA)						
Substandard	**Stage 3**	2,038.42	1,077.53	960.89	192.50	885.03
Doubtful - up to 1 year	**Stage 3**	226.69	176.74	49.95	43.78	132.96
1 to 3 years	**Stage 3**	104.60	68.01	36.59	30.93	37.08
More than 3 years	**Stage 3**	43.98	28.28	15.70	21.26	7.02
Loss	**Stage 3**	0.02	0.02	-	0.02	-
Subtotal for NPA		**2,413.71**	**1,350.58**	**1,063.13**	**288.49**	**1,062.09**
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**	963.75	9.90	953.85	1.76	8.14
	Stage 2	-	-	-	-	-
	Stage 3	6.77	6.77	-	0.04	6.73
Subtotal of other items		**970.52**	**16.67**	**953.85**	**1.80**	**14.87**
TOTAL	**Stage 1**	**1,03,698.69**	**1,790.05**	**1,01,908.64**	**456.06**	**1,333.99**
	Stage 2	**1,728.93**	**395.91**	**1,333.02**	**11.97**	**383.94**
	Stage 3	**2,420.48**	**1,357.35**	**1,063.13**	**288.53**	**1,068.82**
	Total	**1,07,848.10**	**3,543.31**	**1,04,304.79**	**756.56**	**2,786.75**

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

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**	**87,762.06**	**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**

58 THE BELOW TABLE DEPICTS STAGE WISE COUNT AND AMOUNT OF LOAN BOOK OUTSTANDING.

Sr. No.	Stage	Count	March 31, 2025	Count	March 31, 2024
1	Stage 1	61,73,374	1,02,734.94	58,58,645	87,218.17
2	Stage 2	1,80,798	1,728.93	1,45,184	1,287.94
3	Stage 3	1,28,089	2,413.71	72,430	1,711.82
Total		**64,82,261**	**1,06,877.58**	**60,76,259**	**90,217.93**

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, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

59 MOVEMENT OF CREDIT IMPAIRED LOANS UNDER IND-AS

Sr No.	Particulars	March 31, 2025	March 31, 2024
(i)	Credit impaired loans under Ind-AS (Net) to Loans (Net) (%)	**1.01%**	0.64%
(ii)	Movement of Credit impaired loans under Ind-AS (Gross)		
	a) Opening balance	**1,711.82**	1,914.85
	b) Additions during the year	**4,726.07**	2,941.26
	c) Reductions during the year	**4,024.18**	3,144.29
	d) Closing balance	**2,413.71**	1,711.82
(iii)	Movement of Credit impaired loans under Ind-AS (Net)		
	a) Opening balance	**567.99**	668.25
	b) Additions during the year	**2,367.05**	1,712.21
	c) Reductions during the year	**1,871.91**	1,812.47
	d) Closing balance	**1,063.13**	567.99
(iv)	Movement of impairment loss allowance on credit impaired loans		
	a) Opening balance	**1,143.83**	1,246.60
	b) Impairment loss allowance made during the year	**2,359.02**	1,229.05
	c) Write-off/write-back of excess allowance	**2,152.27**	1,331.82
	d) Closing balance	**1,350.58**	1,143.83

60 MOVEMENT OF IMPAIRMENT LOSS ALLOWANCE FOR LOW CREDIT RISK LOANS AND SIGNIFICANT INCREASE IN CREDIT RISK LOANS

Sr No.	Particulars	March 31, 2025	March 31, 2024
(i)	Movement of impairment allowance for low credit risk loans and significant increase in credit risk loans		
	a) Opening balance	**2,352.84**	2,401.43
	b) Additions during the year	**1,130.43**	1,133.43
	c) Reductions during the year	**1,299.31**	1,182.02
	d) Closing balance	**2,183.96**	2,352.84

61 CONCENTRATION OF LOAN, EXPOSURES & CREDIT IMPAIRED LOAN

a) Concentration of Loan

Particulars	March 31, 2025	March 31, 2024
Total Advances to Twenty Largest Borrowers	**359.72**	354.71
Percentage of advances to twenty largest borrowers to Total Advances	**0.34%**	0.39%

b) Concentration of Exposures

Particulars	March 31, 2025	March 31, 2024
Total Exposure to Twenty Largest Borrowers	**359.72**	354.71
Percentage of exposures to twenty largest borrowers to Total Exposures	**0.34%**	0.39%

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

c) Concentration of credit impaired loans

Particulars	March 31, 2025	March 31, 2024
Total Exposure of Top four credit impaired accounts	**22.92**	18.31

d) Sector-wise distribution of credit impaired loans

Sr. No.	Sector	Percentage of Impairment loss allowance to Total credit impaired loans in that sector	
		March 31, 2025	March 31, 2024
1	Agriculture & allied activities	**3.66%**	3.40%
2	Corporate borrowers	**2.06%**	2.78%
3	Services	**1.62%**	1.52%
4	Unsecured personal loans	**1.12%**	0.44%
5	Auto loans	**2.66%**	2.10%
6	Other personal loans	**-**	-
7	Others	**2.79%**	2.68%

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 2024-25. However, the Company has not transferred 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, 2025	March 31, 2024
1	**Value of Investments***		
	i) Gross value of Investments	**2,060.13**	3,380.33
	ii) Less: Provisions for Depreciation	**-**	-
	iii) Net Value of Investments	**2,060.13**	3,380.33
	* Please note that all investments are held in India		
2	**Movement of provisions held towards depreciation on investments**		
	i) Opening Balance	**-**	0.35
	ii) Add: Provisions made during the year	**-**	-
	iii) Less: Write-off/write-back of excess provisions during the year	**-**	0.35
	iv) Closing Balance	**-**	-

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

64 DERIVATIVES

a) Forward Rate Agreement (FRA)/Interest Rate Swap (IRS)

Sr No.	Particulars	March 31, 2025	March 31, 2024
i)	The notional principal of swap agreements	2,475.00	1,750.00
ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreement	(2.06)	1.92
iii)	Collateral required by the Company upon entering into swaps	-	-
iv)	Concentration of credit risk arising from the swaps	2.28%	1.89%
v)	The fair value of the swap book (Asset/(Liability))	(2.06)	1.92

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 sizable 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.

Quantitative Disclosures

d) Foreign currency non-repatriate loans availed

Sr No.	Particulars	March 31, 2025		March 31, 2024	
		Currency Derivatives*	Interest Rate Derivatives	Currency Derivatives*	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount)				
	- For hedging	8,974.88	-	2,085.13	-
ii)	Marked to Market Positions				
	(a) Asset [+] Estimated gain	108.54	-	-	-
	(b) Liability [-] Estimated loss			4.77	-
iii)	Credit exposure	8,974.88	-	2,085.13	
iv)	Unhedged exposures	-	-	-	-

**Cross currency interest rate swap*

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (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, 2025	March 31, 2024
CRAR%	**19.22%**	19.25%
CRAR –Tier I Capital %	**14.67%**	14.12%
CRAR-Tier II Capital %	**4.55%**	5.13%
Amount of Subordinated Debt raised as Tier-II capital	**4,527**	2,000
Amount Raised by the issue of Perpetual Debt Instruments	**500**	350
Closing balance of Perpetual Debt Instruments	**1,500**	1,000
Percentage of the amount of PDI of the amount of its Tier I Capital	**10.06%**	8.06%

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	**0.16**	**3,269.19**	**2,044.09**	**1,674.51**		
	0.01	*3,018.05*	*3,340.70*	*700.00*	-	-
8 day to 14 days	**0.00**	**419.90**	**-**	**158.12**	**-**	**-**
	0.06	*319.39*	-	*50.00*	-	-
15 day to 30/31 days	**0.08**	**266.50**	**-**	**1,693.40**	**-**	**-**
	-	*401.54*	-	*2,373.64*	-	-
Over one month to 2 months	**0.85**	**3,360.45**	**-**	**4,149.70**		
	0.84	*2,942.15*	-	*3,016.88*	-	-
Over 2 months upto 3 months	**-**	**3,372.47**	**-**	**4,738.63**		
	46.78	*2,952.19*	-	*3,856.54*	-	
Over 3 months to 6 months	**1.27**	**9,379.47**	**-**	**8,734.85**		
	0.57	*8,047.66*	-	*4,281.80*	-	-
Over 6 months to 1 year	**0.46**	**16,199.76**	**-**	**15,287.62**		
	0.01	*13,795.37*	-	*11,288.58*	-	-
Over 1 year to 3 years	**-**	**41,394.61**	**-**	**31,179.19**		**8,938.68**
	-	*35,019.38*	-	*33,861.12*	-	*2,085.13*
Over 3 years to 5 years	**-**	**12,795.52**	**13.74**	**7,152.27**		
	-	*9,628.85*	*37.33*	*7,525.20*		
Over 5 years	**-**	**12,885.17**	**2.30**	**3,690.80**		
	-	*10,596.66*	*2.30*	*5,291.79*		
Total	**2.84**	**1,03,343.04**	**2,060.13**	**78,459.09**	**-**	**8,938.68**
	48.28	***86,721.26***	***3,380.33***	***72,245.54***	**-**	***2,085.13***

**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, 2025 (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 05, 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	**27.64**	**4.66**	**0.20**	**5.53**	**17.26**
	41.87	*2.31*	*1.10*	*3.59*	*34.88*
Corporate persons*	**0.96**	**-**	**-**	**0.96**	**-**
	3.05	*-*	*-*	*1.12*	*1.93*
Of which, MSMEs	**0.96**			**0.96**	**-**
	3.05	*-*	*-*	*1.12*	*1.93*
Others	**0.00**	**-**	**-**	**-**	**0.00**
	0.01	*-*	*-*	*0.01*	*0.00*
Total	**28.60**	**4.66**	**0.20**	**6.48**	**17.26**
	44.93	**2.31**	**1.10**	**4.71**	**36.81**

**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
for the year ended March 31, 2025 (Contd.)
(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 MARCH 21, 2024.

Sr No.	Sectors	March 31, 2025			March 31, 2024		
		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	**1,06,877.58**	**2,413.71**	**2.26%**	**90,217.93**	**1,711.82**	**1.90%**
1	**Agriculture and Allied Activities**	**240.86**	**4.74**	**1.97%**	**209.53**	**7.63**	**3.64%**
2	**Industry**						
	(i) Micro and Small	**1,568.33**	**10.58**	**0.67%**	1,031.30	2.36	0.23%
	(ii) Medium	**206.78**	**0.80**	**0.39%**	147.93	-	-
	(iii) Others	**522.82**	**37.85**	**7.24%**	556.27	36.54	6.57%
	Total of Industry	**2,297.93**	**49.23**	**2.14%**	**1,735.50**	**38.90**	**2.24%**
3	**Services**						
	(i) Transport Operators	**1,055.78**	**11.95**	**1.13%**	847.33	0.55	0.06%
	(ii) Computer Software	**33.18**	**1.56**	**4.70%**	49.38	1.61	3.26%
	(iii) Tourism, Hotel and Restaurants	**323.61**	**7.96**	**2.46%**	282.93	3.14	1.11%
	(iv) Shipping	**12.68**	**0.61**	**4.81%**	11.78	1.04	8.85%
	(v) Professional Services	**37.61**	**-**	**0.00%**	30.48	0.42	1.38%
	(vi) Total of Trade	**1,452.15**	**19.30**	**1.33%**	1,194.64	30.25	2.53%
	(vi) (a) Wholesale Trade (other than Food Procurement)	**318.68**	**1.52**	**0.48%**	236.73	16.03	6.77%
	(vi) (b) Retail Trade	**1,133.47**	**17.78**	**1.57%**	957.91	14.22	1.48%
	(vii) Commercial Real Estate	**265.66**	**7.68**	**2.89%**	206.58	4.48	2.17%
	(viii) NBFCs	**-**	**-**	**0.00%**	-	-	0.00%
	(ix) Aviation	**1.01**	**-**	**0.00%**	5.18	-	0.00%
	(x) Other	**3,399.03**	**49.91**	**1.47%**	3,410.59	30.61	0.90%
	Total of Services	**6,580.71**	**98.97**	**1.50%**	**6,038.89**	**72.09**	**1.19%**
4	**Retail Loan**						
	(i) Housing Loans (incl. priority sector Housing)	**-**	**-**	**0.00%**	-	-	0.00%
	(ii) Consumer Durables	**3,605.77**	**27.06**	**0.75%**	3,115.01	6.14	0.20%
	(iii) Credit Card Receivables	**-**	**-**	**0.00%**	-	-	0.00%
	(iv) Vehicle/Auto Loans	**38,747.61**	**1,171.44**	**3.02%**	31,288.18	715.91	2.29%
	(v) Education Loans	**-**	**-**	**0.00%**		-	0.00%
	(vi) Advances against Fixed Deposit	**-**	**-**	**0.00%**		-	0.00%
	(vii) Advances to Individuals against Shares, Bonds	**0.96**	**0.05**	**5.21%**	0.44	0.06	14.45%
	(viii) Advances to Individuals against Gold	**800.44**	**757.17**	**94.59%**	512.93	7.24	1.41%
	(ix) Micro finance loan/SHG Loan	**447.63**	**7.00**	**1.56%**	431.45	0.75	0.17%
	(x) Other	**54,155.67**	**298.05**	**0.55%**	46,886.01	863.10	1.84%
	Total of Retail Loan	**97,758.08**	**2,260.77**	**2.31%**	**82,234.01**	**1,593.20**	**1.94%**
5	**Others, if any (please specify)**			**-**			**-**

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (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 MARCH 21, 2024.

Categories	March 31, 2025	March 31, 2024
A. Direct Exposure		
i. Residential Mortgages -	**16,850.35**	14,209.36
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 –	**8,266.67**	7,067.96
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	**25,117.02**	**21,277.32**

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 MARCH 21, 2024.

Sr No.	Particulars	March 31, 2025	March 31, 2024
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;	**-**	-
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;	**-**	-

Notes to the Standalone Financial Statements
for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

Sr No.	Particulars	March 31, 2025	March 31, 2024
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 ;	-	-
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**	**2.30**

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, 2025	March 31, 2024
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, 2025 (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 MARCH 21, 2024.

Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Sr No.	Particulars	March 31, 2025	March 31, 2024
i)	Number of Complaints Pending at the beginning of the year	**85**	61
ii)	Number of Complaints received during the year	**17,487**	4,102
iii)	Number of Complaints disposed/redressed during the year	**17,325**	4,078
iiia)	Of which (iii), number of complaints rejected by the NBFC	**1,320**	36
iv)	Number of complaints pending at the end of the year	**247**	85
	Maintainable complaints received by the NBFC from Office of Ombudsman		
v)	Number of maintainable complaints received by the NBFC from Office of Ombudsman	**382**	53
va)	Of (v), number of complaints resolved in favour of the NBFC by Office of Ombudsman	**361**	47
vb)	Of (v), number of complaints resolved through conciliation/mediation/ advisories issued by Office of Ombudsman	**21**	6
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	-	217	(35.80%)	-	-
Ground - 2 Loans and advances	73	15,019	438.51%	205	-
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	12	2,251	130.87%	42	-
Total	85	17,487	326.30%	247	-

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (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	-	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**	

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 2024-25 as well as previous year 2023-24.

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, 2025 (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.	Particulars	March 31, 2025	March 31, 2024
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, 2025 is the close of the reference period in respect of which divergences were assessed*

**March 31, 2024 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(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, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
A	**Details of Related Party Transactions for the Year.**														
(i)	Borrowings	**4,103.48**	11,047.75	-	-	-	-	-	-	-	-	-	-	**4,103.48**	11,047.75
(ii)	Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii)	Interest paid	**690.51**	773.69	-	-	-	-	-	-	-	-	-	-	**690.51**	773.69
(iv)	Interest received	-	1.79	-	-	-	-	-	-	-	-	-	-	-	1.79
(v)	Others	**2,165.14**	2,222.08	-	-	-	-	**12.09**	12.50	-	-	**128.80**	256.01	**2,306.02**	2,490.59
(va)	Charges for back office support services received/recoverable	**204.83**	533.67	-	-	-	-	-	-	-	-	-	-	**204.83**	533.67
(vb)	Charges for sales support services received/recoverable	**738.05**	1,140.05	-	-	-	-	-	-	-	-	-	-	**738.05**	1,140.05
(vc)	Tele collection charges/field collection charges received/ recoverable for collection services rendered	**273.77**	275.83	-	-	-	-	-	-	-	-	-	-	**273.77**	275.83
(vd)	Others	**948.48**	272.53	-	-	-	-	**12.09**	12.50	-	-	**128.80**	256.01	**1,089.36**	541.04
B	**Balances outstanding:**														
(i)	Borrowings	**6,681.23**	10,555.54	-	-	-	-	-	-	-	-	**1,309.00**	1,309.00	**7,990.23**	11,864.54
(ii)	Deposits	**9.85**	9.85	-	-	-	-	-	-	-	-	-	-	**9.85**	9.85
(iii)	Placement of deposits	**0.10**	0.16	-	-	-	-	-	-	-	-	-	-	**0.10**	0.16
(iv)	Others	**647.80**	534.36	-	-	-	-	-	-	-	-	**8.32**	9.79	**656.12**	544.15
C	**Maximum balance during the year.**														
(i)	Borrowings	**11,223.61**	14,237.30	-	-	-	-	-	-	-	-	**1,419.00**	1,401.60	**12,642.61**	15,638.90
(ii)	Deposits	**9.85**	9.85	-	-	-	-	-	-	-	-	-	-	**9.85**	9.85
(iii)	Placement of deposits	**0.16**	47.89	-	-	-	-	-	-	-	-	-	-	**0.16**	47.89

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (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, 2025 is given below:

	Particulars	Quarter Ended March 31, 2025			Quarter Ended December 31, 2024			Quarter Ended September 30, 2024			Quarter Ended June 30, 2024		
		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)**	2,331	100%	2,330.86	2,239	100%	2,239.13	2,303	100%	2,302.88	2,284	100%	2,283.84
	Cash & Bank Balances	269.53	100%	269.53	182.58	100%	182.58	248.45	100%	248.45	262.52	100%	262.52
	Investment in T-Bills	2,061.33	100%	2,061.33	2,056.55	100%	2,056.55	2,054.43	100%	2,054.43	2,021.32	100%	2,021.32
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	695.87	115%	800.25	1,223.95	115%	1,407.54	314.35	115%	361.50	722.46	115%	830.83
4	Secured wholesale funding	2,994.01	115%	3,443.11	2,590.24	115%	2,978.78	2,635.91	115%	3,031.30	2,871.72	115%	3,302.47
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	809.07	115%	930.43	727.90	115%	837.09	721.59	115%	829.83	913.94	115%	1,051.03
7	Other contingent funding obligations	526.09	115%	605.00	419.55	115%	482.48	377.93	115%	434.62	408.73	115%	470.04
8	**Total Cash Outflows**	5,025		5,778.79	4,962		5,705.89	4,049.79		4,657.26	4,916.85		5,654.37
Cash Inflows													
9	Secured Lending	-	75%	-	-	75%	-	-	75%	-	-	75%	-
10	Inflows from fully performing exposures	4,408.53	75%	3,306.40	4,449.90	75%	3,337.42	4,228.62	75%	3,171.47	4,112.87	75%	3,084.65
11	Other cash inflows	8,599.95	75%	6,449.96	9,633.24	75%	7,224.93	9,226.66	75%	6,920.00	9,437.64	75%	7,078.23
12	**TOTAL CASH INFLOWS**	13,008.48		9,756.36	14,083		10,562.35	13,455.29		10,091.46	13,550.51		10,162.88
13	TOTAL HQLA			2,330.86			2,239.13			2,302.88			2,283.84
14	TOTAL NET CASH OUTFLOWS			1,444.70			1,426.47			1,164.31			1,413.59
15	**LIQUIDITY COVERAGE RATIO (%)**			161.34%			156.97%			197.79%			161.56%

**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, 2025 (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 01, 2020 with the minimum LCR to be 50% which rose to 100% effective from December 01, 2024. 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, , 2025 was 161.34% as against 156.97% for the quarter ended December 31, 2024 which is well above present prescribed minimum requirement of 100%. The average HQLA for the quarter ended March 31, 2025 was ₹ 2,331 Crore as against ₹ 2,239 Crore for the quarter ended December 31, 2024. During the same period the composition of Government securities in the average HQLA was 88.44% for the quarter ended March 31, 2025 as against 91.85% for the quarter ended December 31, 2024.

Public Disclosure on LCR

Fund Concentration based on Significant counter parties

Sr. No	No of Significant counter Parties	Amount	% of Total Liabilities
1	19	57,607.73	62.05%

Note : The above is arrived including Securitisation exposure to Banks

Top Ten Borrowings as a % of Total Borrowings

Sr. No	Particulars	Amount	% of Total Borrowing
1	Top 10	43,599	49.89%

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (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	36,052	38.83%
2	Term Loans from Banks	32,990	35.53%
3	Subordinate Debts & Perpetual Debts	6,004	6.47%
4	External Commercial Borrowings	8,939	9.63%
5	Commercial Paper	3,413	3.68%

Stock Ratios

Sr. No	Stock Ratios	Ratio
1	Commercial Paper as a % of Total Public Funds	3.90%
2	Commercial Paper as a % of Total Liabilities*	3.68%
3	Commercial Paper as a % of Total Assets	3.14%
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	43.28%
8	Other Short Term Liabilities as % of Total Liabilities	40.74%
9	Other Short Term Liabilities as a % of Total Assets	34.81%

** 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 Asset Liability Management (ALM) report is evaluated in the Asset Liability Committee (ALCO) meeting on monthly basis. The Company ensures that there is adequate liquidity cushion available in the form of investments in Government -Securities, Treasury-Bills, Mutual Funds etc. and unavailed Bank lines. The Company issues various instruments like Non-Convertible Debentures, Commercial paper, other market instruments and also borrows through Term Loans, Line of Credits and External Commercial Borrowings, etc.

The Company has a diversified mix of investors which includes Banks, Mutual Funds, Insurance companies, Foreign Institutional Investors, Corporates, Provident Funds etc.

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

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 September 30, 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, 2025 (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 01, 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 December 31, 2023 which is well above present prescribed minimum requirement of 85%. The average HQLA for the quarter ended March 31, 2024 was ₹ 1,876 Crore as against ₹ 1,829 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 Borrowing
1	Top 10	36,787.03	49.49%

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (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 from 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (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 MARCH 21, 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	-	-	-	-	-	**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	-	-	-	-	-	**160.64**	**122.58**	**42.29**	-	**325.51**	**36.81**	**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**	-	-	**20.63**	**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*
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	-	-	-	-	-	**52**	**(50)**	**(2)**	-	-	**11**	**(11)**	-	-	-	**63**	**(61)**	**(2)**	-	-
			-	-	-	-	-	*232*	*(296)*	*64*	-	-	*84*	*(84)*	-	-	-	*316*	*(380)*	*64*	-	-
		Amount outstanding	-	-	-	-	-	**23.03**	**(20.55)**	**(2.47)**	-	**0.00**	**0.31**	**(0.31)**	-	-	-	**23.33**	**(20.86)**	**(2.47)**	-	**0.00**
			-	-	-	-	-	*49.27*	*(91.50)*	*42.23*	-	*0.00*	*11.07*	*(11.07)*	-	-	-	*60.34*	*(102.57)*	*42.23*	-	*0.00*
		Provision thereon	-	-	-	-	-	**8.53**	**(8.05)**	**(0.48)**	-	**0.00**	**0.13**	**(0.13)**	-	-	-	**8.66**	**(8.18)**	**(0.48)**	-	**(0.00)**
			-	-	-	-	-	*24.52*	*(48.18)*	*23.65*	-	-	*6.84*	*(6.84)*	-	-	-	*31.37*	*(55.02)*	*23.65*	-	*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	-	-	-	-	-	**588.00**	**282.00**	**15.00**	-	**885.00**	**219.00**	**67.00**	-	-	**286.00**	**807.00**	**349.00**	**15.00**	-	**1,171.00**
			-	-	-	-	-	*1,956*	*1,058*	*3.00*	-	*3,017.00*	*576.00*	*128.00*	-	-	*704.00*	*2,532.00*	*1,186.00*	*3.00*	-	*3,721.00*
		Amount outstanding	-	-	-	-	-	**60.51**	**41.52**	**10.02**	-	**112.05**	**13.57**	**4.89**	**0.38**	-	**18.84**	**74.08**	**46.41**	**10.40**	-	**130.89**
			-	-	-	-	-	*222.16*	*140.45*	*0.68*	-	*363.29*	*38.19*	*5.50*	-	-	*43.70*	*260.35*	*145.95*	*0.68*	-	*406.99*
		Provision thereon	-	-	-	-	-	**32.66**	**19.13**	**(9.77)**	-	**42.02**	**8.47**	**3.63**	**(0.09)**	-	**12.01**	**41.13**	**22.76**	**(9.86)**	-	**54.04**
			-	-	-	-	-	91.24	52.42	0.44	-	144.09	20.53	4.08	-	-	24.61	111.77	56.50	0.44	-	168.70

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (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	Downgra-dations of restructures accounts during the FY	No. of borrowers	**-**	**-**	**-**	**-**	**-**	**(162)**	**(38)**	**200.00**	**-**	**-**	**(49)**	**1**	**48**	**-**	**-**	**(211)**	**(37)**	**248**	**-**	**-**
			-	*-*	*-*	*-*	*-*	*(378)*	*378*	*-*	*-*	*-*	*(111)*	*111*	*-*	*-*	*-*	*(489)*	*489*	*-*	*-*	*-*
		Amount outstanding	**-**	**-**	**-**	**-**	**-**	**(31.57)**	**(24.13)**	**55.69**	**-**	**-**	**(5.07)**	**2.68**	**2.39**	**-**	**0.00**	**(36.64)**	**(21.45)**	**58.08**	**-**	**-**
			-	*-*	*-*	*-*	*-*	*(70.14)*	*70.14*	*-*	*-*	*-*	*(2.89)*	*2.89*	*-*	*-*	*-*	*(73.03)*	*73.03*	*-*	*-*	*-*
		Provision thereon	**-**	**-**	**-**	**-**	**-**	**(8.60)**	**(18.19)**	**26.78**	**-**	**-**	**(2.43)**	**1.10**	**1.33**	**-**	**0.00**	**(11.03)**	**(17.09)**	**28.11**	**-**	**-**
			-	*-*	*-*	*-*	*-*	*(20.20)*	*20.20*	*-*	*-*	*-*	*(1.61)*	*1.61*	*-*	*-*	*-*	*(21.81)*	*21.81*	*-*	*-*	*-*
6	Write-offs of restructured accounts during the FY	No. of borrowers	**-**	**-**	**-**	**-**	**-**	**155**	**300**	**42**	**-**	**497**	**102**	**101**	**-**	**-**	**203**	**257**	**401**	**42**	**-**	**700**
			-	*-*	*-*	*-*	*-*	*637*	*1,964*	*12*	*-*	*2,613*	*302*	*341*	*-*	*-*	*643*	*939*	*2,305*	*12*	*-*	*3,256*
		Amount outstanding	**-**	**-**	**-**	**-**	**-**	**4.05**	**15.15**	**30.02**	**-**	**49.22**	**1.22**	**1.80**	**-**	**-**	**3.02**	**5.27**	**16.95**	**30.02**	**-**	**52.24**
			-	*-*	*-*	*-*	*-*	*21.36*	*122.46*	*7.27*	*-*	*151.09*	*6.93*	*14.71*	*-*	*-*	*21.65*	*28.29*	*137.18*	*7.27*	*-*	*172.74*
		Provision thereon	**-**	**-**	**-**	**-**	**-**	**1.61**	**9.09**	**17.41**	**-**	**28.11**	**0.69**	**1.44**	**-**	**-**	**2.13**	**2.30**	**10.53**	**17.41**	**-**	**30.24**
			-	*-*	*-*	*-*	*-*	*9.07*	*88.20*	*2.01*	*-*	*99.28*	*4.31*	*10.99*	*-*	*-*	*15.31*	*13.38*	*99.19*	*2.01*	*-*	*114.59*
7	Restructured Accounts as on March 31 of the FY (closing figures)*	No. of borrowers	**-**	**-**	**-**	**-**	**-**	**527**	**148**	**206**	**-**	**881**	**291**	**48**	**48**	**-**	**387**	**818**	**196**	**254**	**-**	**1,268**
			-	*-*	*-*	*-*	*-*	*1,380*	*818*	*65*	*-*	*2,263*	*650*	*226*	*-*	*-*	*876*	*2,030*	*1,044*	*65*	*-*	*3,139*
		Amount outstanding	**-**	**-**	**-**	**-**	**-**	**87.54**	**21.23**	**55.47**	**-**	**164.24**	**17.26**	**4.19**	**2.01**	**-**	**23.46**	**104.80**	**25.42**	**57.48**	**-**	**187.70**
			-	*-*	*-*	*-*	*-*	*160.65*	*122.58*	*42.29*	*-*	*325.52*	*36.80*	*8.51*	*-*	*-*	*45.31*	*197.45*	*131.09*	*42.29*	*-*	*370.83*
		Provision thereon	**-**	**-**	**-**	**-**	**-**	**15.90**	**5.83**	**42.33**	**-**	**64.06**	**3.90**	**1.17**	**1.42**	**-**	**6.49**	**19.80**	**7.00**	**43.75**	**-**	**70.55**
			-	*-*	*-*	*-*	*-*	*50.24*	*60.29*	*23.67*	*-*	*134.20*	*15.36*	*5.27*	*-*	*-*	*20.64*	*65.60*	*65.56*	*23.67*	*-*	*154.83*

** 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, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

81 PROVISIONS AND CONTINGENCIES

Particulars	March 31, 2025	March 31, 2024
Category wise breakup of Provisions & Contingencies shown in Statement of Profit and Loss		
Diminution on investment	-	(0.35)
Provision towards non-performing assets*	**206.75**	(102.77)
Provision made towards income tax	**739.19**	770.67
Provision for standard assets#	**(168.88)**	(49.41)
Provision for gratuity	**30.11**	52.07
Provisions for trade receivables	**(1.04)**	2.37

** 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 MARCH 21, 2024.

Sr No.	Particulars	March 31, 2025	March 31, 2024
	Liabilities side:		
1	**Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:(*)**		
	(a) Debentures		
	- Secured (*)	**36,052.42**	33,699.96
	- Unsecured (*)	**6,003.71**	5,648.17
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits		
	(c) Term Loans (*)	**32,990.21**	31,661.03
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	**3,412.75**	1,151.16
	(f) Public Deposits		
	(g) Other Loans (*)	**8,974.88**	2,170.35
	(*) 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	-	-

Notes to the Standalone Financial Statements
for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

Sr No.	Particulars	March 31, 2025	March 31, 2024
	Assets side:		
3	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**		
	(a) Secured	**77,944.56**	67,874.88
	(b) Unsecured	**28,823.17**	22,287.42
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	**109.85**	55.63
	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
	iv. Government Securities	**2,044.09**	1,587.29
	v. Others (please specify)	**13.74**	37.33
	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, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

Sr No.	Particulars	March 31, 2025	March 31, 2024
	II. Unquoted:		
	i. Shares		
	a) Equity	**2.30**	2.30
	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	**78,054.41**	67,930.51
	ii. Unsecured	**28,823.17**	22,287.42
	Total	**1,06,877.58**	**90,217.93**
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	**2,060.13**	3,380.33
	ii. Book Value (Net of Provisions)	**2,060.13**	3,377.04

Notes to the Standalone Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

Sr No.	Particulars	March 31, 2025	March 31, 2024
8	**Other Information**		
	(i) Gross credit impaired assets		
	(a) Related parties	**-**	-
	(b) Other than related parties	**2,413.71**	1,711.82
	(ii) Net credit impaired assets		
	(a) Related parties	**-**	-
	(b) Other than related parties	**1,063.13**	567.99
	(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 ₹ 0.81 Crore (Previous year ₹ 1.88 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, 2025 (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, 2025		March 31, 2024	
	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**	Withdrawn	Withdrawn

*Includes ECB and excludes WCDL/CC

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, 2025	March 31, 2024
1	Aggragate 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, 2025	March 31, 2024
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, 2025 (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 between 1 to 1.1 times. Assets cover as on March 31, 2025 is between 1 to 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 March 31, 2025	As at March 31, 2024	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	-	-	Borrower
3	Glamoroso Family Saloon And Spa Private Limited	Loan	**0.21**	0.26	Borrower
4	GVK Alliance Networks Private Limited	Loan	**0.44**	0.49	Borrower
5	Onus Labs Private Limited	Loan	**0.19**	0.24	Borrower
6	Peesscon India Reality Private Limited	Loan	-	-	Borrower
7	Shanti Sarup And Sons Private Limited	Loan	-	-	Borrower
8	Arun Electrochemical Systems Pvt Ltd	Loan	-	0.08	Borrower
9	Rushi Herbal Pvt Ltd	Loan	-	-	Borrower
10	A S P Appliances P Ltd	Loan	-	-	Borrower
11	Natkhat Agro Foods Private Limited	Loan	-	0.18	Borrower
12	Jeevan Jyothi General And Maternity Hospital Private Limited	Loan	-	0.65	Borrower
13	Deli Carrier Pack And Move Private Limited	Loan	**0.16**	0.18	Borrower
14	DRS Enterprises Private Limited	Loan	-	-	Borrower
15	NMG Food And Beverages Private Limited	Loan	-	-	Borrower
16	R S Vegetable Exporters India Private Limited	Loan	**0.02**	0.05	Borrower
17	Brand X Zone Private Limited	Loan	-	-	Borrower
18	Prarabdh Bharti Bhawan Opc Private Limited	Loan	-	0.02	Borrower
19	Shri Ganesha Global Gulal Private Limited	Loan	-	-	Borrower
20	Royal Friends Enterprises Private Limited	Loan	-	-	Borrower
21	Raj Kumar And Sons Ornaments Pvt Ltd	Loan	-	-	Borrower
22	Grahalaya Constructions Private Limited	Loan	-	-	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	**0.11**	0.15	Borrower
26	Indonex Services Private Limited	Loan	-	-	Borrower
27	Make Magic Creations Private Limited	Loan	**0.05**	-	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, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

97 DETAILS OF REVENUE FROM INSURANCE SEGMENT

Particulars	As at March 31, 2025	As at March 31, 2024
Commission Income	**277.48**	206.73

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, 2025 (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, 2025in the Board of Directors meeting held on April 16, 2025.

Accounting Period	Net Profit for the accounting period	Rate of dividend (%)	Amount of Dividend	Dividend Payout ratio (%)
FY 2024-25	2,175.92	30%	238.37	10.95%
FY 2023-24	2,460.84	30%	237.64	9.66%
FY 2022-23	1,959.35	20%	158.26	8.08%

102 STANDARDS ISSUED BUT NOT YET EFFECTIVE

On March 31, 2025, 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 G D Apte & Co
Chartered Accountants
Firms' Registration No: 100515W

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

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Saurabh S. Peshwe
Partner
Membership No: 121546

Roshni R. Marfatia
Partner
Membership No: 106548

Arijit Basu
Part Time Non-Executive Chairman & Independent Director
DIN: 06907779

G. Ramesh
Managing Director & CEO
DIN: 05291597

Dipti Khandelwal
Company Secretary
Membership No: F11340

Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 16, 2025

Independent Auditor's Report

TO

THE MEMBERS OF

HDB FINANCIAL SERVICES LIMITED

Report on the Audit of the Consolidated Financial Statements

OPINION

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 2025 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').

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of report of other auditor referred to in Other Matters paragraph on separate financial of the controlled structured entity company, 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 2025 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

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

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 period. These matters were addressed in the context of our audit of the Consolidated financial statements 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
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',	
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 ECL Policy and ECL approach note that articulate the objectives of managing each portfolio. • Obtained an understanding of the ECL model adopted by the Company including the key inputs and assumptions.

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>

- 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.

</td><td>

- 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 the following procedures :
  - tested appropriateness of staging of borrowers based on DPD and other loss indicators.
  - evaluated the methodology used to determine management overlays and adjustments to the output of the ECL model
  - the mathematical accuracy of the ECL computation by using the same input data as used by the Company.
  - verified the completeness and adequacy of the disclosures made in the financial statements and ensured compliance with Ind AS provisions.

Obtained written representations from management 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.

</td></tr>
<tr><td colspan="2">Information Technology system used for the financial reporting process</td></tr>
<tr><td>

IT systems and controls

The Company's key financial accounting and reporting processes are highly dependent on information technology considering the significant number of transactions that are processed daily across multiple and distinct Information Technology ('IT') systems. The Financial accounting system of the Company is interfaced with several other IT systems including Loan Management & Originating systems as well as several other systemic workflows.

IT general and application controls are critical to ensure that IT systems are able to process the data, completely, accurately and consistently for reliable financial reporting, 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 includes implementation of preventive and detective controls across critical applications and infrastructure.

</td><td>

During the course of audit, we deployed our internal experts to carry out the review of IT general controls. Our key audit processes were as under:

- Review of the IT applications and IT infrastructure of the Company in order to identify the IT applications and the infrastructure which has a significant impact on the financial reporting process, as "Key IT systems/ applications"
- Obtaining an understanding of Company's Key IT applications, databases and operating systems.
- Review of reports of information security audits conducted by the Company either internally or through external experts.

</td></tr>
</table>

Key Audit Matter	How the matter was addressed in our audit
Due to the pervasive nature of role of information technology systems in financial reporting, we planned our audit by assessing the risk of a material misstatement arising from the technology as significant for the audit, hence the Key Audit Matter.	• testing design and operating effectiveness of IT controls such as IT governance and policy framework, access controls, change management controls, program development & system implementation, IT operations & backup controls, data integrity and protection controls, business continuity and disaster recovery, incident management, batch processing & monitoring etc. • testing the accuracy of the information produced by the Company's key IT systems/applications. • testing of compensating controls and performing alternate procedures, whenever necessary. • testing of compliance with the requirements relating to 'Audit Trail' and it's data backup under 'the Companies Act, 2013'. We employed various techniques such as inquiry, review of documentation/ record/ reports, observation and re-performance for the purpose of IT review.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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 Board of Directors' report, is expected to be made available to us after the date of this auditor's report.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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

When we read the Board of Directors' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information' and take appropriate action as applicable under relevant laws and regulations.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Parent's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the holding Company and its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the holding Company and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the holding Company and its associate and for preventing and detecting frauds and other irregularities; 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

Independent Auditor's Report (Contd.)

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 Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the holding Company and its associate are responsible for assessing the ability of the holding Company and its associate 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 holding Company and its associate or to cease operations, or has no realistic alternative but to do so.

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

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 Standards on Auditing ("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.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.
- 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 Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 holding Company and its associate 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 holding Company and its associate to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the holding Company and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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.

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.

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 for the year ended March 31, 2025 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

The consolidated financial statements include the interim financial information of one controlled structured entity up to September 20, 2024 post which the said entity ceases to exist. The said financial statement for the half year ended September 30, 2024 have been audited by other auditor, whose report dated October 10, 2024 has been furnished to us by the management, whose financial information reflect total revenues of Rs. Nil, total net profit after tax of Rs. Nil and total comprehensive income Rs. Nil from the period April 1, 2024 to September 20, 2024 as considered in the consolidated financial statements, in respect of one associate company whose consolidated financial statements have not been audited by us. and our opinion on the consolidated financial statements insofar as its relates to the amounts and disclosures included in respect of this associate company and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as its relates to the aforesaid associate, is based solely on the report of the other auditor. 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 matter with respect to our reliance on the work done and the report of the other auditor. According to the information and explanations given to us by the Parent's Management, the financial information of the said controlled structured entity is not material to the Group.

The annual financial statements of the Company for the year ended March 31, 2024, were audited by erstwhile joint auditors whose audit report dated April 16, 2024, expressed an unmodified opinion on those annual financial statements. Our opinion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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: As required by section 143(3) of the Act, we report that:

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.

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.

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.

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.

5. On the basis of the written representations received from the directors of the Parent as on 31 March 2025, taken on record by the Board of Directors of the Parent, none of the directors of the Parent, are disqualified as on 31 March 2025 from being appointed as a director in terms of Section 164(2) of the Act.

Independent Auditor's Report (Contd.)

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'**.

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.

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:

1. The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March 2025 on the consolidated financial position of the Group – Refer Note 39.2 to the consolidated financial statements.

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.

3. There were no sums which were required to be transferred to the Investor Education and Protection Fund by the Parent.

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.

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.

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.

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.

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. Additionally, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

Independent Auditor's Report (Contd.)

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

Saurabh S. Peshwe
Partner
Membership Number: 121546
UDIN: 25121546BMLILH3264

Place: Mumbai
Date: April 16, 2025

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

Roshni R. Marfatia
Partner
Membership Number: 106548
UDIN: 25106548BMKSNZ6910

Place: Mumbai
Date: April 16, 2025

Annexure 'A' to the Independent Auditors' report on the Consolidated Financial Statements of HDB Financial Services Limited for the year ended 31 March 2025

(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

In conjunction with our audit of the Consolidated Financial Statements of HDB Financial Services Limited as of and for the year ended 31 March 2025, 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.

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 2025, 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

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

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.

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.

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

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 reference to the Consolidated Financial Statements

Annexure 'A' to the Independent Auditors' report on the Consolidated Financial Statements of HDB Financial Services Limited for the year ended 31 March 2025 (Contd.)

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

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

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

Saurabh S. Peshwe
Partner
Membership Number: 121546
UDIN: 25121546BMLILH3264

Place: Mumbai
Date: April 16, 2025

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

Roshni R. Marfatia
Partner
Membership Number: 106548
UDIN: 25106548BMKSNZ6910

Place: Mumbai
Date: April 16, 2025

Consolidated Balance Sheet

as at March 31, 2025

(Currency : Indian Rupees in Crore)

Particulars	Note No.	As at March 31, 2025	As at March 31, 2024
ASSETS:			
1 **Financial Assets**			
(a) Cash and cash equivalents	4	**950.46**	647.85
(b) Bank balances other than (a) above	5	**33.81**	54.66
(c) Derivative financial instruments	6	**108.00**	1.91
(d) Trade receivables	7	**225.17**	124.61
(e) Loans	8	**1,03,343.04**	86,721.26
(f) Investments	9	**2,060.13**	3,380.33
(g) Other financial assets	10	**47.65**	39.50
		1,06,768.26	**90,970.12**
2 **Non-Financial Assets**			
(a) Current tax assets (Net)	11	**76.89**	41.29
(b) Deferred tax assets (Net)	12A	**883.25**	939.95
(c) Property, plant and equipment	13	**243.12**	162.53
(d) Other intangible assets	13	**32.30**	22.15
(e) Right of use Assets	14	**459.67**	326.51
(f) Other non-financial assets	15	**199.80**	93.96
		1,895.03	1,586.39
TOTAL ASSETS		**1,08,663.29**	**92,556.51**
LIABILITIES AND EQUITY:			
Liabilities			
3 Financial Liabilities			
(a) Derivative financial instruments	6	**2.06**	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		**452.68**	509.00
(c) Debt securities	17	**39,465.17**	34,851.12
(d) Borrowings (other than debt securities)	18	**41,928.89**	33,831.38
(e) Subordinated liabilities	19	**6,003.71**	5,648.17
(f) Other financial liabilities	20	**3,944.08**	2,955.27
		91,796.59	**77,799.71**
4 **Non-Financial Liabilities**			
(a) Current tax liabilities (net)	21	**65.66**	58.65
(b) Provisions	22	**564.51**	502.94
(c) Other non-financial liabilities	23	**416.78**	452.50
		1,046.95	**1,014.09**
5 **Equity**			
(a) Equity share capital	24	**795.78**	793.08
(b) Other equity	25	**15,023.97**	12,949.63
		15,819.75	13,742.71
TOTAL LIABILITIES AND EQUITY		**1,08,663.29**	**92,556.51**
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 G D Apte & Co
Chartered Accountants
Firms' Registration No: 100515W

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

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Saurabh S. Peshwe
Partner
Membership No: 121546

Roshni R. Marfatia
Partner
Membership No: 106548

Arijit Basu
Part Time Non-Executive Chairman & Independent Director
DIN: 06907779

G. Ramesh
Managing Director & CEO
DIN: 05291597

Dipti Khandelwal
Company Secretary
Membership No: F11340

Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 16, 2025

Consolidated Statement of Profit and Loss

for the year ended March 31, 2025

(Currency : Indian Rupees in Crore)

Particulars		Note No.	For the year ended March 31, 2025	For the year ended March 31, 2024
1	**Revenue from operations**			
	(a) Interest income	26	13,835.79	11,156.72
	(b) Sale of services		1,216.66	1,949.55
	(c) Other financial charges		1,192.45	953.11
	(d) Net gain on fair value changes	27	54.92	113.69
	(e) Net gain/(loss) on derecognition of financial instruments under amortised cost category		0.46	(1.95)
	Total Revenue from operations		**16,300.28**	**14,171.12**
2	**Expenses**			
	(a) Finance Costs	28	6,390.15	4,864.32
	(b) Impairment on financial instruments	29	2,113.05	1,067.39
	(c) Employee Benefits Expenses	30	3,619.57	3,850.75
	(d) Depreciation, amortisation and impairment	13,34	194.42	145.14
	(e) Others expenses	31	1,055.29	938.85
	Total Expenses		**13,372.48**	**10,866.45**
3	**Profit/(loss) before tax**		**2,927.80**	**3,304.67**
4	**Tax Expense:**	11,12B		
	(a) Current tax		739.19	770.67
	(b) Deferred tax (credit)		72.80	73.16
	(c) Income tax for earlier year		(60.11)	-
	Total Tax expense		**751.88**	**843.83**
5	**Profit for the year**		**2,175.92**	**2,460.84**
6	**Other Comprehensive Income**			
	(a) Items that will not be reclassified to profit or loss			
	- Remeasurement loss on defined benefit plan		(9.48)	(31.54)
	- Income tax relating to items that will not be reclassified to profit or loss		2.38	7.94
	Sub total (a)		**(7.10)**	**(23.60)**
	(b) Items that will be reclassified to profit or loss			
	- Movement in cash flow hedge reserve		(54.50)	(17.10)
	- Income tax relating to items that will be reclassified to profit or loss		13.72	4.30
	Sub total (b)		**(40.78)**	**(12.80)**
	Other Comprehensive Income		**(47.88)**	**(36.40)**
7	**Total Comprehensive Income for the year**		**2,128.04**	**2,424.44**
8	**Earnings per equity share (for continuing operations)**	32		
	Basic (₹)		27.40	31.08
	Diluted (₹)		27.32	31.04
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 G D Apte & Co
Chartered Accountants
Firms' Registration No: 100515W

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

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Saurabh S. Peshwe
Partner
Membership No: 121546

Roshni R. Marfatia
Partner
Membership No: 106548

Arijit Basu
Part Time Non-Executive
Chairman & Independent Director
DIN: 06907779

G. Ramesh
Managing Director & CEO
DIN: 05291597

Dipti Khandelwal
Company Secretary
Membership No: F11340

Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 16, 2025

Consolidated Statement of Changes in Equity

as at March 31, 2025

(Currency : Indian Rupees in Crore)

A EQUITY SHARE CAPITAL

	As at March 31, 2025	As at March 31, 2024
Balance at the beginning of the year	793.08	791.40
- 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	2.70	1.68
Balance at the end of the reporting year	**795.78**	**793.08**

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. 2024	**3,223.13**	**69.22**	**2,177.26**	**7,567.62**	**(81.25)**	**(6.35)**	**12,949.63**
Profit for the year	-	-	-	2,175.92	-	-	**2,175.92**
Other Comprehensive Income	-	-	-	-	(7.10)	(40.78)	**(47.88)**
Total Comprehensive Income for the year	-	-	-	2,175.92	(7.10)	(40.78)	**2,128.04**
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	-	-	435.18	(435.18)	-	-	**-**
Premium on issue of shares	121.92	-	-	-	-	-	**121.92**
Share based payment	-	62.48	-	-	-	-	**62.48**
Transfer on allotment of shares pursuant to ESOP scheme	26.35	(26.35)					**-**
Dividends	-	-	-	(79.31)	-	-	**(79.31)**
Interim Dividend	-	-	-	(158.79)	-	-	**(158.79)**
Balance as at March 31,2025	**3,371.40**	**105.35**	**2,612.44**	**9,070.26**	**(88.35)**	**(47.13)**	**15,023.97**

Consolidated Statement of Changes in Equity as at March 31, 2025 (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. 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**

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 G D Apte & Co
Chartered Accountants
Firms' Registration No: 100515W

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

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Saurabh S. Peshwe
Partner
Membership No: 121546

Roshni R. Marfatia
Partner
Membership No: 106548

Arijit Basu
Part Time Non-Executive Chairman & Independent Director
DIN: 06907779

G. Ramesh
Managing Director & CEO
DIN: 05291597

Dipti Khandelwal
Company Secretary
Membership No: F11340

Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 16, 2025

Consolidated Statement of Cash Flow

for the year ended March 31, 2025

(Currency : Indian Rupees in Crore)

Particulars		For the year ended March 31, 2025	For the year ended March 31, 2024
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit/(loss) before tax	**2,927.80**	3,304.67
	Adjustments for		
	Interest Income	**(13,835.79)**	(11,156.72)
	Interest Expenses	**6,263.50**	4,771.63
	(Profit)/loss on sale of asset	**(0.20)**	(0.85)
	Realised net loss/ (gain) on FVTPL investments	**(58.21)**	(89.91)
	Unrealised net loss/(gain) on FVTPL investments	**3.29**	(23.78)
	Discount on commercial paper	**99.25**	77.01
	Provision for compensated absence and gratuity	**11.54**	29.87
	Employee share based payment expenses	**62.48**	55.24
	Depreciation, amortisation and impairment	**194.42**	145.14
	Impairment on financial instruments	**2,113.05**	1,067.39
	Operating cash flow before working capital changes	**(2,218.87)**	**(1,820.31)**
	Adjustments for working capital changes:		
	(Increase)/ decrease in Loans	**(18,720.91)**	(21,405.98)
	(Increase)/ decrease in trade receivables	**(99.52)**	(58.85)
	(Increase)/ decrease in other financial assets and others	**(400.29)**	291.32
	Increase/(decrease) in other financial and non financial liabilities & provisions	**712.06**	(44.60)
	Increase/(decrease) in trade payables	**(56.32)**	217.16
	Cash generated from/(Used in) operations before adjustments for interest received and interest paid	**(20,783.84)**	(22,821.26)
	Interest Paid	**(5,810.74)**	(4,110.50)
	Interest Received	**13,663.02**	10,946.14
	Cash generated from/(Used in) operations	**(12,931.56)**	**(15,985.62)**
	Direct taxes (paid)/net of refunds	**(694.77)**	(750.42)
	Net cash flow generated from/(used in) operating activities (A)	**(13,626.33)**	**(16,736.04)**
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of investments	**(42,427.90)**	(52,917.26)
	Sale of investments	**43,794.86**	50,893.87
	Purchase of fixed assets	**(209.79)**	(123.35)
	Sale of fixed assets	**1.85**	1.18
	Net cash generated (used in)/ from investing activities (B)	**1,159.02**	**(2,145.56)**
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Debt securities issued	**26,223.00**	22,167.71
	Debt securities repaid	**(21,566.00)**	(14,490.01)
	Borrowings other than debt securities issued	**43,193.59**	29,910.87
	Borrowings other than debt securities repaid	**(35,223.72)**	(20,307.29)
	Subordinated debt issued	**857.00**	2,337.07
	Subordinated debt repaid	**(500.00)**	(230.00)
	Proceeds from issue of shares and security premium	**124.62**	71.45
	Repayment of lease liabilities	(100.47)	(80.87)
	Dividend paid	(238.10)	(245.38)
	Net cash generated (used in)/ from financing activities (C)	**12,769.92**	**19,133.55**

Consolidated Statement of Cash Flow
for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**302.61**	**251.95**
Add : Cash and cash equivalents as at the beginning of the year	647.85	395.90
Cash and cash equivalents as at the end of the year *	**950.46**	**647.85**
*Components of cash and cash equivalents		
Balances with banks	909.61	606.10
Demand drafts on hand	5.63	6.30
Cash on hand	35.22	35.45
	950.46	**647.85**

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 G D Apte & Co
Chartered Accountants
Firms' Registration No: 100515W

Saurabh S. Peshwe
Partner
Membership No: 121546

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

Roshni R. Marfatia
Partner
Membership No: 106548

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Arijit Basu
Part Time Non-Executive
Chairman & Independent Director
DIN: 06907779

G. Ramesh
Managing Director & CEO
DIN: 05291597

Dipti Khandelwal
Company Secretary
Membership No: F11340

Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 16, 2025

Notes to the Consolidated Financial Statements

for the year ended March 31, 2025

(Currency : Indian Rupees in Crore)

1 GROUP OVERVIEW

HDB Financial Services Limited ('the Group') (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 Group as Upper Layer (NBFC-UL), vide it's circular dated January 16, 2025.

The Group provides lending services and business process outsourcing services. The Group also provides services related to the marketing and promotion of various financial products.

The Group'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 Group 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 Group 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 consolidated financial statements subjected to audit by the Statutory Auditors of the Group have been reviewed by the Audit Committee and approved by the Board of Directors on April 16, 2025.

(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 '₹') which is also the Group'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

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)
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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 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 (classified as held to maturity) at amortised cost.

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(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 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,

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

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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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

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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' 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

(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 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 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 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

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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.

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.

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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 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 AS 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

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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 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 period 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

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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 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 April 01,2019, 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

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 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

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

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 & 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.

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

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 component used by the Group 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 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

(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 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, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

4 CASH AND CASH EQUIVALENTS

	As at March 31, 2025	As at March 31, 2024
Cash on hand	**35.22**	35.45
Balances with banks (In Current Accounts)	**909.61**	606.10
Demand drafts on hand	**5.63**	6.30
Total	**950.46**	**647.85**

5 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31, 2025	As at March 31, 2024
Deposits with bank*	**2.58**	2.12
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments.	**-**	45.90
Collateral with Banks for Derivative	**30.97**	6.38
Interest accrued but not due	**0.26**	0.26
Total	**33.81**	**54.66**

**All the above deposits are lien marked*

6 DERIVATIVE FINANCIAL INSTRUMENTS

	As at March 31, 2025			As at March 31, 2024		
	Notional amounts	Fair Value-Assets	Fair Value-Liabilities	Notional amounts	Fair Value-Assets	Fair Value-Liabilities
Part I						
(i) Currency derivatives:						
Currency swaps	**8,974.88**	**108.54**	**-**	2,085.13	-	4.77
Subtotal (i)	**8,974.88**	**108.54**	**-**	**2,085.13**	**-**	**4.77**
(ii) Interest rate derivatives						
Forward Rate Agreements and Interest Rate swaps	**2,475.00**	**-**	**2.06**	1,750.00	1.92	-
Subtotal (ii)	**2,475.00**	**-**	**2.06**	**1,750.00**	**1.92**	**-**
Less : Provision on derivative financial instruments	**-**	**0.54**	**-**	**-**	**0.01**	**-**
Total Derivative Financial Instruments (i)+(ii)	**11,449.88**	**108.00**	**2.06**	**3,835.13**	**1.91**	**4.77**
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, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

	As at March 31, 2025			As at March 31, 2024		
	Notional amounts	Fair Value-Assets	Fair Value-Liabilities	Notional amounts	Fair Value-Assets	Fair Value-Liabilities
(ii) Cash flow hedging:						
Currency derivatives	**8,974.88**	**108.54**	**-**	2,085.13	-	4.77
Interest rate derivatives	**2,475.00**	**-**	**2.06**	1,750.00	1.92	-
Subtotal (ii)	**11,449.88**	**108.54**	**2.06**	**3,835.13**	**1.92**	**4.77**
(iii) Undesignated Derivatives						
Currency Swaps	-	-	-	-	-	-
Subtotal (iii)	**-**	**-**	**-**	**-**	**-**	**-**
Less : Provision on derivative financial instruments	**-**	**0.54**	**-**	**-**	**0.01**	**-**
Total Derivative Financial Instruments (i)+(ii)+(iii)	**11,449.88**	**108.00**	**2.06**	**3,835.13**	**1.91**	**4.77**

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, 2025	As at March 31, 2024
Receivables Considered good - Unsecured	**226.72**	124.01
Receivables which have significant increase in the credit risk	**-**	8.10
Receivables credit impaired	**6.68**	1.77
	233.40	**133.88**
Less: Impairment loss allowance	**8.23**	9.27
Total	**225.17**	**124.61**

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, 2025	As at March 31, 2024
Balance as at beginning of the year	**9.27**	6.90
Increase during the year	**6.18**	7.63
Decrease during the year	**(7.23)**	(5.26)
Balance at end of the year	**8.23**	**9.27**

Notes to the Consolidated Financial Statements as at March 31, 2025 (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	**226.37**	**0.33**	**0.02**	**-**	**-**	**226.72**
	(123.95)	*(0.06)*	-	-	-	*(124.01)*
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
	(5.00)	*(1.66)*	*(1.27)*	*(0.17)*	-	*(8.10)*
(iii) Undisputed Trade Receivables- credit impaired	**1.21**	**2.58**	**0.94**	**1.77**	**0.18**	**6.68**
	(1.12)	*(0.65)*	-	-	-	*(1.77)*
(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	**227.58**	**2.91**	**0.96**	**1.77**	**0.18**	**233.40**
	(130.07)	***(2.37)***	***(1.27)***	***(0.17)***	**-**	***(133.88)***

8 LOANS (AT AMORTISED COST)

		As at March 31, 2025	As at March 31, 2024
A	**Term Loans in India**	**1,06,877.58**	**90,217.93**
	Less: Impairment loss allowance	**3,534.54**	3,496.67
	Total	**1,03,343.04**	**86,721.26**
B	**Out of above**		
	Secured (Secured by tangible assets)	**78,032.20**	64,358.98
	Unsecured	**28,845.38**	25,858.95
	Total	**1,06,877.58**	90,217.93
	Less: Impairment loss allowance	**3,534.54**	3,496.67
	Total	**1,03,343.04**	**86,721.26**
C	**Out of above**		
	Term Loans in India - at amortised cost		
	- Public sector	**-**	-
	- Others	**1,06,877.58**	90,217.93
	Total Gross Loans	**1,06,877.58**	90,217.93
	Less: Impairment loss allowance	**3,534.54**	3,496.67
	Total	**1,03,343.04**	**86,721.26**

Notes to the Consolidated Financial Statements as at March 31, 2025 (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, 2025	As at March 31, 2024
Stage 1	**1,02,734.94**	87,218.17
Stage 2	**1,728.93**	1,287.94
Stage 3	**2,413.71**	**1,711.82**
Total	**1,06,877.58**	**90,217.93**

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, 2025	% to the total Loans and Advances in the nature of loans	As at March 31, 2024	% 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

Stage	As at March 31, 2025	As at March 31, 2024
Recorded at Fair value through statement of profit and loss		
Outside India	-	-
In India		
Mutual fund units	-	1,753.41
Securities receipt of ARC	**13.74**	37.33
Unquoted equity shares	**2.30**	2.30
Recorded at Amortised Cost		
Outside India	-	-
In India		
Treasury bills/G-Sec	**2,044.09**	1,587.29
Total	**2,060.13**	**3,380.33**

10 OTHER FINANCIAL ASSETS

	As at March 31, 2025	As at March 31, 2024
Security deposits at amortised cost (Unsecured, considered good)	**31.45**	28.22
Prepaid rent (Security deposits, Unsecured, considered good)	**13.52**	10.31
Retained interest on assigned loan	**1.32**	0.86
Servicing assets on assigned loan	**1.36**	0.11
Total	**47.65**	**39.50**

Notes to the Consolidated Financial Statements as at March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

11 CURRENT TAX ASSETS (NET)

	As at March 31, 2025	As at March 31, 2024
Current tax assets		
Advance tax and tax deducted at source (Net of provision for tax ₹ 739.19 Crore) (Previous Period : ₹ 770.67 Crore)	**76.89**	41.29
Total	**76.89**	**41.29**

12A DEFERRED TAX ASSETS (NET)

	Balance as at April 01, 2023	(Charge)/ Credit to profit and loss	(Charge)/ Credit to OCI	Balance as at March 31, 2024	(Charge)/ Credit to profit and loss	(Charge)/ Credit to OCI	As at March 31, 2025
Deferred Tax Asset							
Depreciation and amortisation	49.42	18.20	-	67.62	(39.54)	-	**28.08**
Provision for employee benefits	21.35	5.17	7.94	34.46	(6.30)	2.38	**30.54**
Loans - Impairment	952.12	(38.30)	-	913.82	(31.57)	-	**882.25**
Securitisation and others	16.74	8.11	-	24.85	(24.85)	-	**-**
Cash Flow Hedges Reserve	(2.17)	-	4.30	2.13	-	13.72	**15.85**
Deferred Tax Asset	**1,037.46**	**(6.82)**	**12.24**	**1,042.88**	**(102.26)**	**16.10**	**956.72**
Deferred Tax Liabilities							
Borrowings	(3.29)	(5.08)	-	(8.37)	(9.32)	-	**(17.69)**
Investments - MTM and others	(17.43)	(5.98)	-	(23.41)	23.41	-	**(0.00)**
Loans - DSA	1.56	(41.67)	-	(40.11)	(28.88)	-	**(68.99)**
Lease	(17.44)	(13.60)	-	(31.04)	44.25	-	**13.21**
Deferred Tax Liabilities	**(36.59)**	**(66.34)**	**-**	**(102.93)**	**29.46**	**-**	**(73.47)**
Net Deferred Tax Assets	**1,000.87**	**(73.16)**	**12.24**	**939.95**	**(72.80)**	**16.10**	**883.25**

12B DEFERRED TAX ASSETS (NET)

The components of income tax expense for the period ended March 31, 2025 and March 31, 2024 are:

	As at March 31, 2025	As at March 31, 2024
Current tax:		
In respect of current year	**739.19**	770.67
In respect of prior years	**(60.11)**	-
Deferred Tax:		
Deferred tax relating to origination and reversal of temporary differences	**72.80**	73.16
Adjustments due to changes in tax rates		
In respect of prior years	**-**	-
Total Income Tax recognised in Statement of Profit or Loss (Credit)	**751.88**	**843.83**
Current tax	**739.19**	770.67
Deferred tax (Credit)	**72.80**	73.16

Notes to the Consolidated Financial Statements as at March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

Income Tax recognised in Other comprehensive income

	As at March 31, 2025	As at March 31, 2024
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	**2.38**	7.94
Income tax relating to items that will be reclassified to profit or loss	**13.72**	4.30
Total Income tax recognised in Other comprehensive income (Debit)	**16.10**	**12.24**

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, 2025	As at March 31, 2024
Profit before tax	**2,927.80**	3,304.67
Applicable income tax rate (%)	**25.17**	25.17
Income tax expense calculated at applicable income tax rate	**736.87**	831.72
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	**27.52**	21.78
Effect of tax incentives (net)	**-**	(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	**(12.51)**	-
Income tax expense recognised in profit and loss	**751.88**	**843.83**

Notes to the Consolidated Financial Statements as at March 31, 2025 (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, 2024	**82.29**	**102.79**	**101.04**	**257.53**	**0.15**	**13.03**	**556.82**	**83.75**	**83.75**	**640.57**
Additions during the year	32.05	26.49	49.58	65.69	-	7.49	181.30	28.49	28.49	209.79
Disposals/Adjustments during the year	6.68	10.08	6.37	21.05	-	1.92	46.10	-	-	46.10
Balance as at March 31, 2025	**107.66**	**119.20**	**144.25**	**302.17**	**0.15**	**18.60**	**692.02**	**112.24**	**112.24**	**804.26**
Accumulated Depreciation/impairment as at April 01, 2024	**56.72**	**88.67**	**62.73**	**181.26**	**0.03**	**4.89**	**394.29**	**61.60**	**61.60**	**455.89**
Depreciation charge during the year	13.16	13.65	14.92	53.34	0.01	3.98	99.06	18.34	18.34	117.40
Disposals/Adjustments during the year	6.52	9.88	5.78	21.00	-	1.27	44.45	-	-	44.45
Accumulated Depreciation/impairment as at March 31, 2025	**63.36**	**92.44**	**71.87**	**213.60**	**0.04**	**7.60**	**448.90**	**79.94**	**79.94**	**528.84**
Net carrying amount as at March 31, 2025	**44.30**	**26.76**	**72.38**	**88.57**	**0.11**	**11.00**	**243.12**	**32.30**	**32.30**	**275.42**
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 for 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**

Note : No revalution of any class of assets is carried out during the period.

Notes to the Consolidated Financial Statements as at March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

14 RIGHT OF USE ASSETS

	As at March 31, 2025	As at March 31, 2024
Right of Use Assets (ROU) (Refer note 34)	**459.67**	326.51
Total	**459.67**	**326.51**

15 OTHER NON-FINANCIAL ASSETS

	As at March 31, 2025	As at March 31, 2024
Capital advances	**39.67**	38.29
Advances recoverable in cash or in kind (Unsecured, considered good)	**160.13**	55.67
Total	**199.80**	**93.96**

16 TRADE PAYABLES

	As at March 31, 2025	As at March 31, 2024
Trade payables		
i) total outstanding dues to micro and small enterprises	**-**	-
ii) total outstanding dues of creditors other than micro and small enterprises	**452.68**	509.00
Total	**452.68**	509.00

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 :

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) MSME	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
ii) Others	**449.56**	**2.45**	**0.41**	**0.25**	**452.68**
	(505.84)	*(1.71)*	*(0.62)*	*(0.83)*	*(509.00)*
iii) Disputed dues - MSME	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
iv) Disputed dues - Others	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
v) Unbilled Trade payables	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
Total	**449.56**	**2.45**	**0.41**	**0.25**	**452.68**
	(505.84)	***(1.71)***	***(0.62)***	***(0.83)***	***(509.00)***

Notes to the Consolidated Financial Statements as at March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

17 DEBT SECURITIES

	As at March 31, 2025	As at March 31, 2024
At Amortised Cost		
Secured		
Privately placed redeemable Non Convertible Debenture	**36,203.68**	33,896.68
Unsecured		
Commercial paper	**3,525.00**	1,175.00
Total	**39,728.68**	**35,071.68**
Less: Unamortised borrowing cost	**263.51**	**220.56**
Debt Securities (Net of unamortised cost)	**39,465.17**	34,851.12
Debt securities in India	**39,728.68**	35,071.68
Debt securities outside India	**-**	-
Total	**39,728.68**	**35,071.68**
Less: Unamortised borrowing cost	**263.51**	**220.56**
Debt Securities (Net of unamortised cost)	**39,465.17**	34,851.12

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)*
5.5-6.5	**1,845.00**	**1,785.00**	**-**	**-**	**3,630.00**
	(6,578.00)	*(3,630.00)*	-	-	*(10,208.00)*
6.5-7.5	**936.00**	**-**	**-**	**-**	**936.00**
	(1,650.00)	*(936.00)*	-	-	*(2,586.00)*
7.5-8.5	**13,879.00**	**15,463.68**	**2,295.00**	**-**	**31,637.68**
	(1,723.00)	*(15,417.50)*	*(2,062.18)*	*(1,500.00)*	*(20,702.68)*
Total	**16,660.00**	**17,248.68**	**2,295.00**	**-**	**36,203.68**
	(10,351.00)	***(19,983.50)***	***(2,062.18)***	***(1,500.00)***	***(33,896.68)***

17.3 The non convertible debentures are secured by way of a first and pari passu mortgage in favour of the Security Trustee on the Company's Office no.130, 3rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and/or further secured by way of hypothecation of receivables under financing activity. Minimum security cover of 1.0 times is required to be maintained throughout the year(Refer Note 95).

Notes to the Consolidated Financial Statements as at March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

18 BORROWINGS (OTHER THAN DEBT SECURITIES)

	As at March 31, 2025	As at March 31, 2024
At Amortised Cost		
Borrowings (other than debt securities)		
Secured		
(a) External commercial borrowings (ECB)	**8,974.88**	2,085.13
(b) Term loan against hypothecation of Receivables under financing activity	**32,990.21**	31,661.03
(c) Borrowing under Securitisation	**-**	85.22
Total	**41,965.09**	**33,831.38**
Less: Unamortised borrowing cost	**36.20**	-
Borrowings (Other than Debt Securities) net of unamortised cost	**41,928.89**	**33,831.38**
Borrowings in India	**32,990.21**	31,746.25
Borrowings outside India	**8,974.88**	2,085.13
Total	**41,965.09**	**33,831.38**
Less: Unamortised borrowing cost	**36.20**	-
Borrowings (Other than Debt Securities) net of unamortised cost	**41,928.89**	**33,831.38**

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	**8,974.88**	**-**	**-**	**8,974.88**
	(2,085.13)	-	-	*(2,085.13)*

The Group had availed total External Commercial Borrowing (ECBs) of US$ 1050 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 and US$ 800 Mn was raised in FY24-25. 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%)	**140.00**	**280.00**	**45.00**	**-**	**465.00**
	(500.00)	*(200.00)*	*(125.00)*	-	*(825.00)*
1 Month MCLR + (0.00% to 0.75%)	**1,011.90**	**739.88**	**0.00**	**-**	**1,751.79**
	(2,224.40)	*(1,964.29)*	*(567.50)*	-	*(4,756.19)*
3 Month MCLR + (0.00% to 1.5%)	**427.50**	**431.25**	**-**	**-**	**858.75**
	(427.50)	*(858.75)*	-	-	*(1,286.25)*
Total (a)	**1,579.40**	**1,451.13**	**45.00**	**-**	**3,075.54**
	(3,151.90)	***(3,023.04)***	***(692.50)***	**-**	***(6,867.44)***

Notes to the Consolidated Financial Statements as at March 31, 2025 (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
1 Month T-Bills rates (0.00% to 4.00%)	**4,680.83**	**2,311.67**	**735.00**	**-**	**7,727.50**
	(2,741.66)	*(4,532.50)*	*(1,795.00)*	-	*(9,069.16)*
3 Month T-Bills rates (0.00% to 4.00%)	**4429.72**	**4,610.07**	**1,133.33**	**-**	**10,173.12**
	(2,017.50)	*(1,742.57)*	*(1,219.44)*	*(211.11)*	*(5,190.62)*
Repo Rate (0.00% to 3.50%)	**3,430.33**	**2,974.26**	**1,141.25**	**-**	**7,545.84**
	(3,676.76)	*(2,458.55)*	*(403.13)*	-	*(6,538.44)*
Total (b)	**12,540.88**	**9,896.00**	**3,009.58**	**0.00**	**25,446.46**
	(8,435.92)	***(8,733.62)***	***(3,417.57)***	***(211.11)***	***(20,798.22)***

Fixed Interest rate (c)	0-1 years	1-3 years	3-5 years	>5 years	Total
4.50% - 8.35%	**2,255.98**	**2,051.11**	**161.11**	**-**	**4,468.21**
	(1,926.80)	*(1,943.57)*	*(125.00)*	-	*(3,995.37)*
Total (a)+(b)+(c)	**16,376.26**	**13,398.24**	**3,215.69**	**-**	**32,990.21**
	(13,514.62)	**(13,700.23)**	**(4,235.07)**	**(211.11)**	**(31,661.03)**

18.4.1 - Term loans includes ₹ 6,531.23crore (Previous period ₹ 9,730.54 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)*

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 books of accounts.

19 SUBORDINATED LIABILITIES

	As at March 31, 2025	As at March 31, 2024
At Amortised Cost		
Unsecured		
(a) Privately placed subordinated (Tier II) redeemable bonds	**4,527.00**	4,670.00
(b) Redeemable non convertible perpetual bonds	**1,500.00**	1,000.00
Total	**6,027.00**	**5,670.00**
Less: Unamortised borrowing cost	**23.29**	21.83
Subordinated Liabilities net of unamortised cost	**6,003.71**	**5,648.17**
Subordinated Liabilities in India	**6,027.00**	5,670.00
Subordinated Liabilities outside India	**-**	-
Total	**6,027.00**	**5,670.00**
Less: Unamortised borrowing cost	**23.29**	21.83
Subordinated Liabilities net of unamortised cost	**6,003.71**	5,648.17

Notes to the Consolidated Financial Statements as at March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

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
6.50-10.50	2,313.50	3,713.50	6,027.00
	(2,070.00)	*(3,600.00)*	*(5,670.00)*

20 OTHER FINANCIAL LIABILITIES

	As at March 31, 2025	As at March 31, 2024
Interest accrued	**2,285.87**	**1,833.21**
Overdrawn balances in current account with banks	**920.74**	679.13
Deposits (not as defined in Section 2(31) of Companies Act, 2013)	**10.21**	10.19
Collateral from Banks for Derivative	**124.40**	-
Creditors for other expenses	**9.83**	1.96
Statutory liabilities	**80.81**	59.57
Unclaimed Dividend	**0.06**	0.04
Lease Liability (ROU)	**512.16**	371.17
Total	**3,944.08**	**2,955.27**

21 CURRENT TAX LIABILITIES (NET)

	As at March 31, 2025	As at March 31, 2024
Provisions for tax (Net of advance tax ₹ 555.00 Crore, Previous Period ₹ 565.00 Crore)	**65.66**	58.65
Total	**65.66**	**58.65**

Particulars	Opening Balance	Additions during the period	Reversals during the period	Closing Balance
As at March 31, 2025	**58.65**	**45.83**	**38.82**	**65.66**
As at March 31, 2024	41.97	20.25	3.57	58.65

22 PROVISIONS

	As at March 31, 2025	As at March 31, 2024
Provision for employee benefits		
Gratuity	**119.44**	107.90
Salary, bonus and reimbursements	**413.62**	366.26
Contribution to provident fund	**31.45**	28.78
Total	**564.51**	**502.94**

Notes to the Consolidated Financial Statements as at March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

23 OTHER NON-FINANCIAL LIABILITIES

	As at March 31, 2025	As at March 31, 2024
Provision for expenses	**416.78**	452.50
Total	**416.78**	452.50

Particulars	Opening Balance	Additions during the year	Reversals during the year	Closing Balance
As at March 31, 2025	**452.50**	**171.64**	**207.36**	**416.78**
As at March 31, 2024	266.91	351.59	166.00	452.50

24 EQUITY SHARE CAPITAL

	Face Value ₹ each	As at March 31, 2025 Number of shares	As at March 31, 2024 Number of shares	As at March 31, 2025	As at March 31, 2024
Authorised equity shares	10	**1,00,15,50,000**	1,00,15,50,000	**1,001.55**	1001.55
Issued, Subscribed & Paid up equity shares fully paid up	10	**79,57,76,345**	79,30,74,566	**795.78**	793.08
				795.78	**793.08**

24.1 Reconciliation of the number of shares

	As at March 31, 2025		As at March 31, 2024	
	Number	Amount	Number	Amount
Equity shares of ₹ 10 fully paid up				
Shares outstanding at the beginning of the year	**79,30,74,566**	**793.08**	79,13,99,083	791.40
Shares issued - exercised for ESOP scheme	**27,01,779**	**2.70**	16,75,483	1.68
Shares issued - right issue	**-**	**-**	-	-
Shares outstanding at the end of the year	**79,57,76,345**	**795.78**	**79,30,74,566**	**793.08**

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.

24.3 Details of shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2025			As at March 31, 2024		
	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**	**94.32%**	**0.00%**	75,05,96,670	94.64%	0.00%

Notes to the Consolidated Financial Statements
as at March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

24.4 Number of shares reserved for ESOPs

Particulars	As at March 31, 2025	As at March 31, 2024
Equity shares of ₹ 10 fully paid up		
Number of Shares reserved for ESOPs (Refer note 35)	**83,56,111**	**87,28,798**

25 OTHER EQUITY

Particulars	As at March 31, 2025	As at March 31, 2024
Other equity		
(i) Securities Premium Account	**3,371.40**	3,223.13
(ii) Employee Stock Options Outstanding Account	**105.35**	69.22
(iii) Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	**2,612.44**	2,177.26
(iv) Retained Earnings-Other than Remeasurement of Post Employment Benefit Obligations	**9,070.26**	7,567.62
(v) Retained Earnings- Remeasurement of Post Employment Benefit Obligations	**(88.35)**	(81.25)
(vi) Cash Flow Hedges Reserve	**(47.13)**	(6.35)
	15,023.97	**12,949.63**

(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, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

26 INTEREST INCOME

	For the year ended March 31, 2025	For the year ended March 31, 2024
On Financial Assets measured at Amortised Cost :		
Interest on Loans	**13,670.52**	11,043.60
Interest on deposits with Banks	**16.42**	17.10
Interest income from Investment	**141.15**	96.02
Other Interest Income	**7.70**	-
Total	**13,835.79**	11,156.72

27 NET GAIN/ (LOSS) ON FAIR VALUE CHANGES

	For the year ended March 31, 2025	For the year ended March 31, 2024
Net gain/ (loss) on financial instruments at fair value through profit or loss (FVTPL)		
Investments	**54.92**	113.69
	54.92	**113.69**
Net gain/ (loss) on financial instruments at fair value through profit or loss (FVTPL)		
Realised	**58.21**	89.91
Unrealised	**(3.29)**	23.78
Total	**54.92**	**113.69**

28 FINANCE COSTS

	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest expenses on financial liabilities measured at amortised cost		
Interest on borrowings (includes Interest on lease liabilities ₹ 35.60 Crore, Previous Period ₹ 26.82 Crore)	**2,813.13**	2,047.55
Interest on debt securities	**2,945.42**	2,390.10
Interest on subordinated liabilities	**504.95**	333.98
Discount on commercial paper	**99.25**	77.01
Other borrowing costs	**27.40**	15.68
Total	**6,390.15**	**4,864.32**

29 IMPAIRMENT ON FINANCIAL INSTRUMENTS

	For the year ended March 31, 2025	For the year ended March 31, 2024
Impairment on financial instruments at amortised cost		
Loans	**2,114.09**	1,065.02
Trade receivables	**(1.04)**	2.37
Total	**2,113.05**	**1,067.39**

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

30 EMPLOYEE BENEFITS EXPENSES

	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries and wages (including bonus)	**3,246.45**	3,471.04
Contribution to provident and other funds	**264.11**	274.31
Employee share based payment expenses	**62.48**	55.24
Staff welfare expenses	**46.53**	50.16
Total	**3,619.57**	**3,850.75**

31 OTHER EXPENSES

	For the year ended March 31, 2025	For the year ended March 31, 2024
Rent	**4.32**	15.25
Rates and taxes	**3.46**	3.62
Telephone	**70.64**	61.73
Power and fuel	**40.90**	34.41
Repairs and maintenance- premises	**19.56**	9.22
Repairs and maintenance-others	**4.82**	3.19
Credit report charges	**59.89**	45.29
Commission and brokerage	**0.09**	0.50
Auditor's remuneration (Refer Note No. 33)	**1.61**	1.74
Insurance	**2.05**	1.63
Loss/(Profit) on sale of asset	**(0.20)**	(0.85)
Expenses towards Corporate Social Responsibility Initiative (Refer Note No. 41)	**46.86**	31.30
Bank Charges	**43.21**	42.41
Legal & professional	**53.14**	46.18
Travelling expenses	**108.11**	93.97
Collection expenses	**225.59**	189.48
Information technology expenses	**128.20**	113.75
Printing & stationery	**42.86**	33.65
Others administrative expenses	**200.18**	212.38
Total	**1,055.29**	**938.85**

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

32 EARNING PER SHARE

	For the year ended March 31, 2025	For the year ended March 31, 2024
Net Profit (₹ in Crore)	**2,175.92**	2,460.84
Weighted average number of equity shares		
Basic	**79,40,39,471**	79,18,48,757
Diluted	**79,63,49,252**	79,28,40,651
Earnings per share (₹)		
Basic	**27.40**	31.08
Diluted	**27.32**	31.04
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 23,09,781 shares(Previous period 9,91,893 shares).

33 AUDITOR'S REMUNERATION

	For the year ended March 31, 2025	For the year ended March 31, 2024
As Auditor	**1.46**	1.54
For taxation matters	**-**	-
For company law matters	**-**	-
For other services	**-**	-
For reimbursement of expenses	**0.02**	0.06
Sub Total	**1.48**	1.60
GST	**0.13**	0.14
Total	**1.61**	1.74

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, 2025

(i) Amounts recognised in the Balance sheet

Sr No.	Particulars	March 31, 2025	March 31, 2024
a)	**Right-of-use assets (net)**	**459.67**	**326.51**
b)	**Lease liabilities**		
	Current	**65.68**	60.38
	Non-current	**446.48**	310.79
	Total Lease liabilities	**512.16**	**371.17**
c)	**Additions to the Right-of-use assets**	**224.63**	**135.63**

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

(ii) Amounts recognised in the Statement of Profit and Loss

Sr No.	Particulars	March 31, 2025	March 31, 2024
a)	Depreciation charge for right-of-use assets	**77.02**	64.01
b)	Interest expense (included in finance cost)	**35.60**	26.82
c)	Expense relating to short-term leases	**4.32**	15.25

(iii) Cash Flows

Particulars	March 31, 2025	March 31, 2024
The total cash outflow of leases	**100.47**	83.85

(iv) Future Commitments

Particulars	March 31, 2025	March 31, 2024
Future undiscounted lease payments to which leases is not yet commenced	**35.17**	34.97

(v) Maturity analysis of undiscounted lease liability

Particulars	March 31, 2025	March 31, 2024
Not later than one year	**103.89**	87.69
Later than one year and not later than five years	**365.67**	263.77
Later than five years	**201.85**	128.28
Total	**671.41**	**479.74**

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, ESOP-16C on October 23, 2023, ESOP-17A on June 17, 2024 and ESOP-17B on September 16, 2024. 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

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 Oct 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 Jan 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 Oct 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 Jan 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	7 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
xii.	ESOP - 17A	30% at the end of each 12 and 24 months and 40% at the end of 36 months from June 30, 2024	10 years	Equity settled	NA	NA
xiii.	ESOP - 17B	30% at the end of each 12 and 24 months and 40% at the end of 36 months from September 30, 2024	10 years	Equity settled	NA	NA

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.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

Movement in the options outstanding under the Employees Stock Option Plan for the year ended March 31, 2025

	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	-	-	
ESOP – 11	16,150	-	7,770	3,420	4,960	4,960
ESOP – 12	1,57,517	-	55,327	200	1,01,990	1,01,990
ESOP – 13	3,22,595	-	1,53,925	945	1,67,725	1,67,725
ESOP – 13A	23,000	-	3,000	-	20,000	20,000
ESOP – 14	12,10,134	-	7,82,462	29,335	3,98,337	3,98,337
ESOP – 15A	10,35,390	-	1,97,270	-	8,38,120	3,64,864
ESOP – 15B	27,30,822	-	9,42,013	1,15,728	16,73,081	4,62,309
ESOP – 16A	13,44,770		1,91,224		11,53,546	2,12,207
ESOP – 16B	4,27,020		88,126	31,120	3,07,774	33,500
ESOP – 16C	14,19,400		2,38,662	35,210	11,45,528	1,88,068
ESOP – 17A	-	20,34,550		8,500	20,26,050	-
ESOP – 17B	-	5,20,800		1,800	5,19,000	-
Total	**87,28,798**	**25,55,350**	**27,01,779**	**2,26,258**	**83,56,111**	**19,53,960**
Weighted average exercise price (₹)	**472.43**	**534.00**	**461.24**	**502.91**	**494.05**	**450.94**

Movement in the options outstanding under the Employees Stock Option Plan for the year ended March 31, 2024

	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

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

Following summarises the information about stock options outstanding as at March 31, 2025

Plan	Exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)
ESOP – 11	**274**	**4,960**	**0.84**
ESOP – 12	**300**	**1,01,990**	**1.59**
ESOP – 13	**348**	**1,67,725**	**2.84**
ESOP – 13A	**409**	**20,000**	**3.42**
ESOP – 14	**433**	**3,98,337**	**3.59**
ESOP – 15A	**457**	**8,38,120**	**4.17**
ESOP – 15B	**509**	**16,73,081**	**4.59**
ESOP – 16A	**424**	**11,53,546**	**8.25**
ESOP – 16B	**533**	**3,07,774**	**8.59**
ESOP – 16C	**533**	**11,45,528**	**8.59**
ESOP – 17A	**534**	**20,26,050**	**9.25**
ESOP – 17B	**534**	**5,19,000**	**9.51**

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

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 17A	ESOP 17B
Dividend yield	0.58%	0.58%
Expected volatility	40.50%	39.56%
Risk- free interest rate	6.88%	6.64%
Expected life of the option	4.39	4.39

The Group recorded an employee stock compensation expense of ₹ 62.48 Crore (previous year ₹ 55.24 Crore) in Statement of Profit and Loss.

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

36 SEGMENT REPORTING

Sr No.	Particulars	March 31, 2025	March 31, 2024
i.	**Segment Revenue**		
	Lending business	15,083.62	12,221.57
	BPO Services	1,216.66	1,949.55
	Unallocated		-
	Income from Operations	**16,300.28**	**14,171.12**
ii.	**Segment Results**		
	Lending business	2,903.37	3,178.35
	BPO Services	71.29	157.62
	Unallocated	(46.86)	(31.30)
	Profit before tax	**2,927.80**	**3,304.67**
	Income Tax expenses		
	Current tax	739.19	770.67
	Deferred tax Asset	72.80	73.16
	Income tax for earlier year	(60.11)	-
	Net Profit	**2,175.92**	**2,460.84**
iii.	**Capital Employed**		
	Segment assets		
	Lending business	1,07,504.76	91,470.27
	BPO Services	198.39	105.01
	Unallocated	960.14	981.23
	Total Assets	**1,08,663.29**	**92,556.51**
	Segment Liabilities		
	Lending business	92,099.66	78,151.30
	BPO Services	242.14	192.83
	Unallocated	501.76	469.67
	Total Liabilities	**92,843.55**	**78,813.80**
	Net Segment assets/(liabilities)	15,819.74	13,742.71
iv.	**Capital Expenditure (including net CWIP)**		
	Lending business	199.43	115.03
	BPO Services	10.35	8.32
	Unallocated	-	-
	Total	**209.79**	**123.35**
v.	**Depreciation**		
	Lending business	184.45	131.47
	BPO Services	9.97	13.67
	Unallocated	-	-
	Total	**194.42**	**145.14**
vi.	**Other non cash expenditure**		
	Lending business	2,113.05	1,067.38
	BPO Services	-	-
	Unallocated	-	-
	Total	**2,113.05**	**1,067.38**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2025 (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

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

Key Management Personnel (KMP) :

Arijit Basu (Part Time Non Executive Chairman & Independent Director)

Adayapalam Viswanathan (Independent Director)

Arundhati Mech (Independent Director)

Bhaskar Sharma(Independent Director) (date of appointment September 16, 2024)

Dr. Amla Samanta (Independent Director)

Jayesh Chakravarthi (Independent Director)

Jayant Gokhale(Independent Director) (date of appointment September 16, 2024)

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, 2025	March 31, 2024
HDFC Bank Limited	Bank charges	**8.54**	9.56
	Charges for back office support services received/recoverable	**204.83**	533.67
	Charges for sales support services received/ recoverable	**738.05**	1,140.05
	BBPS Charges	**2.53**	0.81
	Corporate logo license fees	**32.59**	26.16
	Dividend paid	**225.18**	232.68
	Interest paid on non-convertible debentures	**56.60**	198.23
	Interest paid on term loan and OD account	**633.91**	575.46
	Interest received on fixed deposits	**-**	1.79
	Investment banking fees paid	**0.01**	0.18
	IPA charges	**0.07**	0.02
	Reimbursement of IT expense, secondment charge & other common expenses	**3.64**	0.36
	Rent paid for premises taken on sub-lease	**0.94**	2.75
	Securities purchased during the year	**-**	200.00
	Term loan availed during the year	**500.00**	6,700.00
	Tele collection charges/field collection charges received/recoverable for collection services rendered	**273.77**	275.83
	Redemption of NCD	**675.00**	-
HDFC Securities Ltd.	Rent income for premises given on sub-lease	**0.02**	0.09
	Recovery of expenses	**(0.07)**	0.12

Notes to the Consolidated Financial Statements
for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

Related Party	Nature of Transaction	March 31, 2025	March 31, 2024
Key Management Personnel	a) Short term employee benefits	**7.99**	7.35
	b) post-employment benefits	**-**	-
	c) Other long-term benefits	**-**	-
	d) Termination benefits	**-**	-
	e) Share based Payments#	**-**	1.51
	f) Commission paid	**0.83**	0.81
HDFC Life Insurance Company Limited	Income from Insurance commission	**70.56**	46.19
	Receipt of funds	**-**	150.00
	Redemption of bonds(Including Premium)	**-**	42.21
HDFC Ergo General Insurance Company Limited	Income from Insurance commission	**8.04**	15.20
	Insurance Premium Expense (Car & Group policy)	**0.25**	2.21
	Redemption of NCD	**50.00**	0

#The intrinsic value of the stock options granted is Nil. However, the Group in compliance with Ind-AS 102 has been charged to the statement of profit and loss of ₹ 5.78 Crore (previous year ₹ 5.07 Crore) with a corresponding credit to the reserves.

Balances outstanding:

Related Party	Nature of Transaction	March 31, 2025	March 31, 2024
HDFC Bank Limited	Balance in current accounts	**544.32**	534.13
	Balance receivable	**94.75**	-
	Balance payable	**8.73**	0.23
	Security deposit paid	**0.10**	0.16
	Security deposit received	**9.85**	9.85
	Term loan outstanding	**6,531.23**	9,634.71
	Non convertible debentures issued	**150.00**	825.00
	WCDL Loan Outstanding	**-**	95.83
HDFC Securities Ltd.	Balance receivable	**0.02**	0.15
HDFC Life Insurance Company Limited**	Balance payable - Securities	**1,289.00**	1,239.00
	Balance receivable	**7.51**	7.12
HDFC Ergo General Insurance Company Limited**	Balance payable	**20.00**	70.00
	Balance receivable	**0.79**	2.53

***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 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.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

Details of Actuarial Valuation as at March 31, 2025.

Particulars	March 31, 2025	March 31, 2024
A. Change in defined benefit obligation		
1 Defined benefit obligation at beginning of period	**142.14**	164.71
2 Service cost		
a. Current service cost	**12.85**	14.74
b. Past service cost	**-**	-
c. (Gain)/loss on settlements	**-**	-
3 Interest expenses	**10.25**	12.22
4 Cash flows		
a. Benefit payments from plan	**(8.25)**	(61.24)
b. Benefit payments from employer	**(4.76)**	(19.00)
c. Settlement payments from plan	**-**	-
d. Settlement payments from employer	**-**	-
5 Remeasurements		
a. Effect of changes in demographic assumptions	**1.18**	0.72
b. Effect of changes in financial assumptions	**(1.67)**	15.07
c. Effect of experience adjustments	**10.60**	14.93
6 Transfer In /Out		
a. Transfer In	**-**	-
b. Transfer out	**-**	-
7 Defined benefit obligation at end of period	**162.35**	142.14
B. Change in fair value of plan assets		
1 Fair value of plan assets at beginning of period	**34.25**	86.68
2 Interest income	**2.47**	6.43
3 Cash flows	**-**	
a. Total employer contributions	**-**	
(i) Employer contributions	**13.80**	3.20
(ii) Employer direct benefit payments	**-**	-
(iii) Employer direct settlement payments	**-**	-
b. Participant contributions	**-**	-
c. Benefit payments from plan assets	**(8.25)**	(61.24)
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)	**0.63**	(0.83)
5 Transfer In /Out		
a. Transfer In	**-**	-
b. Transfer out	**-**	-
6 Fair value of plan assets at end of period	**42.91**	34.25

Notes to the Consolidated Financial Statements
for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

Particulars				March 31, 2025	March 31, 2024
C.	**Amounts recognised in the Balance Sheet**				
	1	Defined benefit obligation		**162.35**	142.14
	2	Fair value of plan assets		**(42.91)**	(34.25)
	3	Funded status		**119.44**	107.89
	4	Effect of asset ceiling		**-**	-
	5	Net defined benefit liability (asset)		**119.44**	107.89
D.	**Components of defined benefit cost**				
	1	Service cost			
		a.	Current service cost	**12.85**	14.74
		b.	Past service cost	**-**	-
		c.	(Gain)/loss on settlements	**-**	-
		d.	Total service cost	**12.85**	14.74
	2	Net interest cost			
		a.	Interest expense on DBO	**10.25**	12.22
		b.	Interest (income) on plan assets	**2.47**	6.43
		c.	Interest expense on effect of (asset ceiling)	**-**	-
		d.	Total net interest cost	**7.78**	5.79
	3	Remeasurements (recognised in OCI/Retained Earnings)			
		a.	Effect of changes in demographic assumptions	**1.18**	0.72
		b.	Effect of changes in financial assumptions	**(1.67)**	15.07
		c.	Effect of experience adjustments	**10.60**	14.93
		d.	Return on plan assets (excluding interest income)	**0.63**	(0.83)
		e.	Changes in asset ceiling (excluding interest income)	**-**	-
		f.	Total remeasurements included in OCI/Retained Earnings	**9.48**	31.54
	4	Total defined benefit cost recognised in P&L and OCI		**30.11**	52.07
E.	**Re-measurement**				
		a.	Actuarial Loss/(Gain) on DBO	**10.11**	30.72
		b.	Returns above Interest Income	**(0.63)**	0.83
		c.	Change in Asset ceiling	**-**	-
		Total Re-measurements (OCI/Retained Earnings)		**9.48**	31.54
F.	**Employer Expense (P&L)**				
		a.	Current Service Cost	**12.85**	14.74
		b.	Interest Cost on net DBO	**7.78**	5.79
		c.	Past Service Cost	**-**	-
		d.	Total P&L Expenses	**20.63**	20.53
G.	**Net defined benefit liability (asset) reconciliation**				
	1	Net defined benefit liability (asset)		**107.89**	78.02
	2	Defined benefit cost included in P&L		**20.63**	20.53
	3	Total remeasurements included in OCI/Retained Earnings		**9.48**	31.54
	4	a.	Employer contributions	**(13.80)**	(3.20)
		b.	Employer direct benefit payments	**(4.76)**	(19.00)
		c.	Employer direct settlement payments	**-**	-
	5	Net transfer		**-**	-
	6	Net defined benefit liability (asset) as of end of period		**119.44**	107.89

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

Particulars			March 31, 2025	March 31, 2024
H.	**Reconciliation of OCI (Re-measurement)**			
	1	Recognised in OCI at the beginning of period	**107.27**	75.74
	2	Recognised in OCI during the period	**9.48**	31.54
	3	Recognised in OCI/Retained Earnings at the end of the period	**116.75**	107.27
I.	**Sensitivity analysis - DBO end of Period**			
	1	Discount rate +100 basis points	**(4.81)**	(3.88)
	2	Discount rate -100 basis points	**5.29**	4.27
	3	Salary Increase Rate +1%	**4.94**	3.98
	4	Salary Increase Rate -1%	**(4.60)**	(3.70)
	5	Attrition Rate +1%	**(1.84)**	(1.52)
	6	Attrition Rate -1%	**1.99**	1.65
J.	**Significant actuarial assumptions**			
	1	Discount rate Current Year (p.a.)	**6.63%**	7.21%
	2	Discount rate Previous Year (p.a.)	**7.21%**	7.42%
	3	Salary increase rate (p.a.)	**4% to 14% p.a**	3.00% - 15.00%
	4	Attrition Rate (%)	**9% to 86% p.a**	9.00% - 89.00%
	5	Retirement Age (years)	**60**	60
	6	Pre-retirement mortality	**Indian Assured Lives Mortality 2012-14 (Urban)**	IALM (2012-14) Urban
	7	Disability	**Nil**	Nil
K.	**Data**			
	1	No.	**87,183**	86,753
	2	Average age (yrs.)	**30.22**	30.07
	3	Average past service (yrs.)	**2.57**	2.49
	4	Average salary monthly (₹)	**9,704.82**	9,200.53
	5	Future service (yrs.)	**29.78**	29.93
	6	Weighted average duration of DBO	**4.00**	4.00
L.	**Expected cash flows for following year**			
	1	Expected contributions/Addl. Provision Next Year	**72.91**	72.36
	2	Expected total benefit payments		
		Year 1	**60.70**	59.93
		Year 2	**24.31**	20.54
		Year 3	**15.63**	12.81
		Year 4	**12.75**	10.35
		Year 5	**13.01**	9.08
		Above 5 years	**83.65**	73.12

Category of Plan assets	% of Fair value to total planned assets (as at March 31, 2025)
Government securities and corporate bonds/debentures	**93.64%**
Money market instruments and fixed deposits	**0.26%**
Net current assets and other approved security	**6.10%**
Total	**100.00%**

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

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, 2025	March 31, 2024
1	Claims against the Group not acknowledged as debt (Refer Note 39.1)	**124.26**	105.44
2	Estimated amount of contracts remaining to be executed on capital account and not provided for: (Net of Advances amounting to ₹ 39.63 Crore, previous year ₹ 37.13 Crore)	**34.36**	85.10
3	Undrawn committed sanctions to borrowers	**629.12**	**372.07**

39.1 Claims against the Group not acknowledged as debt

Particulars	March 31, 2025	March 31, 2024
Suit filed by borrowers	**38.61**	19.80
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	**124.26**	**105.44**

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.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2025 (Contd.)
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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.

40 MATURITY ANALYSIS OF ASSETS & LIABILITIES

Particulars	March 31, 2025		March 31, 2024	
	Within 12 months	After 12 months	Within 12 months	After 12 months
ASSETS				
Financial Assets				
(a) Cash and cash equivalents (CCE)	950.46	-	647.85	-
(b) Bank balances other than CCE	2.84	30.97	48.28	6.38
(c) Derivative financial instruments	-	108.00	-	1.91
(d) Trade receivables	225.17	-	124.61	-
(e) Loans	36,267.74	67,075.30	31,476.37	55,244.89
(f) Investments	2,044.09	16.04	3,340.70	39.63
(g) Other financial assets	-	47.65	-	39.50
	39,490.30	**67,277.96**	**35,637.81**	**55,332.31**
Non-financial Assets				
(a) Current tax assets (Net)	76.89	-	41.29	-
(b) Deferred tax assets (Net)	-	883.25	-	939.95
(c) Property, plant and equipment	-	243.12	-	162.53
(d) Capital work-in-progress	-	-	-	-
(e) Other intangible assets	-	32.30	-	22.15
(f) Right of Use Assets	79.66	380.01	66.39	260.12
(g) Other non-financial assets	160.13	39.67	55.67	38.29
	316.68	**1,578.35**	**163.35**	**1,423.04**
TOTAL ASSETS	**39,806.98**	**68,856.31**	**35,801.16**	**56,755.35**

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

Particulars	March 31, 2025		March 31, 2024	
	Within 12 months	After 12 months	Within 12 months	After 12 months
LIABILITIES				
Financial Liabilities				
(a) Derivative financial instruments	**-**	**2.06**	-	4.77
(b) Trade payables	**438.84**	**13.84**	403.27	105.73
(c) Debt securities	**20,060.56**	**19,404.61**	11,467.72	23,383.40
(d) Borrowings other than debt securities	**16,376.27**	**25,552.62**	13,599.84	20,231.54
(e) Subordinated liabilities	**-**	**6,003.71**	499.88	5,148.29
(f) Other financial liabilities	**3,363.02**	**581.06**	2,406.58	548.69
	40,238.69	**51,557.90**	**28,377.29**	**49,422.42**
Non-Financial Liabilities				
(a) Current tax liabilities (net)	**65.66**	**-**	58.65	-
(b) Provisions	**517.98**	**46.53**	428.52	74.42
(c) Other non-financial liabilities	**416.78**	**-**	452.50	-
	1,000.42	**46.53**	**939.67**	**74.42**
TOTAL LIABILITIES	**41,239.11**	**51,604.43**	**29,316.96**	**49,496.84**
NET	**(1,432.12)**	**17,251.88**	**6,484.20**	**7,258.51**

41 CORPORATE SOCIAL RESPONSIBILITY

The average profit before tax of the Group for last three financial years was ₹ 2,421.90 Crore, basis which the Group's Prescribed CSR Budget for FY 2024-25 is ₹ 48.44 Crore. In FY 2023-24, an excess amount of ₹ 2.09 Crore was spent against the Prescribed CSR Budget for FY 2023-24, hence after adjusting the excess spend, the Group's total CSR Obligation for FY 2024-25 is ₹ 46.35 Crore.

a) Amount spent during the year on:

	March 31, 2025			March 31, 2024		
	Amount Spent	Amount Unpaid/ provision	Total	Amount Spent	Amount Unpaid/ provision	Total
Construction/acquisition of any asset	**-**	**-**	**-**	-	-	-
On purpose other than (i) above	**46.78**	**0.07**	**46.86**	31.30	Not Applicable	31.30

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
(2.09)	48.44	46.78	(0.43)

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

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 Group's Bank Account	From Separate CSR Unspent A/c	With Group	In Separate CSR Unspent Account
(2.09)	-	48.44	46.78	-	(0.43)	-

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, 2025	March 31, 2024
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.

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, 2025	March 31, 2024
Mutual fund units	FVTPL	Level 1	-	1,753.41
Unquoted equity shares	FVTPL	Level 3	2.30	2.30
Securities receipt of ARC	FVTPL	Level 2	13.74	37.33
Derivative financial instruments	FVTPL	Level 2	108.00	1.92

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

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, 2025		March 31, 2024	
			Carrying value	Fair value	Carrying value	Fair value
Financial Assets						
(a) Cash and cash equivalents (CCE)	Amortised cost		950.46	950.46	647.85	647.85
(b) Bank balances other than CCE	Amortised cost		33.81	33.81	54.66	54.66
(c) Derivative financial instruments	FVTPL	Level 2	108.00	108.00	1.91	1.91
(d) Trade receivables	Amortised cost		225.17	225.17	124.61	124.61
(e) Loans	Amortised cost	Level 3	1,03,343.04	1,04,137.86	86,721.26	87,859.69
(f) Investments - Mutual funds	FVTPL	Level 1	-	-	1,753.41	1,753.41
Investments - G-Sec & Treasury bills	Amortised cost	Level 2	2,044.09	2,078.87	1,587.29	1,590.36
Investments - In Security Receipts	FVTPL	Level 2	13.74	13.74	37.33	37.33
Investments - Unquoted equity shares	FVTPL	Level 3	2.30	2.30	2.30	2.30
(g) Other financial assets	Amortised cost		47.65	47.65	39.50	39.50
			1,06,768.26	**1,07,597.87**	**90,970.12**	**92,111.62**

Notes to the Consolidated Financial Statements
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Particulars	Category	Fair value hierarchy	March 31, 2025		March 31, 2024	
			Carrying value	Fair value	Carrying value	Fair value
Financial Liabilities						
(a) Derivative financial instruments	FVTPL	Level 2	2.06	2.06	4.77	4.77
(b) Trade payables	Amortised cost		452.68	452.68	509.00	509.00
(c) Debt securities	Amortised cost	Level 2	39,465.17	41,418.20	34,851.12	35,439.59
(d) Borrowings other than Securitisation	Amortised cost	Level 2	41,928.89	42,000.94	33,746.16	34,001.76
Borrowings under Securitisation	Amortised cost	Level 2	-	-	85.22	83.40
(e) Subordinated liabilities	Amortised cost	Level 2	6,003.71	6,321.10	5,648.17	5,847.17
(f) Other financial liabilities	Amortised cost		3,944.08	3,944.08	2,955.27	2,955.27
			91,796.59	**94,139.06**	**77,799.71**	**78,840.96**

(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 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (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 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, 2025 (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 loss allowance.

Stage	March 31, 2025	March 31, 2024
Stage 1	**1,02,734.94**	87,218.17
Stage 2	**1,728.93**	1,287.94
Stage 3	**2,413.71**	1,711.82
Total	**1,06,877.58**	**90,217.93**

b) An analysis of changes in the gross carrying amount and corresponding ECL allowances in relations to loans is as under:

	March 31, 2025			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	**87,218.17**	**1,287.94**	**1,711.82**	**90,217.93**
Originated or new	**65,413.44**	**418.34**	**275.72**	**66,107.50**
Matured or repaid	**(44,676.28)**	**(911.49)**	**(1,784.39)**	**(47,372.16)**
Transfers to Stage 1	**346.33**	**(206.34)**	**(139.99)**	**-**
Transfers to Stage 2	**(1,756.40)**	**1,780.51**	**(24.11)**	**-**
Transfers to Stage 3	**(3,810.32)**	**(640.03)**	**4,450.35**	**-**
Amounts written off (net of recovery)	**-**	**-**	**(2,075.69)**	**(2,075.69)**
Gross carrying amount - closing balance	**1,02,734.94**	**1,728.93**	**2,413.71**	**1,06,877.58**

	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, 2025			
	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	**1,974.39**	**378.45**	**1,143.83**	**3,496.67**
Originated or new	**1,006.92**	**123.51**	**171.23**	**1,301.66**
Increase/(decrease) in provision on existing financial assets (Net of recovery)	**(854.48)**	**80.03**	**1,586.35**	**811.90**
Transfers to Stage 1	**104.53**	**(38.22)**	**(66.31)**	**-**
Transfers to Stage 2	**(82.12)**	**92.39**	**(10.27)**	**-**
Transfers to Stage 3	**(361.19)**	**(240.25)**	**601.44**	**-**
Amounts written off (net of recovery)	**-**	**-**	**(2,075.69)**	**(2,075.69)**
Impairment loss allowance - closing balance	**1,788.05**	**395.91**	**1,350.58**	**3,534.54**

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

	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 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**

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 Groups 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.

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, 2025	March 31, 2024
Gross carrying amount	**605.52**	1,137.69
Impairment allowance	**172.95**	366.82
Net carrying amount	**432.57**	770.87

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:

Stage	March 31, 2025	March 31, 2024
Carrying value of Loans	**1,03,343.04**	86,721.26
Mortgage backed loans	**24,463.51**	20,658.54
Other assets backed loans	**47,690.10**	38,706.72
Unsecured Loans	**27,344.87**	24,417.20
Others	**3,844.56**	2,938.80
Total	**1,03,343.04**	**86,721.26**

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (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 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, 2025	March 31, 2024
Upto 50 % Coverage	**931.10**	527.43
51-75 % Coverage	**122.86**	40.39
76-100 % Coverage	**9.17**	0.17
Above 100% Coverage	**-**	-
Total	**1,063.13**	**567.99**

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 March 31, 2025.

March 31, 2025	Less than 1 year	1 years to 3 years	3 years to 5 years	5 years and above	Total
Trade payables	**438.84**	**13.84**	**-**	**-**	**452.68**
Debt securities	**23,252.48**	**19,610.25**	**2,601.13**	**-**	**45,463.86**
Borrowings	**18,990.75**	**24,643.50**	**3,400.52**	**-**	**47,034.77**
Borrowings under Securitisation	**-**	**-**	**-**	**-**	**-**
Subordinated liabilities	**514.88**	**1,666.50**	**2,475.44**	**4,917.36**	**9,574.18**
Total	**43,196.95**	**45,934.09**	**8,477.09**	**4,917.36**	**1,02,525.49**

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	13,626.43	22,192.30	2,649.28	1,620.75	40,088.75
Borrowings	15,631.21	17,920.27	4,617.90	219.03	38,388.40
Borrowings under Securitisation	86.44	-	-	-	86.44
Subordinated liabilities	990.01	1,273.86	1,955.62	4,740.63	8,960.12
Total	**30,737.36**	**41,492.16**	**9,222.80**	**6,580.41**	**88,032.72**

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

(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, 2025	**March 31, 2024**	**March 31, 2025**	**March 31, 2024**
Borrowings that are re-priced	**0.25%**	0.25%	**72.30**	73.77
Loans that are re-priced	**0.25%**	0.25%	**60.90**	50.49

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 underlying 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 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, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

46 IMPACT OF HEDGING ACTIVITIES

a) Disclosure of effects of hedge accounting on financial position:

March 31, 2025								
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)	**8,974.88**	**-**	**108.54**	**-**	**January 12, 2027** **August 13, 2027** **August 30, 2027** **September 27, 2027** **March 24, 2028**	**113.31**	**(55.29)**	**Borrowings**
Interest rate swaps	**2,475.00**	**-**	**-**	**2.06**	**May 28, 2026** **September 27, 2028** **September 24, 2027** **June 25, 2027** **June 25, 2027**	**(3.98)**	**-**	**Borrowings**

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**	**January 12, 2027**	**(170.94)**	**151.93**	**Borrowings**
Interest rate swaps	**1,750.00**		**1.92**		**May 27, 2026 & September 26, 2028**	**1.92**	**-**	**Borrowings**

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)
(Currency : Indian Rupees in Crore)

b) Disclosure of effects of hedge accounting on financial performance

March 31, 2025				
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	**113.31**	**-**	**(55.29)**	**Finance cost**
Interest rate risk	**(3.98)**	**-**	**-**	**Finance cost**

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

47 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Particulars	**April 01, 2024**	**Cash flows**	**Exchange Difference**	**Other**	**March 31, 2025**
Debt securities	34,851.13	4,657.00	-	(42.95)	**39,465.17**
Borrowings other than debt securities	33,746.16	8,055.09	163.84	(36.20)	**41,928.89**
Borrowings under Securitisation	85.22	(85.22)	-	-	**-**
Subordinated liabilities	5,648.17	357.00	-	(1.46)	**6,003.71**
Total	**74,330.67**	**12,983.87**	**163.84**	**(80.61)**	**87,397.77**

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**

(i) Other column includes the effect of amortisation of processing fees etc.

(ii) Total Liabilities comprises of Debt securities, Borrowings (other than debt securities) and Subordinated Liabilities

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

48 EXPENDITURE/REMITTANCES IN FOREIGN CURRENCIES

a) Expenditure in Foreign Currencies

Particulars	March 31, 2025	March 31, 2024
Processing charges for debt instrument	**45.34**	2.49
Professional charges	**0.83**	0.02
Annual software application fee	**9.58**	3.30
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.

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, 2025	March 31, 2024
Carrying amount of transferred assets measured at amortised cost	-	79.94
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	-	85.22
Fair value of assets	-	71.23
Fair value of associated liabilities	-	83.40
Net position at Fair Value	-	(12.17)

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

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, 2025	March 31, 2024
Carrying amount of de-recognised financial asset	**374.97**	17.11
Carrying amount of retained assets at amortised cost*	**41.73**	1.82
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.

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, 2025	March 31, 2024
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 Group has made a loan or advance in the nature of loan.	-	-

52 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 between 1 to 1.1 times. Assets cover as on March 31, 2025 is between 1 to 1.1 times.

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

53 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, 2025 (Amt in Crore)	As at March 31, 2024 (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	-	-	Borrower
3	Glamoroso Family Saloon And Spa Private Limited	Loan	**0.21**	0.26	Borrower
4	GVK Alliance Networks Private Limited	Loan	**0.44**	0.49	Borrower
5	Onus Labs Private Limited	Loan	**0.19**	0.24	Borrower
6	Peesscon India Reality Private Limited	Loan	-	-	Borrower
7	Shanti Sarup And Sons Private Limited	Loan	-	-	Borrower
8	Arun Electrochemical Systems Pvt Ltd	Loan	-	0.08	Borrower
9	Rushi Herbal Pvt Ltd	Loan	-	-	Borrower
10	A S P Appliances P Ltd	Loan	-	-	Borrower
11	Natkhat Agro Foods Private Limited	Loan	-	0.18	Borrower
12	Jeevan Jyothi General And Maternity Hospital Private Limited	Loan	-	0.65	Borrower
13	Deli Carrier Pack And Move Private Limited	Loan	**0.16**	0.18	Borrower
14	DRS Enterprises Private Limited	Loan	-	-	Borrower
15	NMG Food And Beverages Private Limited	Loan	-	-	Borrower
16	R S Vegetable Exporters India Private Limited	Loan	**0.02**	0.05	Borrower
17	Brand X Zone Private Limited	Loan	-	-	Borrower
18	Prarabdh Bharti Bhawan Opc Private Limited	Loan	-	0.02	Borrower
19	Shri Ganesha Global Gulal Private Limited	Loan	-	-	Borrower
20	Royal Friends Enterprises Private Limited	Loan	-	-	Borrower
21	Raj Kumar And Sons Ornaments Pvt Ltd	Loan	-	-	Borrower
22	Grahalaya Constructions Private Limited	Loan	-	-	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	**0.11**	0.15	Borrower
26	Indonex Services Private Limited	Loan	-	-	Borrower
27	Make Magic Creations Private Limited	Loan	**0.05**	-	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 Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

54 DETAILS OF REVENUE FROM INSURANCE SEGMENT

Particulars	As at March 31, 2025	As at March 31, 2024
Commission Income	**277.48**	206.73

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 Group 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 Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

d) The Group has not been declared willful defaulter by any bank or financial institution or government or any government authority

e) The Group has not entered into any scheme of arrangement

f) No Registration or satisfaction of charges are pending to be filed with ROC.

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 Group 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 Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b) No funds have been received by the Group from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group 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 Group 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.

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2025 (Contd.)

(Currency : Indian Rupees in Crore)

58 DIVIDEND DISTRIBUTED TO EQUITY SHAREHOLDERS

The Group 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, 2025 in the Board of Directors meeting held on April 16, 2025.

Accounting Period	Net Profit for the accounting period (₹ in Crore)	Rate of dividend (%)	Amount of Dividend (₹ in Crore)	Dividend Payout ratio (%)
FY 2024-25	**2,175.92**	**30%**	**238.37**	**10.95%**
FY 2023-24	2,460.84	30%	237.64	9.66%
FY 2022-23	1,959.35	20%	158.26	8.08%

59 STANDARDS ISSUED BUT NOT YET EFFECTIVE

On March 31, 2025, 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 G D Apte & Co
Chartered Accountants
Firms' Registration No: 100515W

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

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Saurabh S. Peshwe
Partner
Membership No: 121546

Roshni R. Marfatia
Partner
Membership No: 106548

Arijit Basu
Part Time Non-Executive Chairman & Independent Director
DIN: 06907779

G. Ramesh
Managing Director & CEO
DIN: 05291597

Dipti Khandelwal
Company Secretary
Membership No: F11340

Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 16, 2025

HDB FINANCIAL SERVICES
REIMAGINING OPPORTUNITIES

Total Branches : 1771

Disclaimer
Every effort has been made to ensure the accuracy of this image. However, the Company and its Directors do not assume responsibility for its correctness or authenticity.