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General Information Document for Issue of Non-Convertible Debentures on a private placement
September 04, 2023

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

HDB FINANCIAL SERVICES LIMITED
CIN: U65993GJ2007PLC051028
RBI Registration Number: N.01.00477
PAN Number: AABCH8761M
(Incorporated on June 4, 2007, in Ahmedabad, in the name of HDB Financial Services Limited a company within the meaning of the Companies Act, 1956 and registered with the Reserve Bank of India as a Non-Banking Financial Company)
Registered Office: Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad – 380 009 **Tel:** 7045054829
Corporate Office: Ground Floor, Zenith House, Keshavrao Khadye Marg, Opp. Race Course, Mahalaxmi, Mumbai - 400034;
Tel: 022- 49116300;
Fax: 022-49116666; **Website:** www.hdbfs.com;
Compliance Officer: Ms. Dipti Khandelwal, **Contact details of Compliance Officer:** 022-49116368
e-mail: compliance@hdbfs.com

General Information Document

Date: September 04, 2023

Type of Information Document: Private Placement

THIS GENERAL INFORMATION DOCUMENT CONTAINS RELEVANT INFORMATION AND DISCLOSURES *INTER ALIA* REQUIRED UNDER THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER, SEBI (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021 AND THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, EACH AS AMENDED FROM TIME TO TIME, FOR THE PURPOSE OF ISSUE OF THE FOLLOWING NON-CONVERTIBLE SECURITIES BY HDB FINANCIAL SERVICES LIMITED (THE "ISSUER" / "COMPANY"), ON A PRIVATE PLACEMENT BASIS, WHICH NON-CONVERTIBLE SECURITIES MAY BE ISSUED / OFFERED BY THE COMPANY DURING THE VALIDITY OF THIS GENERAL INFORMATION DOCUMENT, IN ONE OR MORE SERIES:

1. **ISSUE* OF SECURED, RATED, LISTED, REDEEMABLE NON-CONVERTIBLE DEBENTURES (THE "DEBENTURES")[1];**

2. **ISSUE* OF UNSECURED, RATED, LISTED, PERPETUAL DEBT INSTRUMENTS IN THE NATURE OF NON-CONVERTIBLE DEBENTURES ("PDIs")[2];**

3. **ISSUE* OF UNSECURED, RATED, LISTED, REDEEMABLE NON-CONVERTIBLE SUBORDINATED (TIER II) BONDS ("SUBORDINATED BONDS")[3];**

*Otherwise than as specified in respect of commercial papers, the term "issue"/ "Issue" as used in this General Information Document shall mean the issue of the Debentures and/ or PDIs and/ or Subordinated Bonds by the Company, as the case may be, and the terms "issue", "issuance", "Issue" may be construed accordingly, as the context may require.

[1]*Debentures shall mean secured, listed, rated, redeemable non-convertible debentures to be issued by the Company under this General Information Document which Debentures shall include Debentures 1, Debentures 2, Debentures 3, Debentures 4, Debentures 5. Please refer to* ***Section B*** *for details of Debentures 1, Debentures 2, Debentures 3, Debentures 4 and Debentures 5. Issue shall mean (i) issuance of Debentures 1 by the Issuer in terms of Debenture Trust Deed 1 (up to the limits available under*

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Debenture Trust Deed 1 as on date of this General Information Document); (ii) the issuance of Debentures 2 by the Issuer in terms of Debenture Trust Deed 2 (up to the limits available under Debenture Trust Deed 2 as on date of this General Information Document); (iii) issuance of Debentures 3 by the Issuer in terms of Debenture Trust Deed 3 (up to the limits available under Debenture Trust Deed 3 as on date of this General Information Document); (iv) issuance of Debentures 4 by the Issuer in terms of Debenture Trust Deed 4 (up to the limits available under Debenture Trust Deed 4 as on date of this General Information Document); (v) issuance of Debentures 5 by the Issuer in terms of Debenture Trust Deed 5 (up to the limits available under Debenture Trust Deed 5 as on date of this General Information Document) and such other debentures as may be issued under debenture trust deeds from time to time.

[2]*Issue shall mean issuance of PDIs by the Issuer in terms of the PDI Trust Deed (up to the limits available under the PDI Trust Deed as on the date of this General Information Document).*

[3]*Issue shall mean issuance of Subordinated Bonds by the Issuer in terms of the Subordinated Bond Trust Deed (up to the limits available under the Subordinated Bond Trust Deed as on the date of this General Information Document).*

PLEASE NOTE THAT THIS GENERAL INFORMATION DOCUMENT SHALL ALSO GOVERN THE ISSUE OF COMMERCIAL PAPERS WHICH SHALL BE ISSUED / OFFERED BY THE COMPANY DURING THE VALIDITY OF THIS GENERAL INFORMATION DOCUMENT.

IT IS HEREBY CLARIFIED THAT ALL TERMS SET OUT UNDER THIS GENERAL INFORMATION DOCUMENT WHICH ARE SPECIFIC TO AND / OR APPLICABLE TO NON-CONVERTIBLE SECURITIES WILL NOT BE APPLICABLE TO THE COMMERCIAL PAPERS, UNLESS SPECIFIED OTHERWISE HEREIN OR WHICH MAY BE APPLICABLE PURSUANT TO APPLICABLE LAW. ALL TERMS IN RELATION TO COMMERCIAL PAPERS PROPOSED TO BE ISSUED UNDER THIS GENERAL INFORMATION DOCUMENT SHALL BE CAPTURED UNDER THE RELEVANT KEY INFORMATION DOCUMENT TO BE ISSUED BY THE COMPANY FOR EACH ISSUANCE OF THE COMMERCIAL PAPERS, RESPECTIVELY.

Details of Compliance Officer	Details of Company Secretary	Details of Chief Financial Officer	Details of Promoters
Name: Ms. Dipti Khandelwal **Telephone:** 022-49116368 **E-mail:** compliance@hdbfs.com	**Name:** Ms. Dipti Khandelwal **Telephone:** 022-49116368 **E-mail:** compliance@hdbfs.com	**Name:** Mr. Jaykumar P. Shah **Telephone: 022-49116300** **E-mail:** jaykumar.shah@hdbfs.com	**Name:** HDFC Bank Limited **Telephone:** 022-39760000 **E-mail:** santosh.haldankar@hdfcbank.com

PERIOD OF VALIDITY OF GENERAL INFORMATION DOCUMENT: This General Information Document shall be valid for a period of one (1) year from the Issue Opening Date of the first Series of Debentures/PDIs/Subordinated Bonds/Commercial Papers issued by the Company by way of a Key Information Document, whichever is first, and in respect of each offer of Debentures/PDIs/Subordinated Bonds/Commercial Papers during the period of validity of this General Information Document, the Company shall file with the Stock Exchange, a Key Information Document with respect to each Series, containing details of the private placement and material changes, if any, in the information including the financial information provided in this General Information Document or the earlier Key Information Document, as applicable. Please refer pages 1-9 for all information required to be placed on the front page of a General Information Document as per Schedule I of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time.

CHAPTER V NON-APPLICABILITY DISCLAIMER: As per Key Information Document for each issuance.

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SECTION A

ISSUE OVERVIEW

Details of Debenture Trustee	Details of Registrar to Issue	Details of Credit Rating Agency	Details of Statutory Auditors	Details of Arranger
Name: As per the relevant Key Information Document **Logo:** As per the relevant Key Information Document **Registered Address:** As per the relevant Key Information Document **Corporate Address:** As per the relevant Key Information Document **Tel No.:** As per the relevant Key Information Document **Fax No.:** As per the relevant Key Information Document **Contact Person:** As per the relevant Key Information Document **Tel No.:** As per the relevant Key Information Document **Email:** As per the relevant Key Information Document **Website:** As per the relevant Key Information Document	**Name:** As per the relevant Key Information Document **Logo:** As per the relevant Key Information Document **Registered Address:** As per the relevant Key Information Document **Corporate Address:** As per the relevant Key Information Document **Tel No.:** As per the relevant Key Information Document **Fax No.:** As per the relevant Key Information Document **Contact Person:** As per the relevant Key Information Document **Tel No.:** As per the relevant Key Information Document **Email:** As per the relevant Key Information Document **Website:** As per the relevant Key Information Document	**Name:** As per the relevant Key Information Document **Logo:** As per the relevant Key Information Document **Registered Address:** As per the relevant Key Information Document **Corporate Address:** As per the relevant Key Information Document **Tel No.:** As per the relevant Key Information Document **Fax No.:** As per the relevant Key Information Document **Contact Person:** As per the relevant Key Information Document **Tel No.:** As per the relevant Key Information Document **Email:** As per the relevant Key Information Document **Website:** As per the relevant Key Information Document	**Name:** As per the relevant Key Information Document **Logo:** As per the relevant Key Information Document **Registered Address:** As per the relevant Key Information Document **Corporate Address:** As per the relevant Key Information Document **Tel No.:** As per the relevant Key Information Document **Fax No.:** As per the relevant Key Information Document **Contact Person:** As per the relevant Key Information Document **Tel No.:** As per the relevant Key Information Document **Email:** As per the relevant Key Information Document **Website:** As per the relevant Key Information Document	**Name:** As per the relevant Key Information Document **Logo:** As per the relevant Key Information Document **Registered Address:** As per the relevant Key Information Document **Corporate Address:** As per the relevant Key Information Document **Tel No.:** As per the relevant Key Information Document **Fax No.:** As per the relevant Key Information Document **Contact Person:** As per the relevant Key Information Document **Tel No.:** As per the relevant Key Information Document **Email:** As per the relevant Key Information Document **Website:** As per the relevant Key Information Document

ISSUE SCHEDULE

The Issue Opening Date, the Issue Closing Date and the Deemed Date of Allotment for each Series will be informed to the Trustee separately and shall be incorporated in the Key Information Document. The Issue shall be open for subscription during the banking hours on each day during the period covered by the Issue Schedule, subject to the timelines of the EBP.

Each Series/ each series of Commercial Papers offered pursuant to this General Information Document shall be subject to the terms and conditions pertaining to the Debentures/PDIs/Subordinated Bonds/Commercial Papers outlined hereunder as modified/ supplemented by the terms of the respective Key Information Documents filed with the Stock Exchange in relation to such Series and other documents in relation to such issuance including the Private Placement Offer cum Application Letter(s). The terms and conditions contained in this General Information Document shall be read in conjunction with the provisions (as may be mutually agreed between the Issuer and respective Debenture Holders/PDI Holders/Subordinated Bond Holders/ Commercial Paper Holders from time to time) contained in the respective Key Information Documents, and in case of any repugnancy, inconsistency or where there is a conflict between the terms and conditions as are stipulated in the respective Key Information Documents on

one hand, and the terms and conditions in the General Information Document on the other, the provisions contained in the Key Information Documents shall prevail over and override the provisions of this General Information Documents for all intents and purposes. All references to the term 'Shelf Placement Memorandum' and 'Tranche Placement Memorandum' under the Transaction Documents shall be construed to mean 'General Information Document' and 'Key Information Document', respectively.

A copy of the Disclosure Document(s) has been/shall be delivered for filing to the Registrar of Companies if required under sub-section (4) of Section 26 of Companies Act, 2013.

ISSUE/ BID OPENING DATE	As per the relevant Key Information Document
ISSUE/ BID CLOSING DATE	As per the relevant Key Information Document
PAY-IN DATE	As per the relevant Key Information Document
DEEMED DATE OF ALLOTMENT	As per the relevant Key Information Document
DATE OF EARLIEST CLOSING OF THE ISSUE, IF ANY.	As per the relevant Key Information Document

The Issuer reserves the right to change the Issue program, including the Deemed Date of Allotment, at its sole discretion, without giving any reasons or prior notice. Debentures/PDIs/Subordinated Bonds will be open for subscription at the commencement of banking hours and close at the close of banking hours on the dates specified in the Key Information Document.

CREDIT RATING

Details of credit rating, along with the latest press release of the Credit Rating Agency in relation to the issue and declaration that the rating is valid as on the date of issuance and listing. Such press release shall not be older than one year from the date of opening of the issue:

As per the relevant Key Information Document

Date of Rating Letters: As per relevant Key Information Document
Date of Press Release of Ratings: As per relevant Key Information Document
Press Release and Rating Rationale: As per relevant Key Information Document
Declaration: As per relevant Key Information Document

LISTING

The Debentures/Subordinated Bonds/PDIs are proposed to be listed on the Wholesale Debt Market Segment of the BSE and Commercial Papers are proposed to be listed with the NSE. The in-principle approval obtained by the Issuer from BSE has been disclosed in Annexure IX. The Issuer has maintained the Recovery Expense Fund with the BSE (Please refer to the '**Summary Term Sheet** for more details).

ELIGIBLE INVESTORS

The Disclosure Documents and the contents thereof are restricted for only the intended recipient(s) who have been addressed directly through a communication by the Issuer and only such recipients are eligible to apply for the Debentures/Subordinated Bonds/PDIs.

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Subject to applicable law:

1. **the categories of investors eligible to subscribe to the Debentures/Subordinated Bonds, when addressed directly, are all Qualified Institutional Buyers, as defined under Section 2(ss) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("QIBs"), and any non-QIB Investors specifically mapped by the Issuer on the EBP Platform.**

2. **the categories of investors eligible to subscribe to the PDIs, when addressed directly, are all Qualified Institutional Buyers, as defined under Section 2(ss) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("QIBs").**

Note: Participation by potential investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them. Please also refer to the Section on **'Who Can Apply'** below.

ISSUE HIGHLIGHTS*

Coupon Rate	As per the Key Information Document
Coupon Payment Frequency	As per the Key Information Document
Redemption Date	As per the Key Information Document
Redemption Amount	As per the Key Information Document
Details of Debenture Trustee	As per the Key Information Document
Nature and Issue Size	**Nature:** (a) Debentures – Secured, rated, listed, redeemable Non-Convertible Debentures, to be issued in one or more Series. (b) PDIs – Unsecured, rated, listed, perpetual debt instruments in the nature of non-convertible debentures to be issued in one or more Series. (c) Subordinated Bonds - Unsecured rated redeemable non-convertible Subordinated Bonds to be issued in one or more Series. (d) Commercial Papers - Rated, Listed, Unsecured, Commercial Papers to be issued in one or more offers / issuances under this General Information Document. **Issue Size:** As per the Key Information Document
Base Issue and Green Shoe Option	As per the Key Information Document
Shelf/ Series Size	As per the Key Information Document
Details about Underwriting of the Issue including the Amount Undertaken to be Underwritten by the Underwriters.	As per the Key Information Document
Anchor Portion and Anchor Investors	As per the Key Information Document
***For further details on the terms of the Issue, please also refer the Section on 'Summary Term Sheet'**	

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ELECTRONIC BOOK MECHANISM AND DETAILS PERTAINING TO THE UPLOADING THE INFORMATION DOCUMENT ON THE ELECTRONIC BOOK PROVIDER PLATFORM.

The Issue shall be open for bidding and subscribed to in accordance with the guidelines issued by SEBI and BSE pertaining to the procedure of Electronic Book Mechanism set out in the terms specified by the Operational Circular, and the related operational guidelines issued by the concerned Electronic Book Provider, as may be amended, clarified or updated from time to time (collectively, "Electronic Book Mechanism Guidelines").

Issue Composition - Details of size of the issue and green shoe portion, if any	As per the Key Information Document
Interest Rate Parameter	As per the Key Information Document
Bid opening and closing date	As per the Key Information Document
Manner of bidding:	As per the Key Information Document
Manner of Allotment:	As per the Key Information Document
Allotment Size	As per the Key Information Document
Manner of Settlement:	As per the process prescribed by the Electronic Book Mechanism Guidelines
Minimum Bid Lot and Multiple of Single Bid:	As per the Key Information Document
Trading Lot Size	As per the Key Information Document
Settlement Cycle [T+1/ T+2] where T refers to the date of bidding/ issue day	As per the Key Information Document

APPLICATION PROCESS

A. HOW TO APPLY

Only eligible investors as given hereunder to whom the Disclosure Document is addressed may apply for the Debentures/Subordinated Bonds/PDIs. Eligible investors are required to register on the EBP platform the link for which shall be available at https://bond.bseindia.com/Investor_Registration.aspx. All the registered and eligible investors are required to update the necessary bank account details and demat details before participating in the bidding process on the EBP platform.

Each Series of the Issue will open on the 'Issue Opening Date' and close on the 'Issue Closing Date' (both days inclusive) as stated herein below ("**Issue Period**"). Potential investors who wish to invest in the Issue shall submit an application for the Debentures/Subordinated Bonds/PDIs with all the accompanying documents and the application money at any time starting from the Issue Opening Date and upto the Issue Closing Date. The subscription to the Debentures/Subordinated Bonds/PDIs shall be made by the potential investors through the electronic book mechanism as prescribed by SEBI during the Issue Period in the manner as set out in the section on **'Issue Procedure'** below.

Applications for the Debentures/Subordinated Bonds/PDIs must be made in the Application Form and must be completed in block letters in English by the Eligible investors. Application Forms must be accompanied by payment details. The full amount of the Face Value applied for has to be paid along with the delivery of the fully completed and executed Application Form together with other applicable documents described below. Application Forms should be duly completed in all respects and applications not completed in the said manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be duly completed by the applicant. This is required for the applicant's own safety and these details will be printed on the refund orders and /or redemptions warrants. **All Application forms duly completed shall be submitted at the Corporate Office**

of the Issuer being Ground Floor, Zenith House, Keshavrao Khadye Marg, Opp. Race Course, Mahalaxmi, Mumbai – 400034.

The funds have to be credited to the designated bank accounts of Indian Clearing Corporation Ltd (ICCL), the details of which shall be provided on the Electronic Bidding Platform, within the prescribed timelines, as per the Electronic Book mechanism Guidelines. It may be noted that payment by any other means shall not be accepted. The Issuer assumes no responsibility for any applications lost in mail or in transit or any failure of electronic fund transfer.

The Issuer will not be responsible in any manner for any delayed receipts / non-receipt of payments or applications lost in mail.

B. WHO CAN APPLY?

Nothing in the Disclosure Documents shall constitute and/or deem to constitute an offer or an invitation to an offer, to be made to the Indian public or any section thereof through the Disclosure Documents, and the Disclosure Documents and its contents should not be construed to be a prospectus under the Companies Act. Subject to applicable law, the categories of investors eligible to subscribe to the Debentures/Subordinated Bonds/PDIs, when addressed directly, are those as set out in the section for 'Eligible Investors' hereinabove.

Without prejudice to the aforesaid, where the selection of the eligible investors is required to be done pursuant to bidding mechanism on the Electronic Platform called "EBP Platform" or any successive arrangement/platform mandated by SEBI under the Electronic Book Mechanism guidelines, only those Persons:

1. who have been named in the "List of Eligible Investors" as placed before and approved by the Board; and/or
2. who are registered on the EBP Platform and eligible to make bids for Debentures/Subordinated Bonds/PDIs of the Issuer (considered as 'deemed identified');
3. to whom allocation is to be made by the Issuer pursuant to selection under the electronic book mechanism for issuance of securities on private placement basis in terms of the relevant circulars and directions issued by the Securities and Exchange Board of India and the relevant electronic book providers,

shall be considered as "identified persons" to whom the Issuer shall make private placement of the Debentures/Subordinated Bonds/PDIs and only such "identified persons" shall receive a direct communication from the Issuer with offer to subscribe to the Debentures/Subordinated Bonds/PDIs and only such "identified persons" shall be entitled to subscribe to the Debentures/Subordinated Bonds/PDIs (or any Series thereof).

Notwithstanding anything stated in this document or otherwise, all eligible investors are required to check and comply with applicable laws including the relevant rules / regulations / guidelines / directions applicable to them for investing in this issue of Debentures/Subordinated Bonds/PDIs, including all eligibility and registration formalities under the Electronic Book Mechanism Guidelines and the Issuer, is not in any way, directly or indirectly, responsible for any statutory or regulatory or procedural breaches by any investor, neither is the Issuer required to check or confirm the same.

The Disclosure Documents and the contents hereof are restricted for only the intended recipient(s) who have been addressed directly through a communication by or on behalf of the Issuer and only such recipients are eligible to apply for the Debentures/Subordinated Bonds/PDIs.

Eligible investors who fall in any of the following categories, shall accompany their Application Forms with the following documents:

PAN / GIR No:

All applicants should mention their Permanent Account number (PAN) allotted under Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the IT Circle/Ward/District should be mentioned. In case where neither the PAN nor the GIR number has been allotted, or the applicant is not assessed to Income Tax, the fact of such non-allotment should be mentioned in the Application Form. Applications without this will be considered incomplete and are liable to be rejected.

Application by Banks/ Corporate Bodies/ Mutual Funds/ Financial Institutions/ Trusts/ Statutory Corporations

The applications must be accompanied by certified true copies of (i) memorandum and articles of association/constitution/by-laws/trust deed; (ii) resolution authorizing investment and containing operating instructions; (iii) specimen signatures of authorized signatories; and (iv) necessary form for claiming exemption from on interest on application money.

In case of applications by Mutual Funds registered with SEBI, a separate application must be made in respect of each scheme of the Mutual Fund and such applications will not be treated as multiple applications, provided that the application made by the asset management company/ trustee/ custodian clearly indicate their intention as to the scheme for which the application has been made.

The application forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of:

(a) SEBI registration certificate;
(b) Resolution authorizing investment and containing operating instructions;
(c) Specimen signature of authorized signatories.

Application by Partnership Firm

The applications must be accompanied by certified copies of (i) the PAN Card of the partnership firm; (ii) copy of the partnership deed; (iii) the photo identity proof like Passport / PAN Card / Driving License, etc. of the partner(s) signing the Application Form and specimen signatures of authorised signatories; and (iv) an authority letter from all partners authorizing such investment.

Application under Power of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signatures of authorised signatories must be lodged along with the submission of the completed Application Form. Further, modifications/additions in the power of attorney or authority should be delivered to the Company at its Registered Office.

C. ISSUE PROCEDURE

The Issue Setup shall be done by the Issuer in accordance with the Operating Guidelines of the EBP platform. The final subscription to the Debentures/Subordinated Bonds/PDIs shall be made by the eligible investors through the Electronic Book Mechanism as prescribed by SEBI under the SEBI Electronic Book Mechanism Guidelines by placing bids on the EBP during the Issue period. An Issuer, at its discretion, may withdraw from the Issue process in accordance with the conditions enlisted in the Operating Guidelines of the EBP platform. Eligible investors should note that disclosure of estimated cut off yield by the EBP platform to the eligible participants, pursuant to closure of Issue, shall be at the discretion of the Issuer. The Issuer may choose to disclose the estimated cut-off yield to all the eligible participants before the bidding.

The minimum number of Debentures/Subordinated Bonds/PDIs that can be applied for and the multiples thereof shall be as set out in the Disclosure Documents. No application can be made for a fraction of a Debenture/Subordinated Bond/PDI.

Potential investors whose bids have been accepted by the Issuer and to whom a signed copy of the Disclosure Documents have been issued by the Issuer and who have submitted/shall submit the Application Form ("**Successful Bidders**"), shall make pay-in of subscription monies in respect of the Debentures/Subordinated Bonds/PDIs towards the allocation made to them, into the bank account of ICCL, on or prior to the Deemed Date of Allotment and before the Pay-In Cut-Off Time, the details of which will be displayed on the EBP Platform.

The pay-in by the Successful Bidders will be made only from the bank account(s), which have been provided / updated by the Successful Bidders in the EBP system. Any amount received from third party accounts or from accounts not specified in the EBP system will be refunded and no allotment will be made against such payments. Further, pay-in received from any other bank account may lead to cancellation of bid and consequent debarment of the bidder from accessing the EBP platform for 30 days. Upon the transfer of funds into the aforesaid account of ICCL and the Issuer confirming its decision to proceed with the allotment of the Debentures/Subordinated Bonds/PDIs in favour of the Successful Bidders to the clearing corporation, the R&T Agent and the EBP and initiating the requisite corporate action for allotment of Debentures/Subordinated Bonds/PDIs and credit of the demat letter of allotment into the relevant demat account of the Successful Bidders through the R&T Agent, the R&T Agent shall provide corporate action file along with all requisite documents to the Depositories by 12:00 hours and also intimate the EBP of the aforesaid actions. Upon the Depositories confirming the allotment of the Debentures/Subordinated Bonds/PDIs and the credit of the Debentures/Subordinated Bonds/PDIs into the demat account of the Successful Bidders to EBP, the subscription monies in respect of the Debentures/Subordinated Bonds/PDIs from the aforesaid account of the clearing corporation shall be released into the Issuer's bank account, as intimated by the Issuer to the EBP.

It must be noted that all funds pay-in obligations need to be fulfilled in totality. Partial fund receipt against any given obligation will be treated as a default and debarment penalties may be applicable as specified by the Electronic Book Mechanism Guidelines.

It may be noted that payment by any other means shall not be accepted. The Company assumes no responsibility for any applications lost in mail or in transit or any failure of electronic fund transfer.

The Company will not be responsible in any manner for any delayed receipts / non-receipt of RTGS payments or applications lost in mail.

All transfers/RTGS must be made payable to the designated bank accounts of ICCL, details whereof shall be specified in the Electronic Bidding Platform.

UNDERTAKINGS OF THE ISSUER

ISSUER'S ABSOLUTE RESPONSIBILITY
The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the Disclosure Documents contain all information with regard to the Issuer and the Issue which is material in the context of the Issue, that the information contained in the Disclosure Documents is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make the said documents as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

GENERAL RISK: Investors are advised to read the Risk Factors carefully before taking an investment decision in the Issue. For taking an investment decision, eligible investors must rely on their own examination of the Issuer, Issue, the Disclosure Documents and the risk involved. The Debentures/Subordinated Bonds/PDIs have not been recommended or approved by any regulatory authority in India, including SEBI nor does any regulatory authority including SEBI, guarantee the accuracy or adequacy of the Disclosure Documents. Eligible investors should carefully read and note the contents of the Disclosure Documents. Each potential investor should make its own independent assessment of the merit of the investment in Debentures/Subordinated Bonds/PDIs and the Issuer. Eligible investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures/Subordinated Bonds/PDIs and should possess the appropriate resources to analyze such investment and suitability of such investment to such investor's particular circumstance. Potential investors are required to make their own independent evaluation and judgment before making the investment and are

believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in such instruments. **Specific attention of investors is invited to the statement of 'Risk Factors' given in Section N of this document.**

NO SIDE LETTERS: The Issuer has no side letter with any Debenture Holders / Subordinated Bond Holders / PDI Holders other than the one(s) as may have been disclosed in the Disclosure Documents. Any covenants later added shall be disclosed on the stock exchange website where the Debentures/Subordinated Bonds/PDIs/ Commercial Papers are listed.

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SECTION B

DEFINITIONS

Term	Meaning
Act/ Companies Act	Companies Act, 2013 as may be amended from time to time
AGM	Annual General Meeting
Allotment/Allot/Allotted	Unless the context otherwise requires or implies, the allotment of the Debentures/Subordinated Bonds/PDIs pursuant to the Issue.
Applicable Law	Includes all applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority and any modifications or re-enactments thereof in relation to issuance of Debentures/Subordinated Bonds/PDIs/ the Commercial Papers.
Application Form	The form in which an investor can apply for subscription to the Debentures/Subordinated Bonds/PDIs as provided in Annexure III.
Articles of Association /AoA	Articles of Association of HDB Financial Services Limited
Beneficial Owner(s)	Holder(s) of the Debentures/Subordinated Bonds/PDIs in dematerialized form as defined under Section 2 of the Depositories Act.
Board	Board of Directors of HDB Financial Services Limited
BSE	BSE Ltd.
Business Day	means any day of the week (excluding Sundays, non-working Saturdays, and any day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881) (as may be amended/supplemented from time to time) in Mumbai and any other day on which banks are closed for customer business in Mumbai) on which the money market is functioning in Mumbai and "**Business Days**" shall be construed accordingly.
CDSL	Central Depository Services Limited
Capital Adequacy Ratio	means the minimum capital adequacy ratio prescribed by the RBI for any NBFC-ND-SI, from time to time
CERSAI	Central Registry of Securitisation Asset Reconstruction and Security Interest of India.
Company / Issuer / HDB	HDB Financial Services Limited
Coupon	In relation to any Series, means the coupon payable on the Debentures/Subordinated Bonds/PDIs constituting that Series, on the Coupon Payment Dates, at the Coupon Rate.
Coupon Payment Date	In respect of any Series, means the date(s) as specified in the Key Information Document issued in respect of that Series, on which Coupon is payable, commencing after the Deemed Date of Allotment.
CoR	Certificate of Registration. The Certificate of Registration obtained from the Reserve Bank of India under Section 45 IA of Reserve Bank of India Act, 1934
Credit Rating Agency(ies)/ Rating Agency(ies)	Shall mean the rating agencies appointed in respect of issue of non-convertible securities and commercial papers as per the relevant Key Information Document.
Date of Allotment / Deemed Date of Allotment	The date on which allotment for the relevant Series is made, as specified in the relevant Key Information Document.
Debentures	Shall mean Debentures 1, Debentures 2, Debentures 3, Debentures 4, Debentures 5, individually or collectively, as the context may require and shall also be deemed to include any further issue of secured Debentures made by the Company until the validity of this General Information Document and in terms hereof from time to time.

Debentures 1	Secured, Rated, Listed, Redeemable Non-Convertible Debentures for cash aggregating up to Rs 7,500,00,00,000 (Rupees Seven Thousand Five Hundred Crores Only) (being the Overall Limit set out under Debenture Trust Deed 1) of which Secured, Rated, Listed, Redeemable Non-Convertible Debentures aggregating up to Rs. 292,00,00,000/- (Rupees Two Hundred and Ninety Two Crores only) are available as on the date of this General Information Document to be issued in one or more Series pursuant to this General Information Document and the Key Information Document. It is hereby further clarified that the Debentures 1 which are to be issued in one or more Series of this Issue shall mean Debentures 1 aggregating up to Rs. 292,00,00,000/- (Rupees Two Hundred and Ninety Two Crores only) and the terms "Debentures 1" across this General Information Document and the respective Key Information Document shall be deemed to be construed accordingly.
Debentures 2	Secured, Rated, Listed, Redeemable Non-Convertible Debentures for cash aggregating up to Rs 10,000,00,00,000 (Rupees Ten Thousand Crores Only) (being the Overall Limit set out under Debenture Trust Deed 2) of which Secured, Rated, Listed, Redeemable Non-Convertible Debentures aggregating up to Rs. 400,82,00,000/- (Rupees Four Hundred Crores and Eight-Two Lakhs only) are available as on the date of this General Information Document to be issued in one or more Series pursuant to this General Information Document and the Key Information Document. It is hereby further clarified that the Debentures 2 which are to be issued in one or more Series of this Issue shall mean Debentures 2 aggregating up to 400,82,00,000/- (Rupees Four Hundred Crores and Eight-Two Lakhs only) and the terms "Debentures 2" across this General Information Document and the respective Key Information Document shall be deemed to be construed accordingly.
Debentures 3	Secured, Rated, Listed, Redeemable Non-Convertible Debentures for cash aggregating up to Rs 5,000,00,00,000 (Rupees Five Thousand Crores Only) (being the Overall Limit set out under Debenture Trust Deed 3) of which Secured, Rated, Listed, Redeemable Non-Convertible Debentures aggregating up to Rs. 615,00,00,000/- (Rupees Six Hundred and Fifteen Crores only) are available as on the date of this General Information Document to be issued in one or more Series pursuant to this General Information Document and the Key Information Document. It is hereby further clarified that the Debentures 3 which are to be issued in one or more Series of this Issue shall mean Debentures 3 aggregating up to Rs. 615,00,00,000/- (Rupees Six Hundred and Fifteen Crores only) and the terms "Debentures 3" across this General Information Document and the respective Key Information Document shall be deemed to be construed accordingly.
Debentures 4	Secured, Rated, Listed, Redeemable Non-Convertible Debentures for cash aggregating upto Rs 5,000,00,00,000 (Rupees Five Thousand Crores Only) (being the Overall Limit set out under Debenture Trust Deed 4) of which Secured, Rated, Listed, Redeemable Non-Convertible Debentures aggregating up to Rs. 290,00,00,000/- (Rupees Two Hundred and Ninety Crores only) are available as on the date of this General Information Document to be issued in one or more Series pursuant to this General Information Document and the Key Information Document. It is hereby further clarified that the Debentures 4 which are to be issued in one or more Series of this Issue shall mean Debentures 4 aggregating up to Rs. 290,00,00,000/-

	(Rupees Two Hundred and Ninety Crores only) and the terms "Debentures 4" across this General Information Document and the respective Key Information Document shall be deemed to be construed accordingly.
Debentures 5	Secured, Rated, Listed, Redeemable Non-Convertible Debentures for cash aggregating up to Rs 20,000,00,00,000/- (Rupees Twenty Thousand Crores Only) (being the Overall Limit set out under Debenture Trust Deed 5) to be issued in one or more Series pursuant to this General Information Document and the Key Information Documents. It is hereby further clarified that the Debentures 5 which are to be issued in one or more Series of this Issue shall mean Debentures 5 aggregating up to Rs. 20,000,00,00,000/- (Rupees Twenty Thousand Crores only) and the terms "Debentures 5" across this General Information Document and the respective Key Information Documents shall be deemed to be construed accordingly.
Subordinated Bonds	Shall mean Unsecured, Rated, Listed, Redeemable Non-Convertible Subordinated Bonds for cash aggregating up to Rs. 500,00,00,000/- (Rupees Five Hundred Crores Only) (being the Overall Limit set out under Subordinated Bond Trust Deed) and shall also be deemed to include any further issue of Subordinated Bonds made by the Company until the validity of this General Information Document and in terms of the Disclosure Documents from time to time to be issued in one or more Series.
Perpetual Debt Instruments / PDIs	Shall mean Unsecured, Rated, Listed, perpetual debt instruments in the nature of Non-Convertible Debentures for cash aggregating up to Rs 500,00,00,000/- (Rupees Five Hundred Crores Only) (being the Overall Limit set out under PDI Trust Deed) of which Unsecured, Rated, Listed, perpetual debt instruments in the nature of Non-Convertible Debentures aggregating up to Rs. 350,00,00,000/- (Rupees Three Hundred and Fifty Crores only) are available as on the date of this General Information Document and shall also be deemed to include any further issue of PDIs made by the Company until the validity of this General Information Document and in terms of the Disclosure Documents from time to time to be issued in one or more Series.
Debenture Holder(s)	The holder(s) of the Debentures (or any Series of Debentures) issued by the Issuer and shall include the registered transferees of the Debentures from time to time.
Trustee	Shall mean Debenture Trustee 1 and/or Debenture Trustee 2, as the context may require, and as particularly identified in the Key Information Document.
Debenture Trustee 1/ Trustee 1	Trustee appointed for the Debenture Holders / Subordinated Bond Holder(s), in terms of the Debenture Trustee Agreement and the Subordinated Bond Trustee Agreement.
Debenture Trustee 2/ Trustee 2	Trustee appointed for the PDI Holders, in terms of the PDI Trustee Agreement.
Trustee Agreement	Shall mean Debenture Trustee Agreement 1 and/or Debenture Trustee Agreement 2 and / or Debenture Trustee Agreement 3 and / or Debenture Trustee Agreement 4 and / or Debenture Trustee Agreement 5 and / or such other trustee agreement entered into by the Company and the Trustee, as the context may require.
Debenture Trustee Agreement 1	Agreement executed by and between the Trustee and the Company dated May 24, 2021 as amended by the amendment trustee agreement dated August 18, 2021 for the purposes of appointment of the Trustee to act as trustee in connection with the issuance of the Debentures 1 as disclosed in Annexure VI and as may be amended/ supplemented from time to time.
Debenture Trustee Agreement 2	Agreement executed by and between the Trustee and the Company dated November 23, 2021 for the purposes of appointment of the Trustee to act as trustee in connection with the issuance of the Debentures 2 as disclosed in Annexure VI and as may be amended/ supplemented from time to time.

Debenture Trustee Agreement 3	Agreement executed by and between the Trustee and the Company dated March 16, 2023 for the purposes of appointment of the Trustee to act as trustee in connection with the issuance of the Debentures 3 as disclosed in Annexure VI and as may be amended/ supplemented from time to time.
Debenture Trustee Agreement 4	Agreement executed by and between the Trustee and the Company dated May 17, 2023 for the purposes of appointment of the Trustee to act as trustee in connection with the issuance of the Debentures 4 as disclosed in Annexure VI and as may be amended/ supplemented from time to time.
Debenture Trustee Agreement 5	Agreement executed by and between the Trustee and the Company dated September 01, 2023 for the purposes of appointment of the Trustee to act as trustee in connection with the issuance of the Debentures 5 as disclosed in Annexure VI and as may be amended/ supplemented from time to time.
Subordinated Bond Trustee Agreement	Agreement executed by and between the Trustee and the Company dated July 08, 2021 for the purposes of appointment of the Trustee to act as trustee in connection with the issuance of the Subordinated Bonds as disclosed in Annexure VI and as may be amended/ supplemented from time to time.
PDI Trustee Agreement	Agreement executed by and between the Trustee and the Company dated February 05, 2021 for the purposes of appointment of the Trustee to act as trustee in connection with the issuance of the PDIs as disclosed in Annexure VI and as may be amended/ supplemented from time to time.
Debenture Trust Deed/ Trust Deed	Shall mean the Debenture Trust Deed 1 and/or the Debenture Trust Deed 2 and/or Debenture Trust Deed 3 and/or Debenture Trust Deed 4 and/or Debenture Trust Deed 5 and/or Subordinated Bond Trust Deed and/or PDI Trust Deed and / or such other debenture trust deed entered into by the Company and the Trustee in relation to the Debentures, as the context may require.
Debenture Trust Deed 1	The debenture trust deed entered into by and between the Company and the Trustee dated May 24, 2021 amended by the amendment deed dated August 18, 2021 setting out the terms on which the Debentures 1 shall be issued, as may be amended / supplemented from time to time.
Debenture Trust Deed 2	The debenture trust deed entered into by and between the Company and the Trustee dated November 23, 2021 setting out the terms on which the Debentures 2 shall be issued, as may be amended / supplemented from time to time.
Debenture Trust Deed 3	The debenture trust deed entered into by and between the Company and the Trustee dated March 16, 2023 setting out the terms on which the Debentures 3 shall be issued, as may be amended / supplemented from time to time.
Debenture Trust Deed 4	The debenture trust deed entered into by and between the Company and the Trustee dated May 17, 2023 setting out the terms on which the Debentures 4 shall be issued, as may be amended / supplemented from time to time.
Debenture Trust Deed 5	The debenture trust deed entered into by and between the Company and the Trustee dated September 01, 2023 setting out the terms on which the Debentures 5 shall be issued, as may be amended / supplemented from time to time.
Subordinated Bond Trust Deed	The subordinated bond trust deed entered into by and between the Company and the Trustee dated July 08, 2021 or such other trust deed entered into by the Company and the Trustee in relation to the Subordinated Bonds, as the context may require, setting out the terms on which the Subordinated Bonds shall be issued, as may be amended / supplemented from time to time.
PDI Trust Deed	The PDI trust deed entered into by and between the Company and the Trustee dated February 05, 2021 or such other trust deed entered into by the Company and the Trustee

	in relation to the PDIs, as the context may require setting out the terms on which the PDIs shall be issued, as may be amended / supplemented from time to time.
Deed of Hypothecation	Shall mean the Deed of Hypothecation 1 and/or the Deed of Hypothecation 2 and/or Deed of Hypothecation 3 and/or Deed of Hypothecation 4 and/or Deed of Hypothecation 5 and / or such other deeds of hypothecation entered into by the Company and the Trustee in relation to the Debentures, as the context may require.
Deed of Hypothecation 1	The deed of hypothecation executed by the Company in favour of the Trustee dated May 24, 2021, for the purposes of creating first and exclusive charge by hypothecation over specific identified Receivables in favour of the Trustee (acting for and on behalf of the Debenture Holders 1) and as may be amended / supplemented from time to time.
Deed of Hypothecation 2	The deed of hypothecation executed by the Company in favour of the Trustee dated November 23, 2021, for the purposes of creating first and exclusive charge by hypothecation over specific identified Receivables in favour of the Trustee (acting for and on behalf of the Debenture Holders 2) and as may be amended / supplemented from time to time.
Deed of Hypothecation 3	The deed of hypothecation executed by the Company in favour of the Trustee dated March 16, 2023, for the purposes of creating first and exclusive charge by hypothecation over specific identified Receivables in favour of the Trustee (acting for and on behalf of the Debenture Holders 3) and as may be amended / supplemented from time to time.
Deed of Hypothecation 4	The deed of hypothecation executed by the Company in favour of the Trustee dated May 17,2023, for the purposes of creating first and exclusive charge by hypothecation over specific identified Receivables in favour of the Trustee (acting for and on behalf of the Debenture Holders 4) and as may be amended / supplemented from time to time.
Deed of Hypothecation 5	The deed of hypothecation executed by the Company in favour of the Trustee dated on or about the date hereof, for the purposes of creating first and exclusive charge by hypothecation over specific identified Receivables in favour of the Trustee (acting for and on behalf of the Debenture Holders 5 who have subscribed to the Interim Debentures) and as may be amended / supplemented from time to time. Please see the section on '**Summary Term Sheet**' for more details.
Depositories	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018, as amended from time to time, in this case being NSDL and CDSL.
Disclosure Documents	Shall mean the Disclosure Documents I and/or the Disclosure Documents II and/or the Disclosure Documents III and/or the Disclosure Documents IV, as the context may require.
Disclosure Documents I	Collectively, this General Information Document for the aggregate Issue and the relevant Key Information Document for the issue of Debentures constituting a particular Series of Debentures.
Disclosure Documents II	Collectively, this General Information Document for the aggregate issue of Subordinated Bonds and the relevant Key Information Document for the issue of Subordinated Bonds constituting a particular Series of Subordinated Bonds.
Disclosure Documents III	Collectively, this General Information Document for the aggregate issue of PDIs and the relevant Key Information Document for the issue of PDIs constituting a particular Series of PDIs.
Disclosure Documents IV	Collectively, this General Information Document for the aggregate issue of Commercial Papers and the relevant Key Information Document for each offer of Commercial Papers.
DP	Depository Participant.
DP-ID	Depository Participant Identification Number.
DNBS	Department of Non-Banking Supervision (of RBI).

DRR	Debenture Redemption Reserve required to be maintained in accordance with the provisions of the Companies Act.
DT Master Circular	Means the Securities and Exchange Board of India's Master Circular for Debenture Trustees dated March 31, 2023 (bearing reference no. SEBI/HO/DDHS/P/CIR/2023/50) as amended by the SEBI circular dated July 06, 2023 (bearing reference no. SEBI/HO/DDHS-PoD1/P/CIR/2023/109), as may be further amended/ updated from time to time.
EBP/ Electronic Book Provider	Shall have the meaning assigned to such term under the Electronic Book Mechanism Guidelines.
Face Value	Shall mean the face value of each Debenture / Subordinated Bond / PDI / Commercial Paper issued under any Series of Debentures / Subordinated Bonds / PDIs / Commercial Papers, issued by the Company, which amount shall be as specified in the Key Information Document.
FY/ Financial Year	12 (Twelve) months period commencing from April 1 of a particular calendar year and ending on March 31 of the subsequent calendar year.
Governmental Authority	The President of India, the Government of India, the Governor and the Government of any State in India, any Ministry or Department of the same, any municipal or local government authority, any authority or private body exercising powers conferred by Applicable Law and any court, tribunal or other judicial or quasi-judicial body and shall include, without limitation, a stock exchange and any regulatory body.
GOI	Government of India.
Hypothecated Assets	shall mean the property comprising of the Receivables hypothecated/to be hypothecated in favour of the Trustee acting on behalf of and for the benefit of the Debenture Holder(s) holding the Debentures.
INR / Rs.	Indian National Rupees (Currency of Republic of India).
Interest Rate / Coupon Rate	The rate of interest payable on the Debentures/Subordinated Bonds/PDIs for the period shall be specified in the relevant Key Information Document issued for each Series.
Investors	Those persons who fall under the category of eligibility to whom this General Information Document along with the Key Information Document may be sent with a view to offering the Debentures/Subordinated Bonds/PDIs/Commercial Papers for sale on private placement basis through this General Information Document.
Issue	Shall mean to include the issue of Debentures and / or Subordinated Bonds and / or PDIs, as the context may require.
Key Information Document	means a document supplementing the General Information Document, in accordance with the SEBI Debt Listing Regulations whereby future subscription to the Debentures/Subordinated Bonds/PDIs/Commercial Papers shall be invited by the Issuer on a private placement basis until the validity of this General Information Document.
Master Circular	Means the Securities and Exchange Board of India's Master Circular for issue and listing of Non-Convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated August 10, 2021 (bearing reference no. SEBI/HO/DDHS/P/CIR/2021/613) as updated *vide* the SEBI circular dated July 07, 2023 (bearing reference no. SEBI/HO/DDHS/PoD1/P/CIR/2023/119), as may be further amended/ updated from time to time.

Material Adverse Effect	The effect or consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination, or could cause a material and adverse effect on: (i) the business activities, financial condition and credit standing of the Company; or (ii) the ability of the Company to perform its obligations under the Transaction Documents; or (iii) the validity or enforceability of, or the effectiveness of any of the Transaction Documents (including the ability of any party to enforce any of its remedies thereunder).
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
NA	Not Applicable
NBFC	Non-Banking Financial Company.
NBFC-ND-SI	Means a 'Systemically Important Non-Deposit taking Non-Banking Financial Company' as notified by the RBI, from time to time.
NEFT	National Electronic Funds Transfer Service.
NPA	Non-Performing Asset (as defined in RBI guidelines).
NSE	National Stock Exchange of India Ltd.
NSDL	National Securities Depository Limited.
Outstanding Principal Amount	In respect of any Series, means, at any date, the principal amount outstanding under the Debentures/PDIs/Subordinated Bonds of that Series.
PAN	Permanent Account Number.
PDI Holders	Shall mean with respect to each Series, the several persons who are for the time being holders of the PDIs including their successors and assigns and whose name is listed in the list of beneficial owners as prepared, held and given by the Depositories on each Record Date.
Private Placement Offer cum Application Letter	Shall mean the offer cum application letter prepared in compliance with section 42 of the Act read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended from time to time, which shall be issued with respect to each Series issued under the Issue.
RBI	Reserve Bank of India.
Register of Debenture Holder(s)	means the register maintained by the Company as per the provisions of Companies Act, 2013 or the register and index of beneficial owners of the dematerialized Debentures/Subordinated Bonds/PDIs as maintained by the Depositories containing the name(s) of the Debenture Holder(s)/ Subordinated Bond Holder(s)/PDI Holder(s).
Registrar to the Issue/ R&T Agent/ Registrar and Transfer Agent	Registrar to the Issue.
ROC	Registrar of Companies.
RTGS	Real Time Gross Settlement.
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992.
SEBI Debt Listing Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 issued by SEBI, as amended from time to time, Master Circular and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI Circular dated July 11, 2023 (bearing reference number: SEBI/HO/CFD/PoD2/CIR/P/2023/120), as amended from time to time.
Electronic Book Mechanism Guidelines	Shall mean Chapter VI of the SEBI Master Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated August 10, 2021 (bearing reference no. SEBI/HO/DDHS/P/CIR/2021/613) as updated *vide* the SEBI circular dated July 07, 2023 (bearing reference no. SEBI/HO/DDHS/PoD1/P/CIR/2023/119) as may be amended/

	updated from time to time and the related operational guidelines issued by the relevant EBP, as may be amended, clarified or updated from time to time.
Security	Means the security created or to be created by the Company to secure its secured obligations in respect of the secured Debentures. It is hereby clarified that the terms "Secure", "Secured", "Security", "Securing", "Security Cover", "Asset Cover" as used in this General Information Document, shall only be in context of secured Debentures.
Series	Any series of Debentures/PDIs/Subordinated Bonds issued under the Issue pursuant to the issue of a Key Information Document and Private Placement Offer cum Application Letter.
Stock Exchange	BSE Limited and / or NSE Limited, as particularly identified in the relevant Key Information Document
Subordinated Bond Holders	Shall mean the persons who subscribe to the Subordinated Bonds and are the initial holders of the Subordinated Bonds and whose names are registered as beneficial owners of the Subordinated Bonds in the applicable Depository and entered in the register of Subordinated Bond Holder(s) and shall include transferees of the Subordinate Bonds from time to time, registered with the Company and the Depository.
TDS	Tax Deducted at Source.

Transaction Documents	The documents executed or to be executed in relation to the Issue of – (i) the Debentures – shall include the Debenture Trust Deed 1, Debenture Trust Deed 2, Debenture Trust Deed 3, Debenture Trust Deed 4, Debenture Trust Deed 5, the Debenture Trustee Agreement 1, Debenture Trustee Agreement 2, Debenture Trustee Agreement 3, Debenture Trustee Agreement 4, Debenture Trustee Agreement 5, this General Information Document, Key Information Documents, the Private Placement Offer cum Application Letter(s), the Deed of Hypothecation 1, Deed of Hypothecation 2, Deed of Hypothecation 3, Deed of Hypothecation 4, Deed of Hypothecation 5, and any other document that may be executed by and between the Company and the Trustee in respect of any further issuance of Debentures under this General Information Document or as may be designated by the Trustee as a Transaction Document. (ii) the Subordinated Bonds – shall include the Subordinated Bond Trust Deed, Subordinated Bond Trustee Agreement, this General Information Document, Key Information Documents, the Private Placement Offer cum Application Letter(s) and any other document that may be executed by and between the Company and the Trustee in respect of any further issuance of Subordinated Bonds under this General Information Document or that may be designated by the Trustee as a Transaction Document. (iii) PDIs – PDI Trust Deed, PDI Trustee Agreement, this General Information Document, Key Information Documents, the Private Placement Offer cum Application Letter(s) and any other document that may be executed by and between the Company and the Trustee in respect of any further issuance of PDIs under this General Information Document or as may be designated by the Trustee as a Transaction Document. (iv) Commercial Papers- Issuing and Paying Agent Agreement, Board Resolutions, this General Information Document, Key Information Documents and any other document that may be executed by the Company in respect of any issuance of Commercial Papers under this General Information Document or as may be designated as a Transaction Document.
WDM	Wholesale Debt Market Segment of the Stock Exchange.
Wilful Defaulter	Shall mean an Issuer who is categorized as a wilful defaulter by any Bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes an issuer whose director or promoter is categorized as such in accordance with Regulation 2(ss) of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.

Undefined terms if any, in the Disclosure Documents shall have the same meaning as provided to the term in the Transaction Documents.

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

SECTION C

DISCLAIMERS

GENERAL DISCLAIMER

The Disclosure Documents are neither a "Prospectus" nor a "Statement in Lieu of Prospectus" but a "General Information Document" or "Key Information Document" (as applicable) prepared in accordance with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021. The Disclosure Documents do not constitute an offer to the public generally to subscribe for or otherwise acquire the Debentures/Subordinated Bonds/PDIs/ Commercial Papers to be issued by HDB Financial Services Ltd. (the "**Issuer**"/ the "**Company**"/ "**HDB**"). The Disclosure Documents are for the exclusive use of the prospective investors to whom it is delivered, and it should not be circulated or distributed to any third parties. The Issuer certifies that the disclosures made in the Disclosure Documents are generally adequate and are in conformity with the SEBI Debt Listing Regulations. This requirement is to facilitate investors to take an informed decision for making investment in the proposed Issue. The Company can, at its sole and absolute discretion change the terms of the offer. The Company reserves the right to close the Issue earlier from the dates specified in the Disclosure Documents or change the Issue timetable including the Date of Allotment at its sole discretion, without giving any reasons or prior notice. The Issue will be open for subscription at the commencement of banking hours of the Issue Opening Date and the Issue Closing Date at the close of banking hours. The Issue shall be subject to the terms and conditions of Disclosure Documents and other documents in relation to the Issue.

The Issuer is seeking offer for subscription of Debentures, Subordinated Bonds, PDIs and Commercial Papers. The Disclosure Documents do not however, constitute an offer to sell or an invitation to subscribe to securities offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Disclosure Documents come, is required to inform himself about and to observe any such restrictions.

PLEASE NOTE THAT ONLY THOSE PERSONS TO WHOM THE DISCLOSURE DOCUMENTS HAVE BEEN SPECIFICALLY ADDRESSED ARE ELIGIBLE TO APPLY. HOWEVER, AN APPLICATION, EVEN IF COMPLETE IN ALL RESPECTS, IS LIABLE TO BE REJECTED WITHOUT ASSIGNING ANY REASON FOR THE SAME. THE LIST OF DOCUMENTS PROVIDED ABOVE IS ONLY INDICATIVE, AND AN INVESTOR IS REQUIRED TO PROVIDE ALL THOSE DOCUMENTS / AUTHORIZATIONS / INFORMATION, WHICH ARE LIKELY TO BE REQUIRED BY THE COMPANY. THE COMPANY MAY, BUT IS NOT BOUND TO REVERT TO ANY INVESTOR FOR ANY ADDITIONAL DOCUMENTS / INFORMATION, AND CAN ACCEPT OR REJECT AN APPLICATION AS IT DEEMS FIT. INVESTMENT BY INVESTORS FALLING IN THE CATEGORIES MENTIONED ABOVE ARE MERELY INDICATIVE AND THE COMPANY DOES NOT WARRANT THAT THEY ARE PERMITTED TO INVEST AS PER EXTANT LAWS, REGULATIONS, ETC. EACH OF THE ABOVE CATEGORIES OF INVESTORS IS REQUIRED TO CHECK AND COMPLY WITH EXTANT RULES/REGULATIONS/GUIDELINES, ETC. GOVERNING OR REGULATING THEIR INVESTMENTS AS APPLICABLE TO THEM AND THE COMPANY IS NOT, IN ANY WAY, DIRECTLY OR INDIRECTLY, RESPONSIBLE FOR ANY STATUTORY OR REGULATORY BREACHES BY ANY INVESTOR, NEITHER IS THE COMPANY REQUIRED TO CHECK OR CONFIRM THE SAME.

DISCLAIMER OF THE RESERVE BANK OF INDIA

The securities have not been recommended or approved by the RBI nor does RBI guarantee the accuracy or adequacy of the documents. It is to be distinctly understood that the documents should not, in any way, be deemed or construed that the securities have been recommended for investment by the RBI. RBI does not take any responsibility either for the financial soundness of the Issuer, or the securities being issued by the Issuer or for the correctness of the statements made or opinions expressed in the

documents. Potential investors may make investment decision in the securities offered in terms of the Disclosure Documents solely on the basis of their own analysis and RBI does not accept any responsibility about servicing/ repayment of such investment.

DISCLAIMER OF THE SECURITIES AND EXCHANGE BOARD OF INDIA

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE GENERAL INFORMATION DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE ISSUE DOCUMENT.

The Disclosure Documents have not been filed with SEBI. The securities have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this document. The issue of Debentures/Subordinated Bonds/PDIs being made on private placement basis, filing of this document is not required with SEBI, however SEBI reserves the right to take up at any point of time, with the Issuer, any irregularities or lapses in this document. The issue of Commercial Papers being made on private placement basis, filing of this document is not required with SEBI, however SEBI reserves the right to take up at any point of time, with the Issuer, any irregularities or lapses in this document.

DISCLAIMER OF THE ARRANGERS

It is advised that the Issuer has exercised self-due-diligence to ensure complete compliance of prescribed disclosure norms in the Disclosure Documents. The role of the Arrangers in the assignment is confined to marketing and placement of the Debentures/Subordinated Bonds/PDIs on the basis of the Disclosure Documents as prepared by the Issuer and in accordance applicable SEBI regulations on the EBP mechanism. The Arrangers shall use this document for the purpose of soliciting subscription from qualified institutional investors in the Debentures/Subordinated Bonds/PDIs to be issued by the Issuer on private placement basis. It is to be distinctly understood that the aforesaid use of this document by the Arrangers should not in any way be deemed or construed that the document has been prepared, cleared, approved or vetted by the Arrangers, nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Disclosure Documents, nor does it take responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of the Issuer. The Arrangers or any of their directors, employees, affiliates or representatives do not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in the Disclosure Documents.

DISCLAIMER OF THE TRUSTEE

The Trustees are neither the borrowers nor principal debtors or guarantors of the monies paid/invested by eligible investors for the Debentures/Subordinated Bonds/PDIs.

DISCLAIMER OF THE ISSUER

The Issuer confirms that the information contained in the Disclosure Documents is true and correct in all material respects and is not misleading in any material respect. All information considered adequate and relevant about the Issue and the Company has made available in the Disclosure Documents for the use and perusal of the potential investors and no selective or additional information would be available for a section of investors in any manner whatsoever. The Issuer accepts no responsibility for statements made otherwise than in the Disclosure Documents or any other material issued by or at the instance of the Issuer and anyone placing reliance on any other source of information would be doing so at his/her/their own risk.

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

DISCLAIMER OF THE STOCK EXCHANGE

As required, a copy of the Disclosure Documents has been/ shall be submitted to Stock Exchange for hosting the same on its website. It is to be distinctly understood that such submission of the document with Stock Exchange or hosting the same on its website should not in any way be deemed or construed that the document has been cleared or approved by Stock Exchange, nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Disclosure Documents, nor does it warrant that this Issuer's securities will be listed or continue to be listed on the Exchange, nor does it take responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of the Issuer. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is made in India to Investors as specified under the clause titled "Eligible Investors" of the Disclosure Documents, who shall be/have been identified upfront by the Issuer. The Disclosure Documents and/or the Private Placement Offer cum Application Letter does not constitute an offer to sell or an invitation to subscribe to Debentures/Subordinated Bonds/PDIs offered hereby to any person to whom it is not specifically addressed. The Disclosure Documents and/or the Private Placement Offer cum Application Letter does not constitute an offer to sell or an invitation to subscribe to the Debentures/Subordinated Bonds/PDIs herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

FORCE MAJEURE

The Company reserves the right to withdraw the Issue at any time prior to the Issue Closing Date in the event of any unforeseen development adversely affecting the economic and/or regulatory environment or otherwise. In such an event, the Company will refund the application money, if any, collected without assigning any reason.

ISSUE OF DEBENTURES/SUBORDINATED BONDS/PDIS IN DEMATERIALISED FORM

The Debentures/Subordinated Bonds/PDIs will be issued in dematerialised form. The Issuer has made arrangements with the Depositories for the issue of the Debentures/Subordinated Bonds/PDIs in dematerialised form. Investors will have to hold the Debentures/Subordinated Bonds/PDIs in dematerialised form as per the provisions of the Depositories Act. The Issuer shall take necessary steps to credit the Debentures/Subordinated Bonds/PDIs allotted to the beneficiary account maintained by the Investor with its Depositary Participant. The Issuer will make the allotment to eligible investors on the Deemed Date(s) of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.

EACH PERSON RECEIVING THIS THE DISCLOSURE DOCUMENTS ACKNOWLEDGES THAT:

1. Such person has been afforded an opportunity to request and to review and has received all additional information considered by it to be necessary to verify the accuracy of or to supplement the information herein;
2. Such person has not relied on any intermediary that may be associated with issuance of Debentures or Subordinated Bonds or PDIs or Commercial Papers in connection with its investigation of the accuracy of such information or its investment decision.
3. The Issuer does not undertake to update the information in the Disclosure Documents to reflect subsequent events after the date of the Disclosure Documents and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer. Neither the delivery of the Disclosure Documents nor any sale of Debentures or Subordinated Bonds or PDIs or Commercial Papers made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof. However, the Company shall in each Key Information Document highlight the material changes, if any, in the information about the Company contained in the General Information Document.

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

SECTION D

DETAILS OF PROMOTERS OF THE ISSUER NAME	HDFC Bank Limited
~~Date of Birth/~~ Date of Incorporation	August 30, 1994
Age	Not Applicable
Registered Address	HDFC Bank House, Senapati Bapat Marg, Lower Parel (W), Mumbai - 400013
Educational Qualification	Not Applicable
Experience in the business or employment	The Bank has completed 29 years of operation.
positions/posts held in the past	Not Applicable
Directorships held	Not Applicable
other ventures of each promoter	The Bank has 12 subsidiaries and 3 step-down subsidiaries as follows: i. HDFC Sales Private Limited ii. HDFC Trustee Co. Limited iii. Griha Investments iv. Griha PTE v. HDFC Education and Development Services Private Limited vi. HDFC Capital Advisors Limited vii. HDFC Credila Financial Services Limited viii. HDFC Ergo General Insurance Co. Limited ix. HDFC Life Insurance Co. Limited x. HDFC Asset Management Company Limited xi. HDFC AMC International (IFSC) Limited (Step Down Subsidiary) xii. HDB Financial Services Limited xiii. HDFC Securities Limited xiv. HDFC International Life and Re Company Limited (Step Down Subsidiary) xv. HDFC Pension Management Company Limited (Step Down Subsidiary)
Special Achievements	Amongst many accolades, in the past year, the Bank was: 1) Awarded as "Best Bank in India" at the Euromoney Awards for Excellence 2022 2) Awarded as "Best Large Bank" in Fortune India - Grant Thornton Bharat's study of India's Best Banks 2022 3) Awarded as "Best Large Indian Bank" at the BT-KPMG Best Banks Awards held in January 2023
Business and financial activities of the Promoter	The Bank is a publicly held banking company engaged in providing a range of banking and financial services including retail banking, wholesale banking and treasury operations.
Photograph	Not Applicable
Permanent Accountant Number	AAACH2702H

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

DETAILS OF LEGAL COUNSEL, MERCHANT BANKER, CO-MANAGERS GUARANTOR AND ARRANGERS

Legal Counsel	NA
Merchant banker and co-managers to the Issue (Not applicable for private placement. however, if appointed, to be disclosed)	As per the Key Information Document
Guarantor, if applicable	As per the Key Information Document
Arrangers, if any	As per the Key Information Document

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

SECTION E

ABOUT THE ISSUER

(i) Overview and a brief summary of the business activities of the Issuer:

The Issuer was incorporated in Ahmedabad on June 4, 2007, as a non-deposit taking Non-Banking Financial Company (NBFC) as defined under section 45-IA of the Reserve Bank of India Act, 1934 and is engaged in the business of financing. The Company has achieved a total income of Rs. Rs. 3,387 Crore and a net profit of Rs. 567 Crore for the period ended June 30, 2023 with total net worth of Rs. 10,873 Crore as at June 30, 2023. The Company is promoted by HDFC Bank Ltd. which has 94.84% shareholding in the Company as on June 30, 2023. The Company has been rated AAA/Stable by CARE and CRISIL for long term loans from banks. The Company's capital adequacy ratio as on June 30, 2023 was 19.77%, as against minimum regulatory requirement of 15% for non-deposit accepting NBFCs. The asset quality of the Company remains healthy with Gross Stage 3 ratio at 2.48% and Net Stage 3 ratio at 0.84% as on June 30, 2023. Till June 30, 2023, the Company has disbursed loans amounting to Rs. 12,860 Crore.

The Company has 1,580 branches in 1,100 cities in India as on June 30, 2023. The Company caters to the needs of India's increasingly affluent middle market. The requirements of medium, small and micro business enterprises which may be too small to be serviced by corporate lending institutions are also addressed by the Company through suitable products and services.

Business Activity:

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

LOANS: HDB's loan offerings span Consumer Loans, Enterprise Loans, Asset Finance and Micro-Lending.

1. **Consumer Loans:** HDB offers customised loan options to individuals to help meet their personal or household short to medium-term financial requirements. HDB's Consumer Loans Portfolio comprises the following:

   A. **Consumer Durable Loans** - HDB provides loans to facilitate the purchase of consumer durables and household appliances like air conditioners, washing machines, televisions, refrigerators and more.
   B. **Digital Products Loans**- Customers can purchase basic to high-end digital products with HDBFS's Digital Product Loan offerings.
   C. **Lifestyle Product Loans** – Customers can upgrade and enhance their lifestyle with Lifestyle Product Loans from HDB with purchases of various products like high-end furniture, cooking ranges and more.
   D. **Personal Loans -** From weddings to an unplanned vacations to home renovations, HDB offers personal loans to salaried and self-employed individuals to help them meet their urgent needs.
   E. **Auto Loans** - With tailor made auto loans from HDB, customers can easily make informed decisions on buying a new or used car.
   F. **Two-Wheeler Loans -** HDB provides two-wheelers loans to help individuals looking to purchase a two- wheeler.
   G. **Gold Loans -** HDB enables customers to fulfil their loan requirements by providing quick loans against the security of gold jewellery.

2. **Enterprise Loans:**

   HDB provides Loans to businesses for their growth and working capital requirements. Various Loans offered to Enterprises include:

1. Unsecured Business loans – HDB provides collateral free loans to small businesses to help them meet their financial requirements that could vary from the purchase of new machinery and inventory to procuring working capital or revamping the business.
2. Enterprise Business Loan - Self-employed individuals and professionals, private companies and partnership firms use our Enterprise Business Loans to boost their business.
3. Loan against Property - Businesses can get an HDB multi-purpose loan against property to expand or as working capital.
4. Loan against Lease Rental - HDB customers can benefit from loans against rental income received on leased property.
5. Loan against securities - Loan against securities ensures that customers can meet their immediate cash requirements by pledging their investments or securities like insurance policy, debt instruments and Bonds with the Company without having to liquidate them.

(C) **Asset Finance:** HDB offers loans to help customers purchase new and used vehicles and equipment to boost their income generation. We provide the following offerings:

1. **Commercial Vehicle Loans:** HDB provides loans for purchase of new and used commercial vehicles and provides refinance against existing vehicles for business working capital. HDBFS extends these offerings to fleet owners, first-time users, first-time buyers and captive-use buyers.
2. **Construction Equipment Loans**: HDB provides loans for the procurement of new and used construction equipment. The Company also facilitates refinancing on existing equipment.
3. **Tractor Loans:** HDB offers customised tractor loans for the purchase of tractors or tractor-related implements to meet any agricultural or commercial needs.

(D) **Micro-Lending**: HDB offers micro-loans to borrowers through the Joint Liability Groups (JLG) framework to empower and promote financial inclusion for the sustainable development. HDBFS commenced its micro-loans in the year 2019.

Fee-Based Products / Insurance Services:

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

BPO SERVICES: The Company's BPO services comprise of running collection call centers, sales support services, back office, operations, and processing support services.

A. **Collection Services:** HDB has a contract to run collection call centres for HDFC Bank. These centres provide collection services for the entire range of HDFC Bank's retail lending products. We offer comprehensive end-to-end collection services across 700 locations via on-call and field support teams. We have established 18 call centres with 5,500 seat capacity across the country.

B. **Back office and Sales Support -** HDBFS offers sales support and back-office services like forms processing, document verification, finance and accounting operations and processing support for HDFC Bank.

Brief Particulars of the management of the Company and the corporate structure

The Company is professionally managed by its Board of Directors, headed by Mr. G. Ramesh, Managing Director and Chief Executive Officer (MD & CEO). Following are the Key Senior Management:

- Mr. Ashish Ghatnekar, Chief - People & Operations
- Mr. Harish Venugopal, Chief Risk Officer
- Mr. Jaykumar Shah, Chief Financial Officer
- Mr. Karthik Srinivasan, Chief Business Officer
- Mr. Rohit Patwardhan, Chief Credit Officer
- Mr. Mathew Pant, Chief Technology Officer and Chief Information Officer
- Mr. Sarabjeet Singh, Chief Business Officer
- Mr. Venkata Swamy, Chief Digital and Marketing Officer
- Mr. Manish Tiwari, Head - CE and Micro Lending
- Mr. Arjun Dutta, Chief Compliance Officer

The Company has a qualified pool of employees.

The organizational chart of the Company is as set out below:

(i) Structure of the group:

HDFC BANK GROUP STRUCTURE POST-MERGER

(ii) A brief summary of the business activities of the subsidiaries of the Issuer:

The Company does not have any subsidiaries as on date.

(iii) Details of branches or units where the Issuer carries on its business activities, if any:

As on June 30, 2023, the Company has 1580 branches Pan-India.

(iv) Project cost and means of financing, in case of funding of new projects:

Nil

(v) Expense of the Issue:

Expenses	Fees Amount (in Rs.)	Fees as a percentage of total issue expenses (%)	Fees as a percentage of total issue size (%)
Lead manager(s) fees	As per the relevant Key Information Document	As per the relevant Key Information Document	As per the relevant Key Information Document

Underwriting commission	As per the relevant Key Information Document	As per the relevant Key Information Document	As per the relevant Key Information Document
Brokerage, selling, commission and upload fees	As per the relevant Key Information Document	As per the relevant Key Information Document	As per the relevant Key Information Document
Fees payable to the registrars to the Issue	As per the relevant Key Information Document	As per the relevant Key Information Document	As per the relevant Key Information Document
Fees payable to the legal advisors	N.A	N.A	N.A
Advertising and marketing expenses	As per the relevant Key Information Document	As per the relevant Key Information Document	As per the relevant Key Information Document
Fees payable to the regulators including Stock Exchanges	As per the relevant Key Information Document	As per the relevant Key Information Document	As per the relevant Key Information Document
Expenses incurred on printing and distribution of Issue stationary	As per the relevant Key Information Document	As per the relevant Key Information Document	As per the relevant Key Information Document
Any other fees, commission or payments under whatever nomenclature	As per the relevant Key Information Document	As per the relevant Key Information Document	As per the relevant Key Information Document
Total	As per the relevant Key Information Document	As per the relevant Key Information Document	As per the relevant Key Information Document

SECTION F

FINANCIAL INFORMATION

[*The disclosures under (i) and (ii) hereunder shall be accompanied with the Auditor's Report along with the requisite schedules, footnotes, summary etc.*]

A. Financial Information

(i) The audited financial statements (i.e. Profit & Loss statement, Balance Sheet and Cash Flow statement) both on a standalone and consolidated basis for a period of three completed years which shall not be more than six months old from the date of the draft offer document or offer document or issue opening date, as applicable.

Standalone Audited Financial Statement

Balance Sheet (Currency: Indian Rupees in Crore)		**March 31, 2023**	**March 31, 2022**	**March 31, 2021**
ASSETS				
Financial Assets				
(a)	Cash and cash equivalents	395.90	477.20	692.92
(b)	Bank balances other than cash and cash equivalents	257.92	206.77	283.46
(c)	Derivative financial instruments	165.34	132.44	-
(c)	Trade receivables	65.76	141.82	117.32
(d)	Loans	66,382.67	57,162.45	58,601.44
(e)	Investments	1,243.25	2,233.51	1,592.90
(f)	Other financial assets	34.87	32.91	38.37
Sub total		**68,545.71**	**60,387.10**	**61,326.41**
Non-financial Assets				
(a)	Current tax assets (Net)	25.11	13.34	56.91
(b)	Deferred tax assets (Net)	1,000.87	1,051.17	729.99
(c)	Property, plant and equipment	122.37	78.14	91.52
(d)	Capital work-in-progress	-	-	-
(e)	Other intangible assets	20.41	12.01	7.98
(f)	Right of Use Assets	244.27	202.49	217.40
(g)	Other financial assets	91.65	281.69	210.85
	Sub total	**1,504.68**	**1,638.84**	**1,314.65**
TOTAL ASSETS		**70,050.39**	**62,025.94**	**62,641.06**

LIABILITIES AND EQUITY				
Liabilities				
Financial Liabilities				
(a)	Trade payables			
(i)	Total outstanding dues of micro enterprises and small enterprises	-	-	0.01
(ii)	Total outstanding dues of creditors other than micro enterprises and small enterprises	291.84	246.91	334.25
(b)	Debt securities	27,096.41	25,332.31	23,802.07
(c)	Borrowings (other than debt securities)	24,227.80	19,501.72	22,569.07
(d)	Subordinated liabilities	3,541.10	4,139.05	3,987.61
(e)	Other financial liabilities	2,778,43	2,708.72	2,844.93
(f)	Derivative financial instruments	-	-	42.72
Sub total		**57,935.58**	**51,928.71**	**53,580.66**
Non-Financial Liabilities				
(a)	Current tax liabilities (net)	41.97	59.73	173.05
(b)	Provisions	368.96	314.75	319.85
(c)	Other non-financial liabilities	266.91	183.02	121.26
		677.84	**557.50**	**614.16**
Equity				
(a)	Equity share capital	791.40	790.44	789.19
(b)	Other equity	10,645.57	8,749.29	7,657.05
		11,436.97	**9,539.73**	**8,446.24**
TOTAL LIABILITIES AND EQUITY		**70,050.39**	**62,025.94**	**62,641.06**

Profit and Loss statement (Currency: Indian Rupees in Crore)		**March 31, 2023**	**March 31, 2022**	**March 31, 2021**
Revenue from operations				
(a)	Interest income	8,927.78	8,362.97	8,487.88
(b)	Sale of services	2,633.93	2,363.41	2,020.43
(c)	Other financial charges	756.41	569.01	405.05

Profit and Loss statement (Currency: Indian Rupees in Crore)		**March 31, 2023**	**March 31, 2022**	**March 31, 2021**
(d)	Net gain on fair value changes	85.07	16.48	40.04
(e)	Net gain on de-recognition of financial instruments under amortised cost category	(0.31)	(5.58)	(8.62)
Total Revenue from operations		**12,402.88**	**11,306.29**	**10,944.78**
Expenses				
(a)	Finance Costs	3,511.92	3,325.50	3,882.93
(b)	Impairment on financial instruments	1,330.40	2,465.73	3,068.77
(c)	Employee Benefits Expenses	4,057.57	3,500.41	2,955.59
(d)	Depreciation, amortization and impairment	111.84	98.94	107.79
(e)	Others expenses	763.75	568.15	428.99
Total Expenses		**9,775.48**	**9,958.73**	**10,444.07**
Profit before tax		**2,627.4**	**1,347.56**	**500.71**
Tax Expense:				
(a)	Current tax	621.30	663.40	419.09
(b)	Deferred tax (credit)	46.75	(327.24)	(309.85)
Total Tax expense		**668.05**	**336.16**	**109.24**
Profit after tax from continuing operations		**1,959.35**	**1,011.40**	**391.47**
Profit for the year		**1,959.35**	**1,011.40**	**391.47**
Other Comprehensive Income				
(a)	Items that will not be reclassified to profit or loss - Re-measurement gain/(loss) on defined benefit plan	(5.48)	(13.15)	(20.97)
(b)	Income tax relating to items that will not be reclassified to profit or loss	1.38	2.25	5.28
(c)	Items that will be reclassified to profit or loss	19.59	33.00	2.99
(d)	Income tax relating to items that will be reclassified to profit or loss	(4.93)	(8.31)	(0.75)
Other Comprehensive Income		**10.56**	**13.79**	**(13.45)**
Total Comprehensive Income for the period		**1,969.91**	**1,025.19**	**378.02**
A	Cash flow from operating activities			

Profit and Loss statement (Currency: Indian Rupees in Crore)		**March 31, 2023**	**March 31, 2022**	**March 31, 2021**
	Profit/(loss) before tax	2,627.40	1,347.56	500.71
	Adjustments for			
	Interest Income	(8,927.78)	(8,362.97)	(8,487.88)
	Interest Expenses	3,502.92	3,316.64	3,857.22
	(Profit)/loss on sale of asset	(1.01)	(0.06)	1.91
	Realised net (gain)/ loss on FVTPL investments	(90.67)	39.29	(79.75)
	Unrealised (gain)/loss on FVTPL investments	5.60	(22.81)	(5.15)
	Discount on commercial paper	9.00	8.86	25.71
	Provision for compensated absence and gratuity	6.59	3.52	15.78
	Employee share based payment expenses	43.64	30.42	13.55
	Depreciation, amortization and impairment	111.84	98.94	107.79
	Impairment on financial instruments	1,330.40	2,465.73	3,065.52
	Operating cash flow before working capital changes	(1,382.07)	(1,074.88)	(984.59)
	Adjustments for working capital changes:			
	(Increase)/decrease in Loans	(10,462.68)	(1,016.51)	(4,482.17)
	(Increase)/ decrease in trade receivables	76.06	(24.50)	66.12
	(Increase)/decrease in other financial assets and others	(0.19)	(17.69)	(126.00)
	Increase/(decrease) in other financial and non-financial liabilities & provision	(758.28)	(960.09)	7.85
	Increase/(decrease) in trade payables	44.93	(87.34)	184.28
	Cash generated from/(Used in) operations before adjustments for interest received and interest paid	(12,482.23)	(3,181.01)	(5334.51)
	Interest Paid	(3,842.14)	(3,699.47)	(3,695.31)
	Interest Received	8,841.36	8,353.15	8,447.48
	Cash generated from/(Used in) operations	(7,483.01)	1,472.67	(582.34)
	Direct taxes paid (net of refunds)	632.41	514.43	180.00
	Net cash flow generated from/(used in) operating activities (A)	(6,850.60)	1,987.10	(402.34)
B	Cash flow from investing activities			
	Purchase of investments	(49,267.66)	(24,583.62)	(15,557.50)
	Proceeds of investments	50,350.80	23,920.20	15,713.15
	Purchase of fixed assets	(111.32)	(41.13)	(24.64)
	Proceeds from sale of fixed assets	1.50	1.27	0.38

Profit and Loss statement (Currency: Indian Rupees in Crore)		**March 31, 2023**	**March 31, 2022**	**March 31, 2021**
	Net cash generated from/(used in) investing activities (B)	973.32	(703.28)	131.38
C	Cash flow from financing activities			
	Debt securities issued	10,099.18	8,876.00	10,541.10
	Debt securities repaid	(8,210.60)	(7,274.50)	(9,378.90)
	Borrowings other than debt securities issued	17,207.75	8,800.35	9,309.34
	Borrowings other than debt securities repaid	(12,507.21)	(12,026.41)	(10,195.20)
	Subordinated debt issued	-	150.00	356.50
	Subordinated debt repaid	(600.00)	-	-
	Proceeds from issue of shares and security premium	33.93	37.89	36.87
	Repayment of lease liabilities	(76.81)	(62.87)	(61.78)
	Dividend & Tax paid on dividend	(150.25)	-	-
	Net cash generated from/(used in) financing activities (C)	5,795.99	(1,499.54)	607.93
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	(81.30)	(215.72)	336.96
	Add : Cash and cash equivalents as at the beginning of the year	477.20	692.92	355.95
	Add : Cash and cash equivalents acquired pursuant to Scheme of Amalgamation	-	-	-
	Cash and cash equivalents as at the end of the year	395.90	477.20	692.92

Consolidated Audited Financial Statements

Balance Sheet (Currency: Indian Rupees in Crore)		**March 31, 2023**	**March 31, 2022**	**March 31, 2021**
ASSETS				
Financial Assets				
(a)	Cash and cash equivalents	395.90	477.20	692.92
(b)	Bank balances other than cash and cash equivalents	257.92	206.77	283.46
(c)	Derivative financial instruments	165.34	132.44	-
(c)	Trade receivables	65.76	141.82	117.32
(d)	Loans	66,382.67	57,162.45	58,601.44

Balance Sheet (Currency: Indian Rupees in Crore)		**March 31, 2023**	**March 31, 2022**	**March 31, 2021**
(e)	Investments	1,243.25	2,233.51	1,592.90
(f)	Other financial assets	34.87	32.91	38.37
Sub total		**68,545.71**	**60,387.10**	**61,326.41**
Non-financial Assets				
(a)	Current tax assets (Net)	25.11	13.34	56.91
(b)	Deferred tax assets (Net)	1,000.87	1,051.17	729.99
(c)	Property, plant and equipment	122.37	78.14	91.52
(d)	Capital work-in-progress	-	-	-
(e)	Other intangible assets	20.41	12.01	7.98
(f)	Right of Use Assets	244.27	202.49	217.40
(g)	Other non-financial assets	91.65	281.69	210.85
	Sub total	**1,504.68**	**1,638.84**	**1,314.65**
TOTAL ASSETS		**70,050.39**	**62,025.94**	**62,641.06**
LIABILITIES AND EQUITY				
Liabilities				
Financial Liabilities				
(a)	Trade payables			
(i)	Total outstanding dues of micro enterprises and small enterprises	-	-	0.01
(ii)	Total outstanding dues of creditors other than micro enterprises and small enterprises	291.84	246.91	334.25
(b)	Debt securities	27,096.41	25,332.31	23,802.07
(c)	Borrowings (other than debt securities)	24,227.80	19,501.72	22,569.07
(d)	Subordinated liabilities	3,541.10	4,139.05	3,987.61
(e)	Other financial liabilities	2,778,43	2,708.72	2,844.93
(f)	Derivative financial instruments	-	-	42.72
Sub total		**57,935.58**	**51,928.71**	**53,580.66**
Non-Financial Liabilities				
(a)	Current tax liabilities (net)	41.97	59.73	173.05

Balance Sheet (Currency: Indian Rupees in Crore)		**March 31, 2023**	**March 31, 2022**	**March 31, 2021**
(b)	Provisions	368.96	314.75	319.85
(c)	Other non-financial liabilities	266.91	183.02	121.26
		677.84	**557.50**	**614.16**
Equity				
(a)	Equity share capital	791.40	790.44	789.19
(b)	Other equity	10,645.57	8,749.29	7,657.05
		11,436.97	**9,539.73**	**8,446.24**
TOTAL LIABILITIES AND EQUITY		**70,050.39**	**62,025.94**	**62,641.06**

Profit and Loss statement (Currency: Indian Rupees in Crore)		**March 31, 2023**	**March 31, 2022**	**March 31, 2021**
Revenue from operations				
(a)	Interest income	8,927.78	8,362.97	8,487.88
(b)	Sale of services	2,633.93	2,363.41	2,020.43
(c)	Other financial charges	756.41	569.01	405.05
(d)	Net gain on fair value changes	85.07	16.48	40.04
(e)	Net gain on de-recognition of financial instruments under amortised cost category	(0.31)	(5.58)	(8.62)
Total Revenue from operations		**12,402.88**	**11,306.29**	**10,944.78**
Expenses				
(a)	Finance Costs	3,511.92	3,325.5	3,882.93
(b)	Impairment on financial instruments	1,330.40	2,465.73	3,068.77
(c)	Employee Benefits Expenses	4,057.57	3,500.41	2,955.59
(d)	Depreciation, amortization and impairment	111.84	98.94	107.79
(e)	Others expenses	763.75	568.15	428.99
Total Expenses		**9,775.48**	**9,958.73**	**10,444.07**
Profit before tax		**2,627.4**	**1,347.56**	**500.71**
Tax Expense:				
(a)	Current tax	621.30	663.40	419.09
(b)	Deferred tax (credit)	46.75	(327.24)	(309.85)
Total Tax expense		**668.05**	**336.16**	**109.24**

Profit after tax from continuing operations		**1,959.35**	**1,011.40**	**391.47**
Profit for the year		**1,959.35**	**1,011.40**	**391.47**
Other Comprehensive Income				
(a)	Items that will not be reclassified to profit or loss - Re-measurement gain/(loss) on defined benefit plan	(5.48)	(13.15)	(20.97)
(b)	Income tax relating to items that will not be reclassified to profit or loss	1.38	2.25	5.28
(c)	Items that will be reclassified to profit or loss	19.59	33.00	2.99
(d)	Income tax relating to items that will be reclassified to profit or loss	(4.93)	(8.31)	(0.75)
Other Comprehensive Income		**10.56**	**13.79**	**(13.45)**
Total Comprehensive Income for the period		**1,969.91**	**1,025.19**	**378.02**

Cash Flow Statement (Currency: Indian Rupees in Crore)		**March 31, 2023**	**March 31, 2022**	**March 31, 2021**
A	Cash flow from operating activities			
	Profit/(loss) before tax	2,627.40	1,347.56	500.71
	Adjustments for			
	Interest Income	(8,927.78)	(8,362.97)	(8,487.88)
	Interest Expenses	3,502.92	3,316.64	3,857.22
	(Profit)/loss on sale of asset	(1.01)	(0.06)	1.91
	Realised net (gain)/ loss on FVTPL investments	(90.67)	39.29	(79.75)
	Unrealised (gain)/loss on FVTPL investments	5.60	(22.81)	(5.15)
	Discount on commercial paper	9.00	8.86	25.71
	Provision for compensated absence and gratuity	6.59	3.52	15.78
	Employee share based payment expenses	43.64	30.42	13.55
	Depreciation, amortization and impairment	111.84	98.94	107.79
	Impairment on financial instruments	1,330.40	2,465.73	3,065.52

	Operating cash flow before working capital changes	(1,382.07)	(1,074.88)	(984.59)
	Adjustments for working capital changes:			
	(Increase)/decrease in Loans	(10,462.68)	(1,016.51)	(4,482.17)
	(Increase)/ decrease in trade receivables	76.06	(24.50)	66.12
	(Increase)/decrease in other financial assets and others	(0.19)	(17.69)	(126.00)
	Increase/(decrease) in other financial and non-financial liabilities & provision	(758.28)	(960.09)	7.85
	Increase/(decrease) in trade payables	44.93	(87.34)	184.28
	Cash generated from/(Used in) operations before adjustments for interest received and interest paid	(12,482.23)	(3,181.01)	(5,334.51)
	Interest Paid	(3,842.14)	(3,699.47)	(3,695.31)
	Interest Received	8,841.36	8,353.15	8,447.48
	Cash generated from/(Used in) operations	(7,483.01)	1,472.67	(582.34)
	Direct taxes paid (net of refunds)	632.41	514.43	180.00
	Net cash flow generated from/(used in) operating activities (A)	(6,850.60)	1,987.10	(402.34)
B	Cash flow from investing activities			
	Purchase of investments	(49,267.66)	(24,583.62)	(15,557.50)
	Proceeds of investments	50,350.80	23,920.20	15,713.15
	Purchase of fixed assets	(111.32)	(41.13)	(24.64)
	Proceeds from sale of fixed assets	1.50	1.27	0.38
	Net cash generated from/(used in) investing activities (B)	973.32	(703.28)	131.38
C	Cash flow from financing activities			
	Debt securities issued	10,099.18	8,876.00	10,541.10
	Debt securities repaid	(8,210.60)	(7,274.50)	(9,378.90)
	Borrowings other than debt securities issued	17,207.75	8,800.35	9,309.34
	Borrowings other than debt securities repaid	(12,507.21)	(12,026.41)	(10,195.20)
	Subordinated debt issued	-	150.00	356.50
	Subordinated debt repaid	(600.00)	-	-
	Proceeds from issue of shares and security premium	33.93	37.89	36.87

	Repayment of lease liabilities	(76.81)	(62.87)	(61.78)
	Dividend & Tax paid on dividend	(150.25)	-	-
	Net cash generated from/(used in) financing activities (C)	5,795.99	(1,499.54)	607.93
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	(81.30)	(215.72)	336.96
	Add : Cash and cash equivalents as at the beginning of the year	477.20	692.92	355.95
	Add : Cash and cash equivalents acquired pursuant to Scheme of Amalgamation	-	-	-
	Cash and cash equivalents as at the end of the year	395.90	477.20	692.92

Note: There was no auditor's qualification. Auditor's Report can be accessed at:

FY 2022-23: https://www.hdbfs.com/sites/default/files/reports/Annual-Report-2022-23.pdf

FY 2021-22: https://www.hdbfs.com/sites/default/files/reports/HDB_Annual-Report-2021-22.pdf

FY 2020-21: https://www.hdbfs.com/sites/default/files/reports/HDB-Annual-Report-2020-21.pdf

Note: The Ministry of Corporate Affairs, in its press release dated January 18, 2016, had issued a roadmap for implementation of Indian Accounting Standards (Ind-AS) for scheduled commercial banks, insurers / insurance companies and non-banking financial companies. This roadmap required these institutions to prepare Ind-AS based financial statements for the accounting periods beginning from April 1, 2018 onwards with comparatives for the periods beginning April 1, 2017 and thereafter. On March 30, 2016, the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 for implementation of Indian Accounting Standards by Non-Banking Financial Companies were notified. Accordingly, the Company has adopted IND-AS effective April 1, 2018 with comparatives for the periods beginning April 1, 2017.

(ii) The unaudited financial information with limited review report (for the interim period).

<u>Standalone Un-Audited Financial Statement</u>

Balance Sheet (Currency: Indian Rupees in Crore)		**As at June 30, 2023 (Reviewed)**
ASSETS		
Financial Assets		
(a)	Cash and cash equivalents	608.80
(b)	Bank balances other than cash and cash equivalents	97.36
(c)	Derivative financial instruments	-
(d)	Trade receivables	67.68

(e)	Loans	69,962.25
(f)	Investments	1,903.29
(g)	Other financial assets	38.86
Sub total		**72,678.24**
Non-financial Assets		
(a)	Current tax assets (Net)	31.75
(b)	Deferred tax assets (Net)	1,041.91
(c)	Property, plant and equipment	129.34
(d)	Capital work-in-progress	-
(e)	Other intangible assets	18.77
(f)	Right of Use Assets	252.17
(g)	Other financial assets	92.42
	Sub total	**1,566.26**
TOTAL ASSETS		**74,244.50**
LIABILITIES AND EQUITY		
Liabilities		
Financial Liabilities		
(a)	Trade payables	
(i)	Total outstanding dues of micro enterprises and small enterprises	-
(ii)	Total outstanding dues of creditors other than micro enterprises and small enterprises	250.60
(b)	Debt securities	32,003.98
(c)	Borrowings (other than debt securities)	22,920.71
(d)	Subordinated liabilities	3,541.50
(e)	Other financial liabilities	2,782.55
(f)	Derivative financial instruments	-
Sub total		**61,499.34**
Non-Financial Liabilities		
(a)	Current tax liabilities (net)	113.55
(b)	Provisions	393.91

(c)	Other non-financial liabilities	322.94
Subtotal		**830.40**
Equity		
(a)	Equity share capital	791.40
(b)	Other equity	11,123.36
Subtotal		**11,914.76**
TOTAL LIABILITIES AND EQUITY		**74,244.50**

Profit and Loss statement (Currency: Indian Rupees in Crore)			**Quarter ended June 30, 2023 (Reviewed)**
I	**Revenue from operations**		
		Interest income	2,573.15
		Sale of services	576.62
		Other financial charges	196.94
		Net gain on fair value changes	40.45
		Net gain/(loss) on derecognized financial instruments	(0.41)
	Total Revenue from operations		**3,386.75**
II	**Expenses**		
		Finance Costs	1,072.46
		Impairment on financial instruments	266.57
		Employee Benefits Expenses	1,028.82
		Depreciation, amortization and impairment	31.50
		Others expenses	226.95
	Total Expenses		**2,626.30**
III	**Profit before tax (I-II)**		760.45
IV	**Tax Expense:**		
	a	Current tax	229.88
	b	Deferred tax	(36.34)
	Total Tax expense		**193.54**
V	**Net Profit for the period (III-IV)**		**566.91**

VI	**Other Comprehensive Income (net of tax)**		**(13.98)**
VII	**Total Comprehensive Income (after tax) (V-VI)**		**552.93**
VIII	**Earnings per equity share**		
	(a)	Basic (in Rupees)	7.16
	(b)	Diluted (in Rupees)	7.16
	(c)	Face value per share (in Rupees)	10.00

Consolidated Unaudited Financial Statements

Balance Sheet (Currency: Indian Rupees in Crore)		**As at June 30, 2023 (Reviewed)**
ASSETS		
Financial Assets		
(a)	Cash and cash equivalents	608.80
(b)	Bank balances other than cash and cash equivalents	97.36
(c)	Derivative financial instruments	-
(d)	Trade receivables	67.68
(e)	Loans	69,962.25
(f)	Investments	1,903.29
(g)	Other financial assets	38.86
Sub total		**72,678.24**
Non-financial Assets		
(a)	Current tax assets (Net)	31.75
(b)	Deferred tax assets (Net)	1,041.91
(c)	Property, plant and equipment	129.34
(d)	Capital work-in-progress	-
(e)	Other intangible assets	18.77
(f)	Right of Use Assets	252.17
(g)	Other financial assets	92.42
	Sub total	**1,566.26**

TOTAL ASSETS		**74,244.50**
LIABILITIES AND EQUITY		
Liabilities		
Financial Liabilities		
(a)	Trade payables	
(i)	Total outstanding dues of micro enterprises and small enterprises	-
(ii)	Total outstanding dues of creditors other than micro enterprises and small enterprises	250.60
(b)	Debt securities	32,003.98
(c)	Borrowings (other than debt securities)	22,920.71
(d)	Subordinated liabilities	3,541.50
(e)	Other financial liabilities	2,782.55
(f)	Derivative financial instruments	-
Sub total		**61,499.34**
Non-Financial Liabilities		
(a)	Current tax liabilities (net)	113.55
(b)	Provisions	393.91
(c)	Other non-financial liabilities	322.94
Subtotal		**830.40**
Equity		
(a)	Equity share capital	791.40
(b)	Other equity	11,123.36
Subtotal		**11,914.76**
TOTAL LIABILITIES AND EQUITY		**74,244.50**

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Profit and Loss statement (Currency: Indian Rupees in Crore)			**Quarter ended June 30, 2023 (Reviewed)**
I	**Revenue from operations**		
		Interest income	2,573.15
		Sale of services	576.62
		Other financial charges	196.94
		Net gain on fair value changes	40.45
		Net gain/(loss) on derecognized financial instruments	(0.41)
	Total Revenue from operations		**3,386.75**
II	**Expenses**		
		Finance Costs	1,072.46
		Impairment on financial instruments	266.57
		Employee Benefits Expenses	1,028.82
		Depreciation, amortization and impairment	31.50
		Others expenses	226.95
	Total Expenses		**2,626.30**
III	**Profit before tax (I-II)**		760.45
IV	**Tax Expense:**		
	a	Current tax	229.88
	b	Deferred tax	(36.34)
	Total Tax expense		**193.54**
V	**Net Profit for the period (III-IV)**		**566.91**
VI	**Other Comprehensive Income (net of tax)**		**(13.98)**
VII	**Total Comprehensive Income (after tax) (V-VI)**		**552.93**
VIII	**Earnings per equity share**		
	(a)	Basic (in Rupees)	7.16
	(b)	Diluted (in Rupees)	7.16
	(c)	Face value per share (in Rupees)	10.00

Note: There was no auditor's qualification.

Limited Review Report can be accessed at: Quarter 1 2023-24: https://www.hdbfs.com/sites/default/files/debt/Unaudited-Financial-Results-under-Regulation-33-52-of-SEBI-(LODR)-for-quarter-ended-June-30-2023.pdf

(iii) Key Operational and Financial Parameters on a Consolidated and Standalone Basis:

For Financial Sector Entities:

Standalone Basis

(Amt. in Crore)

Particulars	As at June 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Balance Sheet				
Assets				
Property, Plant and Equipment	129.24	122.37	78.14	91.52
Financial Assets	72,678.24	68,545.71	60,387.10	61,326.41
Non-financial Assets excluding property, plant and equipment	1,437.02	1,382.31	1,560.70	1,223.13
Total assets	74,244.50	70,050.39	62,025.94	62,641.06
Liabilities				
Financial Liabilities				
- Derivative financial instruments	-	-	-	42.72
- Trade Payables	250.06	291.84	246.91	334.26
- Debt Securities	32,003.98	27,096.41	25,332.31	23,802.07
- Borrowings (other than Debt Securities)	22,920.71	24,096.41	19,501.72	22,569.07
- Subordinated Liabilities	3,541.50	3,541.10		
- Other financial liabilities	2,782.55	2,778.43	4,139.05	3,987.61
			2,708.72	2,844.93
Non – Financial Liabilities				
- Current tax liabilities (net)	113.55	41.97	59.73	173.05
- Provisions	393.91	368.96	314.75	319.85
- Deferred tax liabilities (net)	-	-	-	-
- Other non-financial liabilities	322.94	266.91	183.02	121.26
Equity (equity share capital and other equity)	11,914.76	11,436.97	9,539.73	8,446.24

Total equity and liabilities	74,244.50	70,050.39	62,025.94	62,641.06
Revenue from operations	3,386.75	12,402.88	11,306.29	10,944.78
Other Income	-	-	-	-
Total Income	3,386.75	12,402.88	11,306.29	10,944.78
Total Expenses	2,626.30	9,775.48	9,958.73	10,444.07
Profit after Tax for the year	566.91	1,959.35	1,011.40	391.47
Other Comprehensive Income	-13.98	10.56	13.79	-13.45
Total Comprehensive Income	552.93	1,969.91	1,025.19	378.02
Earnings per equity share (Basic)	7.16	24.78	12.81	4.97
Earnings per equity share (Diluted)	7.16	24.76	12.80	4.97
Net cash from / used in(-) operating activities	-2,624.85	-6,850.60	1,987.10	-402.34
Net cash from / used in(-) investing activities	-643.41	973.32	-703.28	131.38
Net cash from / used in(-) financing activities	3,481.15	5,795.99	-1,499.54	607.93
Net increase/decrease(-) in cash and cash equivalents	212.89	-81.29	-215.72	336.97
Cash and cash equivalents as per Cash Flow Statement as at end of Half Year	608.80	395.90	477.20	692.92
Net worth	10,872.85	10,436.10	8,488.56	7,716.25
Cash and Cash Equivalents	608.80	395.90	477.20	692.92
Loans	73,567.64	70,030.70	61,326.32	61,325.00
Loans (Principal Amount)				
Total Debts to Total Assets	0.79	0.78	0.79	0.80
Interest Income	2,573.15	8,927.78	8,362.97	8,487.88
Interest Expense	1,072.46	3,511.92	3,325.50	3,882.93
Impairment on Financial Instruments	266.57	1,330.40	2,465.73	3,068.77
Bade Debts to Loans	N.A.	N.A.	N.A.	N.A.

% Gross Stage 3 Loans on Loans (Principal Amount)	2.48%	2.73%	4.99%	4.50%
% Net Stage 3 Loans on Loans (Principal Amount)	0.84%	0.95%	2.29%	3.08%
Tier I Capital Adequacy Ratio (%)	15.81%	15.91%	15.22%	13.44%
Tier II Capital Adequacy Ratio (%)	3.96%	4.14%	5.00%	5.45%

Key Operational and Financial Parameters on a Consolidated Basis:

(Amt. in Crore)

Particulars	As at June 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
BALANCE SHEET				
Assets				
Property, Plant and Equipment	129.24	122.37	78.14	91.52
Financial Assets	72,678.24	68,545.71	60,387.10	61,326.41
Non-financial Assets excluding Property , Plant and Equipment	1,437.02	1,382.31	1,560.70	1,223.13
Total Assets	74,244.50	70,050.39	62,025.94	62,641.06
Liabilities				
Financial Liabilities				
-Derivative financial instruments	-	-	-	42.72
-Trade Payables	250.60	291.84	246.91	334.26
-Other Payables	-	-	-	-
-Debt Securities	32,003.98	27,096.41	25,332.31	23,802.07
-Borrowings (other than Debt Securities)	22,920.71	24,227.80	19,501.72	22,569.07
-Deposits	10.19	10.19	10.22	10.29
-Subordinated liabilities	3,541.50	3,541.10	4,139.05	3,987.61
-Lease liabilities	286.29	278.96	239.13	247.55
-Other financial liabilities	2,486.07	2,489.28	2,459.37	2,587.09
Non-Financial Liabilities				
-Current tax liabilities (net)	113.55	41.97	59.73	173.05
-Provisions	393.91	368.96	314.75	319.85
-Deferred tax liabilities (net)	-	-	-	-

-Other non-financial liabilities	322.94	266.91	183.02	121.26
Equity (Equity Share Capital and Other Equity)	11,914.76	11,436.97	9,539.73	8,446.24
Non-controlling interest				
Total Liabilities and Equity	74,244.50	70,050.39	62,025.94	62,641.06
PROFIT AND LOSS				
Revenue from operations	3,386.75	12,402.88	11,306.29	10,944.78
Other Income	-	-	-	-
Total Income	3,386.75	12,402.88	11,306.29	10,944.78
Total Expenses	2,626.30	9,775.48	9,958.73	10,444.07
Profit after tax for the year	566.91	1,959.35	1,011.40	391.47
Other Comprehensive Income	-13.98	10.56	13.79	-13.45
Total Comprehensive Income	552.93	1,969.91	1,025.19	378.02
Earnings per equity share (Basic)	7.16	24.78	12.81	4.97
Earnings per equity share (Diluted)	7.16	24.76	12.80	4.97
Cash Flow				
Net cash from / used in(-) operating activities	-2,624.85	-6,850.60	1,987.10	-402.34
Net cash from / used in(-) investing activities	-643.41	973.32	-703.28	131.38
Net cash from / used in (-)financing activities	3,481.15	5,795.99	-1,499.54	607.93
Net increase/decrease(-) in cash and cash equivalents	212.89	-81.29	-215.72	336.97
Cash and cash equivalents as per Cash Flow Statement as at end of Half Year	608.80	395.90	477.20	692.92
Additional Information				
Net worth	10,872.85	10,436.10	8,488.56	7,716.25
Cash and cash equivalents	608.80	395.90	477.20	692.92
Loans	73,567.64	70,030.70	61,326.32	61,325.00
Total Debts to Total Assets	0.79	0.78	0.79	0.80

Interest Income	2,573.15	8,927.78	8,362.97	8,487.88
Interest Expense	1,072.46	3,511.92	3,325.50	3,882.93
Impairment on Financial Instruments	266.57	1,330.40	2,465.73	3,068.77
Bad Debts to Loans	N.A.	N.A.	N.A.	N.A.

(iv) Details of any other contingent liabilities of the Issuer based on the last audited financial statements including amount and nature of liability.

(Amt. in Crore)

S. No.	Particulars	June 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
1.	Claims against the Company not acknowledged as debt	98.77	99.53	90.59	93.55
2.	Estimated amount of contracts remaining to be executed on capital account and not provided for net of advance	49.04	45.00	13.27	8.64
3.	Undrawn committed sanctions to borrowers	78.93	134.31	59.40	26.65
	Total	**226.74**	**278.84**	**163.26**	**128.84**

(v) The amount of corporate guarantee or letter of comfort issued by the Issuer along with details of the counterparty (viz. name and nature of the counterparty, whether a subsidiary, joint venture entity, group company etc.) on behalf of whom it has been issued.

NA

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

SECTION G

BRIEF HISTORY OF THE COMPANY SINCE INCORPORATION

1. Capital Structure

a) Details of Share Capital as at last quarter ended, i.e. June 30, 2023: -

Share Capital	Amount
Authorised Share Capital	Rs. 10,01,55,00,000 comprising: 1,00,15,50,000 Equity Shares of Rs. 10/- each
Issued, Subscribed and Paid-up Share Capital	Rs. 7,91,39,90,830 comprising: 79,13,99,083 Shares of Rs.10 each

Notes: Of the above issued, subscribed and paid-up share capital 75,05,96,670 equity shares are held by HDFC Bank Ltd., the Promoter of the Company.

b) Changes in its capital structure as at quarter ended, i.e., June 30, 2023 for the preceding three financial years and current financial year: -

Date of Change (AGM/ EGM)	Particulars
None	

c) Details of the equity share capital history of the Company for the preceding 3 (three) financial years and current financial year:

Date of Allotment	No. Of Equity Shares	Face Value (in Rs. per share)	Form of Consideration (other than cash, etc)	Issue Price (in Rs. per share)	Nature of allotment	Cumulative			Re-mark
						No. Of Equity shares	Equity Share Capital (in Rs.)	Equity Share Premium (in Rs.)	
13/9/2019	1,68,700	10	Cash	Series 8C – 88/- Series 9B – 137/- Series 10A – 213/-	ESOS Exercise	78,58,69,006	7,85,86,90,060	28,96,41,71,859	For cash on account of ESOP allotment
11/12/2019	17,10,650	10	Cash	Series 9C – 137/- Series 10A – 213/- Series 10B – 213/-	ESOS Exercise	78,75,79,656	7,87,57,96,560	29,25,43,42,609	For cash on account of ESOP allotment
18/11/2020	2,50,890	10	Cash	Series 10B – 213/- Series 11A – 274/-	ESOS Exercise	78,78,30,546	7,87,83,05,460	29,31,87,29,269	For cash on account of ESOP allotment
07/12/2020	10,41,100	10	Cash	Series 10C – 213/- Series 11A – 274/- Series 11B – 274/- Series 11C – 274/-	ESOS Exercise	78,88,71,646	788,87,16,460	29,53,03,53,169	For cash on account of ESOP allotment

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Date of Allotment	No. Of Equity Shares	Face Value (in Rs. per share)	Form of Consideration (other than cash, etc)	Issue Price (in Rs. per share)	Nature of allotment	Cumulative			Re-mark
						No. Of Equity shares	Equity Share Capital (in Rs.)	Equity Share Premium (in Rs.)	
25/02/2021	3,11,220	10	Cash	Series 10A – 213/- Series 10B – 213/- Series 10C – 213/- Series 11A – 274/- Series 11B – 274/-	ESOS Exercise	78,91,82,866	7,89,18,28,660	29,60,64,76,249	For cash on account of ESOP allotment
16/03/2021	2,350	10	Cash	Series 10C – 213/-	ESOS Exercise	78,91,85,216	7,89,18,52,160	29,60,69,53,299	For cash on account of ESOP allotment
26/11/2021	8,03,460	10	Cash	Series 10C – 213/- Series 11A – 274/- Series 11B – 274/- Series 12A – 300/-	ESOS Exercise	78,99,88,676	7,89,98,86,760	29,83,86,45,939	For cash on account of ESOP allotment
17/03/2022	4,51,355	10	Cash	Series 11C – 274/- Series 12A – 300/- Series 12B – 300/- Series 13A – 348/-	ESOS Exercise	79,04,40,031	7,90,44,00,310	29,97,32,76,889	For cash on account of ESOP allotment
02/08/2022	76,660	10	Cash	Series 11B – 274/- Series 11C – 274/- Series 12B – 300/- Series 13A – 348/- Series 13B – 348/- Series 13C – 348/-	ESOS Exercise	79,05,16,691	790,51,66,910	29,99,66,19,229	For cash on account of ESOP allotment
19/09/2022	29,600	10	Cash	Series 12B – 300/- Series 13B – 348/- Series 13C – 348/- Series 13A A–348/-	ESOS Exercise	79,05,46,291	7,90,54,62,910	30,00,63,79,029	For cash on account of ESOP allotment
07/12/2022	6,20,228	10	Cash	Series 11C – 274/- Series 12A – 300/- Series 12B – 300/- Series 13A – 348/- Series 13C – 348/- Series 14A – 433/-	ESOS Exercise	79,11,66,519	7,91,16,65,190	30,22,15,01,763	For cash on account of ESOP allotment
28/12/2022	3,000	10	Cash	Series 12B – 300/- Series 14A – 433/- Series 14B – 433/- Series 14C – 433/-	ESOS Exercise	79,11,69,519	791,16,95,190	30,22,26,75,003	For cash on account of ESOP allotment
13/03/2023	2,29,564	10	Cash	Series 12B – 300/- Series 13A – 348/- Series 13B – 348/- Series 13AA–409/- Series 14A – 433/-	ESOS Exercise	79,13,99,083	791,39,90,830	30,30,29,16,625	For cash on account of ESOP allotment

Further, the following allotment in the nature of ESOP took place on July 27, 2023:

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Date of Allotment	No. Of Equity Shares	Face Value (Rs)	Form of Consideration (other than cash, etc)	Issue Price (Rs.)	Nature of allotment	Cumulative			Re-mark
						No. Of Equity shares	Equity Share Capital (Rs)	Equity Share Premium (in Rs.)	
27/07/2023	2,29,564	10	Cash	Series 11 – 274/- Series 12 – 300/- Series 13 – 348/- Series 13A–409/- Series 14 – 433/- Series 15A – 457/-	ESOS Exercise	79,16,51,067	791,65,10,670	30,39,30,30,833*	For cash on account of ESOP allotment

*This is without considering the transfer on allotment of shares pursuant to ESOP Scheme.

d) Details of any acquisition or amalgamation with any entity in the preceding one year: -

None

e) Details of any Reorganization or Reconstruction in the last 1 (one) year: -

Type of Event	Date of Announcement	Date of Completion	Details
None			

f) Details of the shareholding of the Company as at quarter ended, i.e. June 30, 2023 as per the format specified under the listing regulations:-

Sr. No.	Particulars	No. of equity shares held	No. of shares held in demat form	Total Shareholding as % of total no. of equity shares
1	HDFC Bank Limited	75,05,96,670	75,05,96,670	94.84%
2	Others	4,08,02,413	4,08,02,413	5.16%

Notes: - Shares pledged or encumbered by the promoters (if any): Not Applicable

g) List of top 10 (ten) holders of equity shares as at latest quarter ended, i.e. as on June 30, 2023:

Sr. No.	Name and category of Shareholder	Total No of Equity Shares	No. of shares in Demat form	Total Shareholding as % of total no of equity shares
1	HDFC Bank Limited (Promoter)	75,05,96,670	75,05,96,670	94.84
2	HDB Employee Welfare Trust (Through its Trustees) (Trust)	26,18,699	26,18,699	0.33
3	HDBFS Employees Welfare Trust (Through its Trustees) (Trust)	19,22,062	19,22,062	0.24
4	PI Opportunities Fund I (Alternate Investment Fund)	11,00,000	11,00,000	0.14

5	Gouri Vinod Yennemedi (Individual)	8,50,000	8,50,000	0.11
6	Ramesh G. (Director)	7,70,500	7,70,500	0.10
7	Sangeeta Paresh Sukthankar (Individual)	5,51,078	5,51,078	0.07
8	Rohit Sudhir Patwardhan (Individual)	4,10,899	4,10,899	0.05
9	Huzaan Kaizad Bharucha (Individual)	3,90,000	3,90,000	0.05
10	Saroja Subramanian (Individual)	3,51,693	3,51,693	0.04

2. Directors of the Company:

Following details regarding the directors of the Company: -

a) Details of the current directors of the Company as on date:

Name, Designation and DIN	Age (in years)	Address	Date of Appointment	Details of other directorship
Mr. Arijit Basu Part Time Non-Executive Chairman and Independent Director DIN – 06907779	62	Om Ratan Bldg, 7th Floor, 70, Sir Pochkhanwala Road, Mumbai - 400018	31/05/2023	1. Peerless Hospitex Hospital and Research Center Limited 2. Prudential PLC
Mr. Venkatraman Srinivasan, Independent Director DIN – 00246012	64	73, Keshav Smruti, 8B, Veer Savarkar Marg, Shivaji Park, Mumbai- 400028	12/03/2015	1. National Payment Corporation of India 2. Fairchem Organics Limited 3. TATA Coffee Limited 4. Mahanagar Gas Limited 5. UTI Trustee Company Private Limited 6. Eimco Elecon (India) Ltd.
Ms. Smita Affinwalla, Independent Director DIN - 07106628	60	7A, A Block, 3rd Floor, Khalakdina Terrace, August Kranti Marg, Mumbai- 400 036	12/03/2015	1. Avameh Consulting Private Limited 2. Illuminos Consulting Private Limited
Dr. Amla Samanta, Independent Director DIN - 00758883	68	13, Meera Baug, Talmiki Road, Santacruz West, Mumbai - 400054	01/05/2019	1. HDFC Securities Limited 2. Samanta Movies Private Limited 3. Shakti Cine Studio Pvt. Ltd

Mr. Adayapalam Viswanathan, Independent Director DIN - 08518003	66	1502 Godrej Serenity, Deonar, Mumbai – 400088	24/07/2019	Nil
Ms. Arundhati Mech Independent Director DIN – 09177619	64	Gr-B, Glenmore Apartment, Sriram Nagar, North Street, Alwarpet, Chennai – 600018	11/02/2022	Shivalik Small Finance Bank Limited
Mr. Jimmy Tata, Non-Executive Additional Director DIN – 06888364	57	Sea Side, Bhulabhai Desai Road, Mumbai - 400 036	25/07/2023	International Asset Reconstruction Company Private Limited
Mr. Ramesh G., Managing Director and Chief Executive Officer DIN - 05291597	54	C - 101, Ashok Gardens, Tokersey Jivraj Road, Sewree, Mumbai 400015	01/07/2012	Nil

(ii) Details of change in directors in the preceding three financial years and current financial year:

Sr. No.	Name, Designation and DIN	Date of Appointment	Date of cessation, if applicable	Remarks
1	Mr. Aditya Puri, Non- Executive Director & Chairman DIN - 00062650	01/05/2016	05/11/2020	Resigned due to HDFC Bank's internal policy
2.	Mr. Jimmy Tata, Director DIN – 06888364	01/05/2016	30/06/2020	Resigned due to HDFC Bank's internal policy
3	Mr. Arijit Basu, Non- Executive Director & Chairman DIN- 06907779	01/06/2021	31/05/2023	Resigned from Board for appointment as Non-Executive Chairman.
4	Ms. Arundhati Mech, Independent Director DIN – 09177619	11/02/2022	-	-
5	Mr. Arijit Basu, Non- Executive Director & Chairman DIN- 06907779	31/05/2023		Appointment as Non- Executive Chairman and Additional Independent Director and the appointment was regularized in the annual general meeting held on June 30, 2023
6	Mr. Jimmy Tata, Non-Executive Additional Director DIN – 06888364	15/07/2023	-	Appointment as Additional Non-Executive Director and the appointment was regularized by the members through postal ballot on August 26, 2023

(iii) Details of directors' remuneration, and such particulars of the nature and extent of their interests in the issuer (during the current year and preceding three financial years):

(a) Remuneration payable or paid to a director by the issuer, its subsidiary or associate company; shareholding of the director in the company, its subsidiaries and associate companies on a fully diluted basis (in Rs.)

Financial Year	Remuneration Paid to Directors	Mr. Arijit Basu	Mr. Vekatraman Srinivasan	Ms. Smita Affinwalla	Dr. Amla Samanta	Mr. Adayapalam K Viswanathan	Ms. Arundhati Mech
FY 23-24 (01.04.23 to till date)	Sitting Fees	2,25,000	5,50,000	5,00,000	3,75,000	5,50,000	4,25,000
	Commission	-	15,00,000	15,00,000	14,00,000	15,00,000	15,00,000
	Remuneration	12,50,000	-	-	-	-	-
FY 22-23	Sitting Fees	8,25,000	14,50,000	12,00,000	8,00,000	14,00,000	11,75,000
	Commission	-	7,50,000	7,50,000	7,50,000	7,50,000	60,000
	Remuneration	30,00,000	-	-	-	-	-
FY 21-22	Sitting Fees	9,00,000	19,50,000	13,00,000	13,25,000	17,00,000	75,000
	Commission	-	7,50,000	7,50,000	7,50,000	7,50,000	-
	Remuneration	25,00,000	-	-	-	-	-
FY 20-21	Sitting Fees	9,00,000	19,50,000	13,00,000	13,25,000	17,00,000	75,000
	Commission	-	7,50,000	7,50,000	7,50,000	7,50,000	-

	Financial Year	Gross Salary	Stock Options	Others	Total Amount
Mr. Ramesh G.	FY 23-24	2,83,22,916	0	3,269	2,83,26,185
	FY 22-23	5,36,38,320	36,60,000	14,613	5,73,12,933
	FY 21-22	4,52,91,823	47,70,000	27,028	5,00,88,851
	FY 20-21	3,78,90,656	86,40,000	38,122	4,65,68,778

(b) Appointment of any relatives to an office or place of profit of the issuer, its subsidiary or associate company- NIL

(c) Full particulars of the nature and extent of interest, if any, of every director:

A. in the promotion of the issuer company- NIL

B. in any immoveable property acquired by the issuer company in the two years preceding the date of the issue document or any immoveable property proposed to be acquired by it – NIL

C. where the interest of such a director consists in being a member of a firm or company, the nature and extent of his interest in the firm or company, with a statement of all sums paid or agreed to be paid to him or to the firm or company in cash or shares or otherwise by any person either to induce him to become, or to help him qualify as a director, or

otherwise for services rendered by him or by the firm or company, in connection with the promotion or formation of the issuer company shall be disclosed. - NIL

(d) Contribution being made by the directors as part of the offer or separately in furtherance of such objects:

NIL

3. Any financial or other material interest of the directors, promoters, key managerial personnel or senior management in the Issue and the effect of such interest in so far as it is different from the interests of other persons:

Nil

4. Auditors of the Company:

(i) Following details regarding the auditors of the Company:

Name and Address	Date of appointment
M/s. KKC & Associates LLP (formerly known as M/s Khimji Kunverji & Co. LLP) Level-19, Sunshine Tower, Senapati Bapat Marg, Elphinstone Road, Mumbai, Maharashtra 400013	September 18, 2021
M/s B. K. Khare & Co. 706/708, Sharda Chambers, New Marine Lines, Mumbai – 400020	September 18, 2021

(ii) Details of change in auditor for preceding three financial years and current financial year:

Sl No.	Name and Address	Date of appointment	Date of cessation, if applicable	Date of Resignation, if applicable
1	M/s. B S R & CO. LLP Lodha Excelus, 1st Floor, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai – 400011	May 30, 2013	July 16, 2021	Ceased to be a Statutory Auditor due to ineligibility caused in terms of the RBI guidelines w.e.f. July 16, 2021
2	M/s. KKC & Associates LLP (formerly known as M/s Khimji Kunverji & Co. LLP) Level-19, Sunshine Tower,, Senapati Bapat Marg,, Elphinstone Road,, Mumbai, Maharashtra 400013	September 18, 2021	Not applicable	M/s. B S R & CO. LLP ceased to be a Statutory Auditor due to ineligibility caused in terms of the RBI guidelines w.e.f. July 16, 2021
3	M/s B. K. Khare & Co. 706/708, Sharda Chambers, New Marine Lines, Mumbai – 400020	September 18, 2021	Not applicable	M/s. B S R & CO. LLP ceased to be a Statutory Auditor due to ineligibility caused in terms of the RBI guidelines w.e.f. July 16, 2021

5. Details of the following liabilities of the Issuer, as at the end of the preceding quarter, i.e. June 30, 2023 or if available, a later date: -

(i) **Details of Outstanding Secured Loan Facilities as on June 30, 2023: -**

(Amt. in Crore)

Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount outstanding	Redemption Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
Axis Bank	Term Loan	250.00	249.80	Bullet repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured
Axis Bank	Term Loan	245.00	244.99	Half Yearly repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured
Bank of Baroda	Term Loan	2000.00	1075.00	Quarterly repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured
Bank of India	Term Loan	1000.00	199.96	Half yearly repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured
Canara Bank	Term Loan	3000.00	531.10	Quarterly/Half yearly repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured
Central Bank of India	Term Loan	1150.00	420.16	Quarterly/Half yearly repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured
CSB Bank	Term Loan	240.00	180.00	Quarterly repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured
CTBC Bank	Term Loan	75.00	60.00	Quarterly repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured
Dhanalaxmi Bank	Term Loan	60.00	60.00	Yearly repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured
Federal Bank	Term Loan	750.00	146.14	Quarterly repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured
HDFC Bank	Term Loan	13300.00	7177.41	Quarterly repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured
HSBC Bank	Term Loan	3825.00	2354.68	Quarterly repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured

ICICI Bank	Term Loan	500.00	12.50	Quarterly repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured
IndusInd Bank	Term Loan	1700.00	1500.81	Quarterly repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured
IDBI Bank	Term Loan	300.00	300.00	Half Yearly repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured
Indian Bank	Term Loan	1500.00	950.00	Half yearly repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured
Jammu & Kashmir Bank	Term Loan	550.00	300.00	Quarterly/Half Yearly repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured
Kotak Mahindra Bank	Term Loan	950.00	317.82	Hal Yearly / Yearly repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured
Punjab National Bank	Term Loan	2000.00	1405.92	Quarterly repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured
Union Bank of India	Term Loan	3500.00	2447.61	Quarterly repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured
J P Morgan	Term Loan	700.00	700.00	Bullet repayment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured
State Bank of India	Term Loan	1500.00	1500.00	Half yearly Installment	Book Debt	CARE & CRISIL AAA/ STABLE	Secured

Note -

1) All installments are residual installment payable for outstanding loan amount.
2) All the above-mentioned loans are secured against "receivables from financing activities".

(ii) Details of outstanding unsecured loan facilities as on June 30, 2023: -

Name of lender	Type of Facility	Amount Sanctioned	Principal Amount outstanding	Repayment Date / Schedule	Credit Rating, if applicable
None					

(iii) Details of outstanding non-convertible securities as on June 30, 2023: -

Details of NCDs (including Market Linked Debentures)

(Amt. in Crore)

Series of NCS	ISIN	Tenor / Period of Maturity	Coupon	Amount Outstanding	Date of Allotment	Redemption Date / Schedule	Credit Rating	Secured / Unsecured	Security
Series 2019 / 139 - Series 2019 A/1(FX)/PP/139	INE756I07EH6	3653	8.0500	1500	08-08-2019	08-08-2029	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2019 / 141 - Series 2019 A/1(FX)/141	INE756I07CU3	1827	8.0500	280	28-08-2019	28-08-2024	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2020 / 153 - Series 2020 A/1(FX)/153_Option 1	INE756I07DE5	1157	7.2871	1300	26-05-2020	27-07-2023	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2020 / 153 - Series 2020 A/1(FX)/153_Option 2	INE756I07DD7	1185	7.2834	700	26-05-2020	24-08-2023	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2020 / 154- Series 2020 A/1(FX)/154	INE756I07DG0	1224	6.6835	875	19-06-2020	26-10-2023	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2020 / 160 - Series 2020 A/1(FX)/160	INE756I07DL0	1078	5.0800	950	15-12-2020	28-11-2023	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2021 / 162 - Series 2021 A/1(FX)/162	INE756I07DM8	1065	6.0451	1200	25-03-2021	23-02-2024	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2021 / 163- Series 2021 A/0(ZC)/163	INE756I07DN6	1092	Zero Coupon (xirr-5.85)	425	30-04-2021	26-04-2024	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2021 / 164- Series 2021 A/1(FX)/164	INE756I07DO4	1096	5.7500	1200	28-05-2021	28-05-2024	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2021 / 165- Series 2021 A/1(FO)/165	INE756I07DP1	1095	Linked to 3 Months TBILL (FBIL)	693	22-06-2021	21-06-2024	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10

			rate plus spread of 135 bps						
Series 2021 / 166 - Series 2021 A/0(ZC)/166	INE756I07 DQ9	784	5.1800	323	15-07-2021	07-09-2023	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2021 / 167- Series 2021 A/1(FO)/167	INE756I07 DR7	1095	Linked to 3 Months TBILL (FBIL) rate plus spread of 127 bps	750	03-08-2021	02-08-2024	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2021 / 168- Series 2020 A/1(FX)/154_INE756I 07DG0 (Further Issuance I)	INE756I07 DG0	792	6.6835	250	25-08-2021	26-10-2023	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2021 / 168- Series 2021 A/1(FX)/168	INE756I07 DT3	1157	5.7000	800	25-08-2021	25-10-2024	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2021 / 169 - Series 2021 A/1(FX)/169_Option 1	INE756I07 DV9	1096	5.4900	150	13-09-2021	13-09-2024	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2021 / 169 - Series 2021 A/0(ZC)/169_Option 2	INE756I07 DW7	1747	Zero Coupon (xirr-6.35)	130	13-09-2021	26-06-2026	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2021 / 169 - Series 2021 A/1(FX)/169_Option 3	INE756I07 DX5	1824	6.3500	500	13-09-2021	11-09-2026	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2021 / 170- Series 2021 A/1(FX)/169_Option 3_INE756I07DX5 (Further Issuance I)	INE756I07 DX5	1815	6.3500	560	22-09-2021	11-09-2026	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2021 / 171- Series 2021 A/0(ZC)/171	INE756I07 DY3	1035	Zero Coupon (xirr-5.49)	250	29-09-2021	30-07-2024	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2021 / 172 - Series 2021 A/1(FX)/172	INE756I07 DZ0	1094	5.7500	500	10-11-2021	08-11-2024	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10

Series 2021 / 173 - Series 2021 A/1(FX)/172_INE756I07DZ0 (Further Issuance I)	INE756I07DZ0	1078	5.7500	775	26-11-2021	08-11-2024	CARE AAA/STABLE CRISIL AAA/STABLE	Secured	1.10
Series 2021 / 174 - Series 2021 A/1(FX)/174	INE756I07EA1	771	5.4200	100	07-12-2021	17-01-2024	CARE AAA/STABLE CRISIL AAA/STABLE	Secured	1.10
Series 2021 / 175 - Series 2021 A/1(FX)/175	INE756I07EB9	1274	6.0000	200	23-12-2021	19-06-2025	CARE AAA/STABLE CRISIL AAA/STABLE	Secured	1.10
Series 2022 / 176 - Series 2021 A/1(FX)/174_INE756I07EA1 (Further Issuance I)	INE756I07EA1	755	5.4200	200	23-02-2022	17-01-2024	CARE AAA/STABLE CRISIL AAA/STABLE	Secured	1.10
Series 2022 / 176- Series 2022 A/0(ZC)/176	INE756I07EC7	1096	Zero Coupon (xirr-5.75)	120	23-02-2022	19-03-2024	CARE AAA/STABLE CRISIL AAA/STABLE	Secured	1.10
Series 2022 / 177 - Series 2022 A/1(FX)/177	INE756I07ED5	1096	6.3000	400	17-03-2022	17-03-2025	CARE AAA/STABLE CRISIL AAA/STABLE	Secured	1.10
Series 2022 / 178 - Series 2021 A/0(ZC)/163_INE756I07DN6 (Further Issuance I)	INE756I07DN6	730	Zero Coupon (xirr-6.31)	523	27-04-2022	26-04-2024	CARE AAA/STABLE CRISIL AAA/STABLE	Secured	1.10
Series 2022 / 179 - Series 2021 A/1(FX)/174_INE756I07EA1 (Further Issuance II)	INE756I07EA1	601	5.4200	750	26-05-2022	17-01-2024	CARE AAA/STABLE CRISIL AAA/STABLE	Secured	1.10
Series 2022 / 179 - Series 2022 A/0(ZC)/176_INE756I07EC7 (Further Issuance I)	INE756I07EC7	663	Zero Coupon (xirr-7.15)	90	26-05-2022	19-03-2024	CARE AAA/STABLE CRISIL AAA/STABLE	Secured	1.10
Series 2022 / 180 - Series 2021 A/1(FX)/168_INE756I07DT3 (Further Issuance I)	INE756I07DT3	875	5.7000	130	03-06-2022	25-10-2024	CARE AAA/STABLE CRISIL AAA/STABLE	Secured	1.10
Series 2022 / 180 - Series 2022 A/1(FX)/180	INE756I07EE3	966	7.4900	350	03-06-2022	24-06-2025	CARE AAA/STABLE CRISIL AAA/STABLE	Secured	1.10
Series 2022 / 181 - Series 2022 A/0(ZC)/181_Option 1	INE756I07EF0	1096	Zero Coupon (xirr-7.70)	330	07-07-2022	07-07-2025	CARE AAA/STABLE CRISIL AAA/STABLE	Secured	1.10

Series 2022 / 181 - Series 2022 A/1(FX)/181_Option 2	INE756I07EG8	1131	7.7000	125	07-07-2022	11-08-2025	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2022 / 182 - Series 2022 A/1(FX)/182	INE756I07EI4	1131	7.5000	891	19-08-2022	23-09-2025	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2022 / 183 - Series 2022 A/1(FX)/183	INE756I07EJ2	1824	7.6000	325	12-09-2022	10-09-2027	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2022 / 184 - Series 2022 A/0(ZC)/181_Option 1_INE756I07EF0 (Further Issuance I)	INE756I07EF0	1013	Zero Coupon (xirr-7.60)	80	28-09-2022	07-07-2025	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2022 / 185 - Series 2022 A/0(ZC)/181_Option 1_INE756I07EF0 (Further Issuance II)	INE756I07EF0	997	Zero Coupon (xirr - 7.90)	57	14-10-2022	07-07-2025	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2022 / 185 - Series 2022 A/1(FX)/182_INE756I07EI4 (Further Issuance I)	INE756I07EI4	1075	7.5000	45	14-10-2022	23-09-2025	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2022 / 186 - Series 2022 A/0(ZC)/186_Option 1	INE756I07EK0	1176	Zero Coupon (xirr-8.06)	250	25-10-2022	13-01-2026	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2022 / 186 - Series 2022 A/1(FX)/186_Option 2	INE756I07EL8	1219	8.0400	810	25-10-2022	25-02-2026	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2022 / 187 - Series 2022 A/0(ZC)/186_Option 1_INE756I07EK0 (Further Issuance I)	INE756I07EK0	1153	Zero Coupon (xirr-8.05)	200	17-11-2022	13-01-2026	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2022 / 187 - Series 2022 A/1(FX)/186_Option 2_INE756I07EL8 (Further Issuance I)	INE756I07EL8	1196	8.0400	650	17-11-2022	25-02-2026	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2022 / 187 - Series 2022 A/1(FX)/187	INE756I07EM6	1096	7.9600	260	17-11-2022	17-11-2025	CARE AAA/STABLE CRISIL AAA/ STABLE	Secured	1.10
Series 2022 / 188 - Series 2022	INE756I07EK0	1119	Zero Coupo	85	21-12-2022	13-01-2026	CARE AAA/STABLE	Secured	1.10

A/0(ZC)/186_Option 1_INE756I07EK0 (Further Issuance II)			n (xirr - 7.85)				RISIL AAA/ STABLE		
Series 2022 / 188 - Series 2022 A/1(FX)/188	INE756I07EN4	1301	7.8400	185	21-12-2022	14-07-2026	CARE AAA/STABLEC RISIL AAA/ STABLE	Secured	1.10
Series 2023 / 189 - Series 2022 A/0(ZC)/186_Option 1_INE756I07EK0 (Further Issuance III)	INE756I07EK0	1093	Zero Coupon (xirr-8.00)	510	16-01-2023	13-01-2026	CARE AAA/STABLEC RISIL AAA/ STABLE	Secured	1.10
Series 2023 / 189 - Series 2023 A/1(FX)/189	INE756I07EO2	1155	7.9900	1776	16-01-2023	16-03-2026	CARE AAA/STABLEC RISIL AAA/ STABLE	Secured	1.10
Series 2023 / 190 - Series 2023 A/1(FX)/190	INE756I07EP9	1149	8.0736	244	23-02-2023	17-04-2026	CARE AAA/STABLEC RISIL AAA/ STABLE	Secured	1.10
Series 2023 / 191 - Series 2023 A/1(FX)/191_Option 1	INE756I07ER5	1131	8.3774	610	20-03-2023	24-04-2026	CARE AAA/STABLEC RISIL AAA/ STABLE	Secured	1.10
Series 2023 / 191 - Series 2023 A/0(ZC)/191_Option 2	INE756I07EQ7	1824	Zero Coupon (xirr-8.31)	323.18	20-03-2023	17-03-2028	CARE AAA/STABLEC RISIL AAA/ STABLE	Secured	1.10
Series 2023 / 192 - Series 2022 A/1(FX)/180_INE756I07EE3 (Further Issuance I)	INE756I07EE3	648	7.4900	1300	17-04-2023	24-01-2025	CARE AAA/STABLEC RISIL AAA/ STABLE	Secured	1.10
Series 2023 / 192 - Series 2023 A/1(FX)/192	INE756I07ES3	774	8.1965	1500	17-04-2023	30-05-2025	CARE AAA/STABLEC RISIL AAA/ STABLE	Secured	1.10
Series 2023 / 193 - Series 2022 A/1(FX)/181_Option 2_INE756I07EG8 (Further Issuance I)	INE756I07EG8	823	7.7000	585	11-05-2023	11-08-2025	CARE AAA/STABLEC RISIL AAA/ STABLE	Secured	1.10
Series 2023 / 194 - Series 2022 A/1(FX)/177_INE756I07ED5 (Further Issuance I)	INE756I07ED5	657	6.3000	600	30-05-2023	17-03-2025	CARE AAA/STABLEC RISIL AAA/ STABLE	Secured	1.10
Series 2023 / 194 - Series 2023 A/1(FX)/191_Option 1_INE756I07ER5 (Further Issuance I)	INE756I07ER5	1060	8.3774	400	30-05-2023	24-04-2026	CARE AAA/STABLEC RISIL AAA/ STABLE	Secured	1.10
Series 2023 / 195 - Series 2021	INE756I07EB9	727	6.0000	615	23-06-2023	19-06-2025	CARE AAA/STABLEC	Secured	1.10

A/1(FX)/175_INE756I07EB9 (Further Issuance I)							RISIL AAA/ STABLE		
Series 2023 / 196 - Series 2021 A/1(FX)/169_Option 3_INE756I07DX5 (Further Issuance II)	INE756I07DX5	1169	6.3500	595	30-06-2023	11-09-2026	CARE AAA/STABLECRISIL AAA/ STABLE	Secured	1.10
Series 2023 / 196 - Series 2023 A/1(FO)/196	INE756I07ET1	1043	8.1800	400	30-06-2023	08-05-2026	CARE AAA/STABLECRISIL AAA/ STABLE	Secured	1.10
Series 2021 / 5- Series 2021 A/0(ML)/5	INE756I07DS5	761	If Final Fixing Level <= 25% of Initial Fixing Level: 0.000 % If Final Fixing Level > 25% of Initial Fixing Level: 5.1358 % p.a. (XIRR 5.00% p.a.)	100	04-08-2021	04-09-2023	CARE PPMLD AAA / STABLE CRISIL PPMLD AAA / STABLE	Secured	1.10

*Note – All the above-mentioned NCDs are:
i. secured against "Immovable property and/ or receivables from financing activities"
ii. NCDs (except the Market Linked Debentures) are rated AAA; Stable by CARE & AAA/Stable by CRISIL and the Market Linked Debentures are rated CARE PP-MLD AAA/Stable by CARE & CRISIL PP-MLD AAA/Stable by CRISIL.

Details of Subordinated Bonds

Series	ISIN	Tenor/ Period of maturity	Coupon %	Amount Outstanding (Rs. In Crore)	Date of allotment	Redemption date/ Schedule	Credit Rating	Secured / Unsecured	Security
Series 2013 I/1/4	INE756I08041	120 months	10.20	100	18-10-2013	17-10-2023	CARE AAA/STABLECRISIL AAA/ STABLE	Unsecured	-
Series 2013 I/1/5	INE756I08058	120 months	10.05	50	20-12-2013	20-12-2023	CARE AAA/STABLECRISIL AAA/ STABLE	Unsecured	-

Series 2013 I/1/6	INE756I08066	120 months	10.19	80	18-03-2014	18-03-2024	CARE AAA/STABLECRISIL AAA/ STABLE	Unsecured	-
Series 2014 I/1/7	INE756I08074	120 months	9.70	200	20-06-2014	20-06-2024	CARE AAA/STABLECRISIL AAA/ STABLE	Unsecured	-
Series 2014 I/1/8	INE756I08082	10 years	9.55	100	13-11-2014	13-11-2024	CARE AAA/STABLECRISIL AAA/ STABLE	Unsecured	-
Series 2014 I/1/9	INE756I08090	3651 days	9.55	200	17-11-2014	15-11-2024	CARE AAA/STABLECRISIL AAA/ STABLE	Unsecured	-
Series 2016 I/1/10	INE756I08108	3652 days	8.79	220	22-07-2016	22-07-2026	CARE AAA/STABLECRISIL AAA/ STABLE	Unsecured	-
Series 2016 I/1/11	INE756I08116	3650 days	8.05	170	06-12-2016	04-12-2026	CARE AAA/STABLECRISIL AAA/ STABLE	Unsecured	-
Series 2018 I/1/12	INE756I08124	3652 days	8.42	150	01-02-2018	01-02-2028	CARE AAA/STABLECRISIL AAA/ STABLE	Unsecured	-
Series 2018 I/1/13	INE756I08132	3652 days	8.45	130	21-02-2018	21-02-2028	CARE AAA/STABLECRISIL AAA/ STABLE	Unsecured	-
Series 2018 I/1/14	INE756I08140	3653 days	9.05	250	27-07-2018	27-07-2028	CARE AAA/STABLECRISIL AAA/ STABLE	Unsecured	-
Series 2018 I/1/15	INE756I08173	3653 days	9.70	350	15-11-2018	15-11-2028	CARE AAA/STABLECRISIL AAA/ STABLE	Unsecured	-
Series 2019 I/1/16	INE756I08181	3653 days	8.85	315	07-06-2019	07-06-2029	CARE AAA/STABLECRISIL AAA/ STABLE	Unsecured	-
Series 2020 / 17 - Series 2019 I/1/16_INE756I08181 (Further Issuance I)	INE756I08181	3422 days	8.85	228.5	24-01-2020	07-06-2029	CARE AAA/STABLECRISIL AAA/ STABLE	Unsecured	-
Series 2020 / 18 - Series 2020 I/1/18	INE756I08215	3651 days	7.35	356.5	02-11-2020	01-11-2030	CARE AAA/STABLECRISIL AAA/ STABLE	Unsecured	-

Note: All the above-mentioned Subordinated Bonds are unsecured and are rated 'AAA; Stable' by CARE & 'AAA/Stable' by CRISIL.

Details of Perpetual Debt Instruments:

Series	ISIN	Tenor/ Period of maturity	Coupon %	Amount Outstanding (Rs. In Crore)	Date of allotment	Redemption date/ Schedule	Credit Rating	Secured / Unsecured	Security
Series 2018 P/1/1	INE756I08157	Perpetual	9.4	200	06-08-2018	Perpetual, unless call option is exercised any time after 10 years from the Deemed Date of Allotment	CARE AAA/STABLECRISIL AAA/ STABLE	Unsecured	-
Series 2018 P/1/2	INE756I08165	Perpetual	9.15	100	07-09-2018	Perpetual, unless call option is exercised any time after 10 years from the Deemed Date of Allotment	CARE AAA/STABLECRISIL AAA/ STABLE	Unsecured	-
Series 2019 P/1/3	INE756I08199	Perpetual	8.70	100	16-08-2019	Perpetual, unless call option is exercised any time after 10 years from the Deemed Date of Allotment	CARE AAA/STABLECRISIL AAA/ STABLE	Unsecured	-
Series 2019 P/1/4	INE756I08207	Perpetual	8.70	100	29-11-2019	Perpetual, unless call option is exercised any time after 10 years from the Deemed Date of Allotment	CARE AAA/STABLECRISIL AAA/ STABLE	Unsecured	-
Series 2021 P/1/5	INE756I08231	Perpetual	7.68	150	29-10-2021	Perpetual, unless call option is exercised any time after 10 years from the Deemed Date of Allotment	CARE AAA/STABLECRISIL AAA/ STABLE	Unsecured	-

Note – All the above-mentioned Perpetual Debt Instrument are unsecured and are rated 'AAA; Stable' by CARE & 'AAA/Stable' by CRISIL

(iv) Details of Commercial Papers issuances as at the end of the last quarter, being June 30, 2023:

(Amt. in Crore)

Series of NCS	ISIN	Tenor/ Period of Maturity	Coupon	Amount outstanding	Date of Allotment	Redemption Date/ Schedule	Credit Rati ng	Secured/ unsecured	Security	Other details viz. details of Issuing and Paying Agent, details of Credit Rating Agencies
200	INE756I14CY1	72 days	7.2700%	500,00,00,000	22/05/2023	02/08/2023	CARE & CRISIL AAA/ STABLE	Unsecured	N.A.	IPA- HDFC Bank
201	INE756I14CZ8	73 days	7.2100%	500,00,00,000	23/05/2023	04/08/2023	CARE & CRISIL AAA/ STABLE	Unsecured	N.A.	IPA- HDFC Bank
202	INE756I14DA9	91 days	7.1300%	350,00,00,000	29/05/2023	28/08/2023	CARE & CRISIL AAA/ STABLE	Unsecured	N.A.	IPA- HDFC Bank
203	INE756I14DB7	63 days	7.1300%	150,00,00,000	29/05/2023	31/07/2023	CARE & CRISIL AAA/ STABLE	Unsecured	N.A.	IPA- HDFC Bank
204	INE756I14DB7	60 days	7.1300%	200,00,00,000	01/06/2023	31/07/2023	CARE & CRISIL AAA/ STABLE	Unsecured	N.A.	IPA- HDFC Bank

(v) List of top 10 holders of non-convertible securities in terms of value (in cumulative basis) as on June 30,2023:

S. No.	Name of holders of Non-convertible Securities	Category of Holder	Face Value of holding (in Crore)	Holding as a % of total outstanding non-convertible securities of the Issuer
1	HDFC Bank Ltd	Bank	3840.00	11.26%
2	State Bank of India	Bank	2450.00	7.18%
3	HDFC Mutual Fund	Mutual Fund	2410.00	7.07%
4	WIPRO Limited	Corporate	1378.00	4.04%

5	Aditya Birla Mutual Fund	Mutual Fund	1155.00	3.38%
6	HDFC LIFE INSURANCE COMPANY LIMITED	Insurance	1056.60	3.10%
7	ICICI Prudential Mutual Fund	Mutual Fund	983.00	2.88%
8	Kotak Mahindra Mutual Fund	Mutual Fund	975.00	2.86%
9	AXIS BANK LIMITED	Bank	950.00	2.78%
10	Bajaj Allianz Life Insurance Company Ltd	Insurance	880.00	2.58%

(vi) List of top 10 (Ten) holders of outstanding Commercial Papers, in terms of value (in cumulative basis): -

S. No.	Name of holders	Category of Holder	Face Value of holding (in Cr)	Holding as a % of total commercial paper of the Issuer
1	SBI MUTUAL FUND – SBI LIQUID FUND	Mutual Fund	1000.00	59%
2	Aditya Birla Mutual Fund	Mutual Fund	350.00	21%
3	UTI Liquid Cash Plan	Mutual Fund	200.00	12%
4	HSBC Mutual Fund	Mutual Fund	150.00	9%

(vii) Details of the bank fund based facilities / rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) from financial institutions or financial creditors:-

Name of Party (in case of facility)/ Name of Instrument	Type of facility / Instrument	Amount sanctioned/ issued	Principal Amount outstanding	Date of Repayment/ Schedule	Credit Rating	Secured/ Unsecured	Security
None							

(viii) The amount of corporate guarantee or letter of comfort issued by the Issuer along with name of the counterparty (like name of the subsidiary, joint venture entity, group company etc.) on behalf of whom it has been issued, contingent liability including debt service reserve account guarantees/ any put option etc. (Details of any outstanding borrowings taken/ debt securities issued for consideration other than cash). This information shall be disclosed whether such borrowing/ debt securities have been taken/ issued: (i) in whole or part, or (ii) at a premium or discount, or (iii) in pursuance of an option or not:

Nil

6. Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee or letters of comfort issued by the Company, in the preceding 3 (three) years and the current financial year.

Nil

7. Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, litigations resulting in material liabilities, corporate restructuring event etc) at the time of issue which may affect the issue or the investor's decision to invest / continue to invest in the non-convertible securities / commercial papers.

Save as stated elsewhere in the Disclosure Documents, since the date of the last published audited financial accounts, to the best of the Issuer's knowledge and belief, no material developments have taken place that will affect the issue of the Debentures/Subordinated Bonds/PDIs/ Commercial Papers or the investor's decision to invest / continue to invest in the Debentures/Subordinated Bonds/PDIs / Commercial Papers. However, please refer to Section N on '**RISK FACTORS**' in this General Information Document.

8. Any litigation or legal action pending or taken by a Government Department or a statutory body or regulatory body during the last three years immediately preceding the year of the issue of the General Information Document against the promoter of the Company.

The Bank is involved in a number of legal proceedings in the ordinary course of business, including certain spurious or vexatious proceedings with significant financial claims present on the face of the complaint but we believe lack any merit based on the historical dismissals of similar claims. Accordingly, we believe that there are currently no legal proceedings, which if adversely determined, might materially affect our financial condition or the results of our operations.

FY 2022 -23:

NIL

FY 2021-22:
Reserve Bank of India (RBI) by an order dated May 27, 2021, levied a penalty of Rs.10 cores (Rupees ten crores only) for marketing and sale of third-party non-financial products to the Bank's auto loan customers, arising from a whistle blower complaint, which revealed, inter alia, contravention of Section 6(2) and Section 8 of the Banking Regulation Act, 1949. The Bank has discontinued the sale of said third-party non-financial product since October 2019. The penalty was paid by the Bank.

FY 2020-21:

A. Penalties

1. During the FY 2020 -2021, Reserve Bank of India (RBI) has *vide* its letter dated December 04, 2020 imposed a monetary penalty of Rs.10 lacs on the Bank for bouncing of SGL, which lead to shortage of balance in certain securities in the Bank's CSGL account on November 19, 2020. The Bank has since enhanced its review mechanism so as to ensure that such incidents do not recur.

2. SEBI issued final order on January 21, 2021, levying a penalty of Rs.1 crore on the Bank, in the matter of invocation of securities pledged by BMA Wealth Creators (BRH Wealth Kreators) for availing credit facilities. SEBI has also directed the Bank to transfer sale proceeds of Rs.158.68 crores on invocation of securities, along with interest to

escrow account with a nationalised bank by marking lien in favour of SEBI. The Bank had challenged SEBI's order before SAT and SAT, vide its interim order, have stayed operation of SEBI's order. SAT, vide its final order dated February 18, 2022, allowed the Bank's appeal and quashed SEBI's Order.

B. Restrictions imposed:

Reserve Bank of India (RBI) has issued an Order dated December 02, 2020 ("Order") to HDFC Bank Limited (the "Bank") with regard to certain incidents of outages in the internet banking/ mobile banking/ payment utilities of the Bank over the past 2 years, including the outages in the Bank's internet banking and payment system on November 21, 2020 due to a power failure in the primary data centre. RBI, vide above order, advised the Bank (a) to stop all digital business generating activities planned under its 'Digital 2.0' and proposed Business generating applications digital also imposed restrictions and (b) to stop sourcing of new credit card customers. The bank has initiated remedial activities including fixing of staff accountability and the same were communicated to the RBI. Basis the Bank's submission, RBI vide its letter dated August 17, 2021, have relaxed the restriction placed on sourcing of new credit cards customers and further vide its letter dated March 11, 2022 have lifted the restrictions on the business generating activities planned under the Bank's Digital 2.0 program.

FY 2019-20:

(1) During the FY 2019 -20, Reserve Bank of India (RBI) has, vide its order dated June 13, 2019, imposed a monetary penalty of Rs. 10 million on the Bank for non-compliance with directions issued by RBI on Know Your Customer (KYC)/ Anti-Money Laundering (AML) Norms and on reporting of frauds. The penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949. In the instant case, the Bank had made a reference to the Custom Authorities for verification of Bill of Entry submitted by certain importers. Examination of these customers revealed violations of RBI directions on 'KYC/AML norms' and on reporting of frauds. The penalty was paid by the Bank. The Bank has taken necessary measures to strengthen its internal control mechanisms so as to ensure that such incidents do not recur.

(2) During the FY 2019-20, Reserve Bank of India (RBI) has also, vide its order dated January 29, 2020, imposed a monetary penalty of Rs. 10 million on the Bank for failure to undertake on-going due diligence in case of 39 current accounts opened for bidding in Initial Public Offer (IPO). The penalty has been imposed by RBI in exercise of the powers conferred under the provisions of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949. The penalty was paid by the Bank. The Bank has since strengthened its internal control mechanisms so as to ensure that such incidents do not recur.

9. Details of default and non-payment of statutory dues for the preceding three financial years and current financial year.

Nil

10. Details of pending litigation involving the Issuer, promoter, director, subsidiaries, group companies or any other person, whose outcome could have material adverse effect on the financial position of the Issuer, which may affect the Issue or the investor's decision to invest / continue to invest in the Debentures/Subordinated Bonds/PDIs:

HDFC Asset Management Company Limited (Promoter Group Company):
In accordance with applicable Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and the relevant Scheme Information Document's (SID) a few of the schemes of HDFC Mutual Fund ("the Fund") had made investments in Pass Through Certificates (PTCs) of certain securitisation trusts ("the Trusts"). The returns filed by few of these securitisation

trusts whose PTCs were held by the Fund were taken up for scrutiny by the Income Tax Authorities for Assessment Years 2007-08, 2008-09, 2009- 10 and 2010-11. Arising out of this, they had raised a tax demand on such Trusts. On failure to recover the same from them, they sent demand notices to the Fund along with other Mutual Funds as beneficiaries / contributors to such Trusts. The Fund in consultation with its tax and legal advisors had contested the applicability of such demand and got the attachment order vacated by the Mumbai High Court in March 2012. The Securitisation Trusts on their part have contested the matter and the ITAT has upheld their appeal and dismissed the contentions and all the cross - appeals filed by the Tax Authorities. The Tax Authorities have on their part preferred an appeal in the High Court against the ITAT order, where the matter is awaited for hearing and had also filed a Miscellaneous application before the ITAT, where the matter was dismissed vide their ITAT order dated March 25, 2022.

11. Details of acts of material frauds committed against the issuer in the preceding three financial years and current financial year, if any, and if so, the action taken by the Issuer.

Please refer Annexure XI

12. Details of pending proceedings initiated against the Issuer for economic offences, if any:

Nil

13. Related party transactions entered during the preceding three financial years and current financial year with regard to loans made or, guarantees given or securities provided.

Rs. in Crore

Related Party	Nature of Relationship	Nature Of Transaction	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
HDFC Bank Ltd	Holding Company	Bank charges	15.35	12.20	11.98
		Charges for back office support services received / recoverable	984.41	921.26	907.26
		Charges for sales support services received / recoverable	1,821.96	1,607.28	1,233.14
		Commission on sourcing of credit cards received / recoverable	-	1.71	4.94
		Corporate logo license fees	17.19	14.63	3.72
		Dividend paid	142.61	-	-
		Fixed deposits placed	-	17.77	1,172.73
		Interest paid on non-convertible debentures	301.45	185.85	59.92
		Interest paid on term loan and OD account	376.36	312.90	379.94

		Interest received on fixed deposits	2.71	5.47	12.78
		Investment banking fees paid	0.01	0.56	1.26
		IPA charges	0.00	-	0.00
		Purchase of fixed assets	-	-	-
		Receipt of secondment charges	-	-	-
		Reimbursement of IT Expenses	1.51	0.89	2.74
		Reimbursement of R & M charges received /receivable	-	-	-
		Rent paid for premises taken on sub-lease	2.83	2.37	2.42
		Rent received / receivable for premises given on sub-lease	-	-	-
		Securities purchased during the year	-	1,310.00	3,115.00
		Securitization	-	-	473.06
		Term loan availed during the year	3,350.00	4,050.00	2,350.00
		Term loan paid during the year	-	-	1,959.09
		Tele collection charges / field collection charges received / recoverable for collection services rendered	255.65	220.58	206.53
HDFC Securities Ltd.	Entities under common control	Commission on sourcing of loans	0.01	-	-
		Rent Received/Receivable from HDFC Securities for premises given on Sub-lease	0.10	0.07	0.08
		Recovery of expenses	0.01	-	-
Aditya Puri, Jimmy Tata, Smita Affinwalla, Venkatraman Srinivasan,	Directors (Key Managerial Personnel)	Director sitting fees and commission paid	1.40	1.25	0.80
		Dividend paid	-	-	-
		Salary including perquisites and allowances	5.36	4.53	3.79

G Ramesh		Stock Options	0.37	0.48	0.86
		Others Contribution to Funds*	-	-	0.00
HDFC Ergo General Insurance Company Limited, HDFC Life Insurance Company Limited, HDFC Trustee Company Limited	Other related parties	Insurance commission received / receivable	21.17	16.08	7.91
		Insurance premium paid	0.55	1.86	17.67
		Rent received / receivable for premises given on sub-lease	-	-	-
		Rent paid / payable	-	-	0.01

14. The Disclosure Document shall not include a statement purporting to be made by an expert unless the expert is a person who is not, and has not been, engaged or interested in the formation or promotion or management, of the Company and has given his written consent to the Issue of the issue document and has not withdrawn such consent before the delivery of a copy of the issue document to the Registrar (as applicable) for registration and a statement to that effect shall be included in the issue document.

There is no statement made by an expert in the disclosure document.

15. The names of the debenture trustee(s) shall be mentioned with statement to the effect that debenture trustee(s) has given its consent for appointment along with the copy of the consent letter from the debenture trustee.

As per the relevant Key Information Document

16. If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document.

Not Applicable

17. In order to allow investors to better assess the Issue, the following additional disclosures shall be made by the Issuer in the issue documents:

(a) **A portfolio summary with regards to industries/ sectors to which borrowings have been granted by NBFCs.**

(Amt in Crore)

Particulars	31-Mar-23	31-Mar-22	31-Mar-21
Gross Advances	70,030.70	61,326.32	61,325.00
1. Agriculture and Allied Activities	**169.06**	151.96	162.92

2. Industry	**1532.88**	1,407.13	1,596.76
3. Services	**4054.09**	2,973.52	3,159.25
4. Retail Loans	**64274.67**	56,793.71	56,406.07

(b) **Quantum and percentage of secured vis-à-vis unsecured borrowings granted by NBFCs.**

Loans	As at March 31, 2023	Percentage of Total Loans	As at March 31, 2022	Percentage of Total Loans	As at March 31, 2021	Percentage of Total Loans
	(Rs . In Crore)	%	(Rs . In Crore)	%	(Rs . In Crore)	%
Secured	**53,053.24**	**75.76%**	46,644.29	76.06%	46,894.73	76.47%
Unsecured	**16,977.46**	**24.24%**	14,682.03	23.94%	14,430.27	23.53%
Total	**70,030.70**	**100.00%**	**61,326.32**	**100.00%**	**61,325.00**	**100.00%**

(c) **Any change in promoters' holdings in NBFCs during the preceding financial year beyond the threshold specified by the Reserve Bank of India from time to time.**

None

Shareholding pattern of the Company as on June 30, 2023 are as below:

Sr. No	Category	Pre-issue		Post-issue	
		No. of shares held	(%) of shareholding	No. of shares held	(%) of shareholding
A	Promoters' holding			The shareholding pattern of the Company shall remain unchanged after the Issue. The Debentures being non-convertible, there will be no change in the paid-up capital due to conversion and there will be no change in the balance of the share premium account.	
1	Indian				
	Individual	-	-		
	Bodies Corporate	75,05,96,670	94.84		
	Sub-total	75,05,96,670	94.84		
2	Foreign promoters	-	-		
	Sub-total (A)	**75,05,96,670**	**94.84**		
B	Non-promoters' holding				
1	Institutional Investors	11,16,607	0.14		
2	Non-Institutional Investors	-	-		
	Private Corporate Bodies	11,18,172	0.14		

	Directors and relatives	7,70,500	0.10	
	Indian public	3,64,10,919	4.60	
	Others (including Non-resident Indians)	13,86,215	0.18	
	Sub-total (B)	**4,08,02,413**	**5.16**	
	GRAND TOTAL	**79,13,99,083**	**100.00**	

18. Consent of directors, auditors, bankers to issue, trustees, solicitors or advocates to the issue, legal advisors to the issue, lead managers to the issue, Registrar to the Issue, and lenders (if required, as per the terms of the agreement) and experts.

(a) Directors – Obtained the same
(b) Auditors –Obtained the same
(c) Trustees – Obtained the same
(d) Solicitors / Advocates – N.A.
(e) Legal advisors – N.A.
(f) Lead managers – Not applicable since no lead manager has been appointed for the Issue.
(g) Registrar to the Issue – Obtained the same
(h) Lenders – NA

19. Additional Disclosures / Reports:

(a) **In case the issuer is a Non-Banking Finance Company (NBFC) and the objects of the issue entail loan to any entity who is a 'group company' then disclosures shall be made in the following format**:

S No.	Name of Borrower (A)	Amount of Advances / exposures to such borrower (Group) (Rs. Crore) (B)	Percentage of Exposure (C) = B / Total Assets Under Management
NA			

(b) **If the proceeds, or any part of the proceeds, of the issue of the debt securities/non-convertible redeemable preference shares are or is to be applied directly or indirectly: (i) in the purchase of any business; or (ii) in the purchase of an interest in any business and by reason of that purchase, or anything to be done in consequence thereof, or in connection therewith, the company shall become entitled to an interest in either the capital or profits and losses or both, in such business exceeding fifty per cent. thereof, a report made by a chartered accountant (who shall be named in the issue document) upon – A. the profits or losses of the business for each of the three financial years immediately preceding the date of the issue of the issue document; and B. the assets and liabilities of the business as on the latest date to which the accounts of the business were made up, being a date not more than one hundred and twenty days before the date of the issue of the issue document.**

NA

(c) **In purchase or acquisition of any immoveable property including indirect acquisition of immoveable property for which advances have been paid to third parties, disclosures regarding:**

(i) the names of vendors: NA
(ii) addresses of vendors: NA
(iii) descriptions of vendors: NA
(iv) occupations of the vendors: NA
(v) the amount paid or payable in cash, to the vendor and where there is more than one vendor, or the company is a sub-purchaser, the amount so paid or payable to each vendor, specifying separately the amount, if any, paid or payable for goodwill: NA
(vi) the nature of the title or interest in such property proposed to be acquired by the company: NA
(vii) the particulars of every transaction relating to the property completed within the two preceding years, in which any vendor of the property or any person who is or was at the time of the transaction, a promoter or a director or proposed director of the company, had any interest, direct or indirect, specifying the date of the transaction and the name of such promoter, director or proposed director and stating the amount payable by or to such vendor, promoter, director or proposed director in respect of the transaction: NA

Provided that if the number of vendors is more than five, then the disclosures as required above shall be on an aggregated basis, specifying the immoveable property being acquired on a contiguous basis with mention of the location/total area and the number of vendors from whom it is being acquired and the aggregate value being paid. Details of minimum amount, the maximum amount and the average amount paid/ payable should also be disclosed for each immovable property.

(d) **If: (i) the proceeds, or any part of the proceeds, of the issue of the debt securities/non-convertible redeemable preference shares are or are to be applied directly or indirectly and in any manner resulting in the acquisition by the company of shares in any other body corporate; and (ii) by reason of that acquisition or anything to be done in consequence thereof or in connection therewith, that body corporate shall become a subsidiary of the company, a report shall be made by a Chartered Accountant (who shall be named in the issue document) upon – A. the profits or losses of the other body corporate for each of the three financial years immediately preceding the issue of the issue document; and B. the assets and liabilities of the other body corporate as on the latest date to which its accounts were made up.**

NA

(e) **The broad lending and borrowing policy including summary of the key terms and conditions of the term loans such as re-scheduling, prepayment, penalty, default; and where such lending or borrowing is between the Issuer and its subsidiaries or associates, matters relating to terms and conditions of the term loans including re-scheduling, prepayment, penalty, default:**

Please refer Annexure XII

(f) **The aggregate number of securities of the Issuer and its subsidiary companies purchased or sold by the promoter group, and by the directors of the Issuer which is a promoter of the Issuer, and by the directors of the Issuer and their relatives, within 6 (six) months immediately preceding the date of filing the Disclosure Document with the Registrar of Companies:**

Aggregate number of securities of the Company purchased and sold by the promoter group from March 1, 2023 till August 31, 2023 are provided below:

Aggregate number of securities purchased	Aggregate number of securities sold
1,20,826	300

(g) **The summary of reservations or qualifications or adverse remarks of auditors in the three financial years immediately preceding the year of issue of issue document, and of their impact on the financial statements and financial position of the company, and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remarks.**

There are no reservations or qualifications or adverse remarks of auditors in the three financial years immediately preceding the year of issue of document.

(h) **The details of: (a) any inquiry, inspections or investigations initiated or conducted under the securities laws or Companies Act, 2013 (18 of 2013) or any previous companies law; (b) prosecutions filed, if any (whether pending or not); and (c) fines imposed or offences compounded, in the three years immediately preceding the year of issue of issue document in the case of the issuer being a company and all of its subsidiaries.**

Nil

(i) **The details of acts of material frauds committed against the issuer in the preceding three financial years and current financial year, if any, and actions taken by the issuer.**

Please refer to Annexure XI

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

SECTION H

DISCLOSURE OF CASH FLOW WITH DATE OF INTEREST/DIVIDEND/ REDEMPTION PAYMENT AS PER DAY COUNT CONVENTION

(a) The day count convention for dates on which the payments in relation to the non-convertible securities which need to be made, should be disclosed.

Actual/ Actual

(b) Procedure and time schedule for allotment and issue of securities should be disclosed.

The procedure and time schedule for allotment shall be as per the SEBI Electronic Book Mechanism

(c) Cash flows emanating from the non-convertible securities shall be mentioned in the offer document, by way of an illustration.

Please refer to the Illustration of Cash flows set out in the respective Key Information Document

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

SECTION I

ASSET LIABILITY MANAGEMENT DISCLOSURES FOR NBFCs

S. No.	Particulars of Disclosure	Details
a.	**Details with regard to the lending done by the issuer out of the issue proceeds of earlier issuances of debt securities (whether public issue or private placement)**	
1.1	**Lending policy:** Should contain overview of origination, risk management, monitoring and collections	The Company offers loan products to the affluent middle market. The product suite includes unsecured and secured loans, asset financing and sales financing. The interest rates are either fixed or floating of a combination of fixed and floating rates. The Company has a differentiated business model to deliver efficiencies and contain risk based on the requirements of the target segment. The Company's branches are located in customer catchment areas which are closer to and convenient for customers. Credit risk is defined as the possibility of losses associated with the diminution in the credit quality of borrowers, losses may stem from outright default or a reduction in portfolio value. The Company has a distinct credit risk architecture, policies, procedures and systems for managing credit risk. The product programs for each of the products define the target markets, credit philosophy, process, detailed underwriting criteria for evaluating individual credits, exception reporting systems, individual loan exposure caps and other factors. For individual customers to be eligible for a loan, minimum credit parameters are to be met for each product and any deviations must be approved at designated levels. Credit framework encompasses parameters at different stages of the portfolio lifecycle from acquisitions till write offs. There are front-end and back-end systems in place to ensure credit quality and minimize loss from default. The factors considered while sanctioning retail loans include income, demographics, previous credit history of the borrower and the tenor of the loan. Thresholds are defined using historical data for each parameter at the Product level identifying "stress" period for the product lifecycle. This framework defined at product level is then aggregated at the Portfolio level. Exposures are monitored against approved limits to guard against unacceptable risk concentrations. The Company also monitors credit concentration of exposures to single borrower, group of borrowers, sensitive industries, geography, product, etc. The Company has a Board approved Risk Management Framework in place. The effectiveness of this framework is supervised periodically by the Risk Management Committee. The Audit Committee of the Company is responsible to ensure that the Company has appropriate systems, procedures, processes and controls in place to identify, evaluate and address the various risks that the company may be subject to. In addition, the committee is also responsible to evaluate the financial controls and other risks perceived by the Company. The committee shall oversee the Compliance, Human resources and operational risks and also review the controls and processes in place which ensures timely and correct statutory reporting. The Company's Risk management policy requires the Company to have detailed risk control matrices, which are defined based on the entity level and functional level assessments carried on by the Company from time to time. These RCMs help to list, categorize and prioritize the risks faced and assign corresponding controls, risk owners and persons entrusted for such controls. The Risk Management Committee meetings are conducted on quarterly basis and the committee focuses on ensuring that risks are identified, and key risks impacting the organisation i.e. Credit

		risk, Interest rate risk, Liquidity risk, operational risk, compliance risk and technology & information security risks are addressed. The management is responsible for ensuring that risk management processes and systems are appropriate to the Company's risk profile and business plan based on guidance from the Board and its committees. The Company has a collections mechanism in accordance with the RBI guidelines. The Collection process is end to end digitalized. The Company has a tie-up with various service providers for digital payment of loan by the customer.
1.2	**Classification of loans / advances given to associates or entities related to board, senior management, promoters, etc.:**	None
1.3	**Classification of loans into several maturity profile denomination etc. as on March 31, 2023:**	**1.Details of types of loans**

Sr. No	Type Of Loans	FY20-21	FY21-22	FY22-23
1	Secured	63.88%	62.91%	60.28%
2	Unsecured	36.12%	37.09%	39.72%
	Total	**100.00%**	**100.00%**	**100.00%**

2. Denomination of loans disbursed (Secured) by loan-to-value:

Sr. No	LTV	FY20-21	FY21-22	FY22-23
1	Upto 50%	16.77%	20.83%	15.71%
2	50-70%	17.75%	20.67%	19.55%
3	70-90%	54.57%	45.69%	44.83%
4	Above 90%	10.91%	12.81%	19.91%
	Total	**100.00%**	**100.00%**	**100.00%**

3. Top 5 Industry exposures- Disbursals:

Sr No	FY20-21		FY21-22		FY22-23	
	Industry	**% to Total**	**Industry**		**Industry**	**% to Total**
1	Road Transportation	23.26	Road Transportation	1	Road Transportation	23.26
2	Retail Trade	17.39	Retail Trade	2	Retail Trade	17.39
3	Agriculture and Allied Activities	9.46	Agriculture and Allied Activities	3	Agriculture and Allied Activities	9.46

4	Services	7.75	Construction and Developers (Infrastructure)	4	Services	7.75
5	Construction and Developers	4.21	FMCG & Personal Care	5	Construction and Developers	4.21

4. Denomination of loans by ticket size – Disbursals

Sr. No	Ticket size (at the time of origination)	FY20-21	FY21-22	FY22-23
1	Upto Rs.2 Lakh	26.92%	32.40%	31.18%
2	Rs.2-5 lakh	26.83%	20.00%	16.17%
3	Rs. 5- 10 lakh	16.69%	14.99%	13.00%
4	Rs. 10-25 lakh	18.30%	16.58%	15.93%
5	Rs. 25-50 lakh	5.66%	7.64%	11.66%
6	Rs.50 lakh -1 crore	2.89%	3.38%	4.39%
7	Rs. 1 -5 crore	2.62%	4.61%	6.39%
8	Rs. 5-25 crore	0.09%	0.40%	1.28%
9	Rs. 25- 100 crore	-	-	-
	Total	**100%**	**100%**	**100%**

5. Geographical classification of borrowers:
Top 5 state:- % of Total Disbursements

Sr. No	FY20-21		FY21-22		FY22-23	
	Top 5 states	**% to Total**	**Top 5 states**		**Top 5 states**	**% to Total**
1	Uttar Pradesh	12.74	Uttar Pradesh	**1**	Uttar Pradesh	12.74
2	Tamil Nadu	11.75	Tamil Nadu	**2**	Tamil Nadu	11.75
3	Gujarat	8.14	Maharashtra	**3**	Gujarat	8.14
4	Rajasthan	7.81	Gujarat	**4**	Rajasthan	7.81
5	Maharashtra	7.56	Rajasthan	**5**	Maharashtra	7.56

6. Maturity wise disbursements in % Terms.

Sr. No	Tenor Wise Grouping	FY20-21	FY21-22	FY22-23
1	Upto 1 Year	11.66%	14.48%	14.62%
2	1-3 Year	39.65%	40.53%	37.59%
3	3-5 Year	40.43%	34.06%	33.21%
4	Above 5 Year	8.26%	10.92%	14.58%
	Total	**100.00%**	**100.00%**	**100.00%**

<table>
<tr><td>1.4</td><td>Aggregated exposure to the top 20 borrowers with respect to the concentration of advances, exposures to be disclosed in the manner as prescribed by RBI in its stipulations on Corporate Governance for NBFCs, from time to time:</td><td>
<table>
<tr><th>Particulars</th><th>FY20-21</th><th>FY21-22</th><th>FY22-23</th></tr>
<tr><td>Share of Top 20 borrowers to Total Disbursements during the year</td><td>0.43%</td><td>0.56%</td><td>0.79%</td></tr>
</table>
</td></tr>
<tr><td>1.5</td><td>Details of loans overdue and classified as non-performing in accordance with RBI stipulations</td><td>(Amount in Crore)
<table>
<tr><th>March 31, 2021</th><th>March 31, 2022</th><th>March 31, 2023</th></tr>
<tr><td>2,760.86</td><td>3,058.76</td><td>1914.85</td></tr>
</table>
</td></tr>
<tr><td>b.</td><td colspan="2">Details of borrowings granted by the Issuer</td></tr>
<tr><td>2.1</td><td>A portfolio summary with regard to industries/ sectors to which borrowings have been made</td><td>
<table>
<tr><th>Category</th><th>Amount in Rs. Crore (excluding Unamortized Borrowing Cost)</th></tr>
<tr><td>Borrowings in India</td><td>53,135.14</td></tr>
<tr><td>Borrowings outside India</td><td>1,889.91</td></tr>
<tr><td>Total</td><td>55,025.05</td></tr>
</table>
</td></tr>
<tr><td>2.2</td><td>Quantum and percentage of secured vis-à-vis unsecured borrowings made</td><td>
<table>
<tr><th></th><th colspan="2">As on March 31, 2023</th></tr>
<tr><th>Particulars</th><th>Amount in Crore</th><th>Particulars</th></tr>
<tr><td>Secured borrowing</td><td>51,475.05</td><td>Secured borrowing</td></tr>
<tr><td>Unsecured borrowing</td><td>3,550.00</td><td>Unsecured borrowing</td></tr>
<tr><td>Total</td><td>55,025.05</td><td>Total</td></tr>
</table>
</td></tr>
<tr><td>3</td><td>Any change in promoters'</td><td>None</td></tr>
</table>

<table>
<tr><td></td><td>shareholdings in the issuer during the preceding financial year beyond the threshold, as prescribed by RBI.</td><td></td></tr>
<tr><td>3.</td><td>NPA exposures of the Issuer for the last three financial years (both gross and net exposures) and provisioning made for the same as per the last audited financial statements of the Issuer</td><td>
<table>
<tr><th>Particulars</th><th>Mar-21</th><th>Mar-22</th><th>Mar-23</th></tr>
<tr><td>Gross NPA(%)</td><td>4.50%</td><td>4.99%</td><td>2.73%</td></tr>
<tr><td>Provision (%)</td><td>1.43%</td><td>2.70%</td><td>1.78%</td></tr>
<tr><td>Net Provision (%)</td><td>3.08%</td><td>2.29%</td><td>0.95%</td></tr>
</table>
</td></tr>
<tr><td>5.</td><td>Disclosure of Assets under management</td><td>Segment wise break up and Type of loans – Refer to the details provided below</td></tr>
<tr><td>6.</td><td>Details of borrowers</td><td>Geographical location wise- Refer to the details provided below</td></tr>
<tr><td>7.</td><td>Details of Gross NPA</td><td>Segment wise- Refer to the details provided below</td></tr>
<tr><td>8.</td><td>Details of Assets and Liabilities</td><td>Residual maturity profile wise into several bucket- Refer to the details provided below</td></tr>
<tr><td>9.</td><td>Disclosure of latest ALM statements to stock exchange</td><td>The same is available on the website of the Company at the below link

https://www.hdbfs.com/sites/default/files/debt/alm-statement-for-july-2023.pdf</td></tr>
</table>

Disclosure of Assets under management, details of borrowers, details of Gross NPA, details of Assets and Liabilities as on March 31, 2023-

1. Type of loans:

Sl No.	Type of Loans	Rs. Crore
1	Secured	53,106.54
2	Unsecured	16,977.25
	Total assets under management (AUM)	70,083.79

2. Denomination of loans outstanding by loan-to-value:

Sl No.	LTV (at the time of origination)	Percentage of AUM *
1	Upto 40%	51.47%
2	40-50%	9.02%
3	50-60%	9.38%
4	60-70%	9.40%
5	70-80%	8.42%
6	80-90%	7.50%
7	>90%	4.80%
	Total	100.00%

* AUM of secured loan

3. Sectoral exposure:

Sl No.	Segment-wise break-up of AUM	Percentage of AUM
1	**Retail**	
A	Mortgages (home loans and loans against property)	26.42%
B	Gold Loan	0.61%
C	Vehicle Finance	35.15%
D	MFI	0.16%
E	MSME	27.91%
F	Capital Market funding (loan against shares, margin funding)	0.00%
G	Others	9.75%
2	**Wholesale**	
A	Infrastructure	-
B	Real Estate (including builder loans)	-
C	Promoter Funding	-
D	Any other sector (as applicable)	-
E	Others	-
	Total	100.00%

4. Denomination of loans outstanding by ticket size:

Details of outstanding loans category wise

Sl No.	Ticket size (at the time of origination)	Percentage of AUM
1	Upto Rs.2 Lakh	14.53%
2	Rs.2-5 lakh	18.14%
3	Rs. 5- 10 lakh	15.55%
4	Rs. 10-25 lakh	20.61%
5	Rs. 25-50 lakh	13.35%
6	Rs.50 lakh -1 crore	6.28%
7	Rs. 1 -5 crore	9.90%
8	Rs. 5-25 crore	1.51%
9	Rs. 25-100 crore	0.01%
10	> Rs. 100crore	0.04%
	Total	100.00%

5. Geographical classification of borrowers :

Top 5 states borrower wise

Sr No.	Top 5 states	Percentage of AUM
1	Tamil Nadu	12.51%
2	Uttar Pradesh	11.85%
3	Maharashtra	9.11%
4	Gujarat	8.58%
5	Rajasthan	7.96%
	Total	50.01%

6. Details of loans overdue and classified as non-performing in accordance with the RBI's guidelines:

Movement of gross NPA	Rs. in Crore
Opening gross NPA	3,058.76
-Additions during the year	3,120.84
-Reductions during the year	4,264.75
Closing balance of gross NPA	1,914.85

Movement of provisions for NPA	Rs. in Crore
Opening Balance	1,655.81

Provisions made during the year	1,551.00
Write-off/write-back of excess provisions	1,960.21
Closing Balance	1,246.60

6. Segment wise gross NPA:

Sl No.	Segment-wise gross NPA	gross NPA (%)
1	**Retail**	
A	Mortgages (home loans and loans against property)	33.95%
B	Gold Loan	0.37%
C	Vehicle Finance	38.24%
D	MFI	0.00%
E	MSME	24.58%
F	Capital Market funding (loan against shares, margin funding)	0.00%
G	Others	2.86%
2	**Wholesale**	
A	Infrastructure	-
B	Real Estate (including builder loans)	-
C	Promoter Funding	-
D	Any other sector (as applicable)	-
E	Others	-
	Total	100.00%

8.Residual maturity profile of assets and liabilities (in line with the RBI format)

Maturity pattern of certain items of assets and liabilities

(Rs. in Crore)

Particulars	Deposits	Advances	Investments(*)	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day to 30/31 days	100.03	2,821.76	1,185.31	1,114.00	-	-
Over one month to 2 months	0.84	2,298.33	-	1,130.11	-	-
Over 2 months upto 3 months	-	2,295.78	-	2,272.19	-	1,888.94
Over 3 months to 6 months	69.14	6,258.32	-	4,376.33	-	-
Over 6 months to 1 year	26.21	10,744.56	-	8,768.93	-	-
Over 1 year to 3 years	-	26,830.43	-	26,203.30	-	-
Over 3 years to 5 years	-	6,545.54	55.99	5,743.68	-	-
Over 5 years	-	8,587.95	1.95	3,367.83	-	-
Total	196.21	66,382.67	1,243.25	52,976.37	-	1,888.94

*** Long-Term Investment in Clayfin Technologies Private Limited (Erstwhile Vayana Private Limited) are shown in "over 5 year"**

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

SECTION J

GENERAL INFORMATION

The Issuer shall file the following documents along with the listing application to the stock exchange and with the Trustee in respect of issuance of non-convertible securities:

1. Memorandum and Articles of Association;
2. The Disclosure Documents;
3. Copy of last three years audited Annual Reports;
4. Statement containing particulars of, dates of, and parties to all material contracts and agreements;
5. Copy of the requisite Board / Committee Resolution authorizing the borrowing and list of authorized signatories for the allotment of securities;
6. An undertaking from the Issuer stating that the necessary documents for the Issue, including the Debenture Trust Deeds Subordinated Bond Trust Deed/ PDI Trust Deed has been executed within the time frame prescribed in the relevant regulations/acts/rules etc. and the same would be uploaded on the website of the Stock Exchange, where the Debentures/Subordinated Bonds/PDIs are proposed to be listed;
7. An undertaking that permission / consent from the prior creditor for a second or *pari passu* charge being created, where applicable, in favor of the trustees to the proposed issue has been obtained;
8. Any other particulars or documents that the recognized stock exchange may call for as it deems fit;

With respect to the Debentures/Subordinated Bonds/PDIs, the Trustee shall submit a due diligence certificate to the stock exchange in the format as specified in Schedule III of the SEBI Debt Listing Regulations read with Chapter II of the DT Master Circular or Schedule IVA of the SEBI Debt Listing Regulations, as may be applicable. The stock exchange shall list the Debentures/Subordinated Bonds/PDIs only upon receipt of the aforementioned due diligence certificate from the Trustee.

The Issuer shall file the following documents along with the listing application to the stock exchange and with the Trustee in respect of issuance of commercial papers:
As per the Key Information Document

SECTION K

OTHER DETAILS

a. **Creation of a Debenture Redemption Reserve:** As per Section 71 of the 2013 Act, any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. However, under the Companies (Issuance of Share Capital and Debentures) Rules, 2014, non-banking financial companies are presently exempt from this requirement in respect of privately placed debentures. Pursuant to this exemption, the Company does not intend to create any reserve funds for the redemption of the Debentures/Subordinated Bonds/PDIs.

b. **Issue/instrument specific regulations:** The Debentures/Subordinated Bonds/PDIs are governed by and will be construed in accordance with the Indian law. The Company, the Debentures/Subordinated Bonds/PDIs and Company's obligations in respect whereof shall, at all times, be subject to the provisions of the Companies Act, rules framed thereunder, regulations/guidelines/directions of RBI (including the Master Direction-Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued on September 01, 2016 and bearing reference Master Direction DNBR. PD.008/03.10.119/2016-17 (as amended from time to time), Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, Securities and Exchange Board of India's Master Circular, SEBI LODR, Reserve Bank Commercial Paper Directions, 2017 dated August 10, 2017 bearing reference number FMRD.DIRD.2/14.01.002/2017-18 and Operational Guidelines for Commercial Paper issued by Fixed Income Money Market and Derivatives Association of India (FIMMDA) dated October 05, 2017 and other Applicable Laws and regulations as may be updated, amended or supplemented from time to time.

c. **Default in Payment:** Please see the section on **'Additional Interest'**.

d. **Delay in Listing:** Please see the **'Listing'** section in the Summary Term Sheet below

e. **Delay in allotment of securities:** Please see the section on **'Additional Interest'**.

f. **Issue details:** Please refer to the Summary Term Sheet

g. **Application Process:** As set out above in Section A of this General Information Document

h. **Disclosure Prescribed Under Pas-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014:** Please refer to Annexure VII

i. **Project details (gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project):** Not Applicable

j. **Material Contracts involving Financial Obligation:** The contracts referred to below which are or may be deemed material in respect of the Issue have been entered into by the Company. Copies of these contracts may be inspected at the Registered/ Corporate Office of the Company (wherever such document is available) between 10:00 am and 12:00 noon on any working day of the Company.

By the very nature of its business, the Company is involved in a large number of transactions involving financial obligations and therefore it may not be possible to furnish details of all material contracts / agreements / documents involving financial obligations of the Company. However, the contracts / agreements / documents listed below which are or may be deemed to be material (not

being contracts entered into in the ordinary course of the business carried on by the Issuer, have been entered into / executed by the Company:

A. Documents material to the Issue of Debentures 1 under Debenture Trust Deed 1

1. Memorandum and Articles of Association of the Company as amended from time to time.
2. Resolution of the Board of Directors passed at its meeting held on May 13,2020 approving, *inter-alia*, the issue of Secured, Rated, Listed, Redeemable Non-Convertible Debentures aggregating up to Rs. 75,00,00,00,000 (Rupees Seven Thousand Five Hundred Crore Only) read with such other resolutions passed by the Board of Directors (and/ or any committee thereof) from time to time for each issuance under a Key Information Document, until the validity of this General Information Document.
3. Resolution passed by the shareholders of the Company at the Annual General Meeting held on June 30, 2020 authorising the Board of Directors to borrow, for the purpose of the Company, upon such terms and conditions as the Board may think fit for amounts up to Rs. 80000,00,00,000/- (Rupees Eighty Thousand Crores only) under Section 180(1)(c) and creation of charge on the assets of the Company under Section 180(1)(a) of the Companies Act, 2013 and such other resolutions passed by the shareholders of the Company from time to time for authorizing the Company to borrow under Section 180(1)(c) of the Act until the validity of this General Information Document.
4. Resolution passed by the shareholders of the Company at the Annual General Meeting held on June 25,2020 authorising the Board of Directors to offer, issue and allot Secured, Rated, Listed, Redeemable Non-Convertible Debentures in one or more series, aggregating up to Rs. 75,00,00,00,000 (Rupees Seven Thousand Five Hundred Crore Only) read with such other resolutions passed by the shareholders of the Company from time to time for authorizing the Company to borrow under Section 42 of the Act until the validity of this General Information Document.
5. Credit Rating Letter dated May 19, 2021 and Rating Rationale dated July 14, 2020, from CARE Rating Limited and CRISIL Credit Rating Letter dated May 19, 2021 and Rating Rationale dated July 30, 2020 from CRISIL Ratings Limited respectively, assigning the credit rating to the Debentures 1 at the time of Issue/ as may have been updated/ revalidated from time to time.
6. Tripartite agreement dated July 25, 2012 between the Company, Link Intime India Pvt. Ltd. (Registrar & Transfer Agent) and CDSL.
7. Certified true copy of the Tripartite agreement dated July 26, 2012 between the Company, Link Intime India Pvt. Ltd. (Registrar & Transfer Agent) and NSDL.
8. Consent letter issued by IDBI Trusteeship Services Limited dated February 03, 2021, to act as the Debenture Trustee to the Issue and inclusion of its name in the form and context in which it appears in this General Information Document.
9. In-principle approval for listing of the Debentures 1.
10. Debenture Trust Deed 1 executed with IDBI Trusteeship Services Ltd. dated May 24, 2021 and amendment deed dated August 18, 2021.
11. Trustee Agreement 1 executed with IDBI Trusteeship Services Ltd. dated May 24, 2021 and amendment deed dated August 18,2021.
12. Deed of Hypothecation 1 executed with IDBI Trusteeship Services Ltd. dated May 24, 2021.
13. This General Information Document read together with the relevant Key Information Document.

B. Documents material to the Issue of Debentures 2 under Debenture Trust Deed 2

1. Memorandum and Articles of Association of the Company as amended from time to time.
2. Resolution of the Board of Directors passed at its meeting held on July 16, 2021 approving, inter-alia, the issue of Secured, Rated, Listed, Redeemable Non-Convertible Debentures aggregating up to Rs. 100,00,00,00,000/- (Rupees Ten Thousand Crore Only) read with such other resolutions passed by the Board of Directors (and/ or any committee thereof) from time to time for each issuance under a Key Information Document, until the validity of this General Information Document.

3. Resolution passed by the shareholders of the Company at the Annual General Meeting held on June 30, 2020 authorising the Board of Directors to borrow, for the purpose of the Company, upon such terms and conditions as the Board may think fit for amounts up to Rs. 80,000,00,00,000/- (Rupees Eighty Thousand Crore only) under Section 180(1)(c) and creation of charge on the assets of the Company under Section 180(1)(a) of the Companies Act, 2013 and such other resolutions passed by the shareholders of the Company from time to time for authorizing the Company to borrow under Section 180(1)(c) of the Act until the validity of this General Information Document.
4. Resolution passed by the shareholders of the Company through postal ballot passed on September 18, 2021 authorising the Board of Directors to offer, issue and allot Secured, Rated, Listed, Redeemable Non-Convertible Debentures in one or more series, aggregating up to Rs. 100,00,00,00,000 (Rupees Ten Thousand Crore Only) read with such other resolutions passed by the shareholders of the Company from time to time for authorizing the Company to borrow under Section 42 of the Act until the validity of this General Information Document.
5. Credit Rating Letter dated September 03, 2021 and Rating Rationale dated October 13, 2021 from CARE Rating Limited and CRISIL Credit Rating Letter dated September 07, 2021 and Rating Rationale dated August 13, 2023 from CRISIL Ratings Limited respectively, assigning the credit rating to the Debentures 2 at the time of Issue/ as may have been updated / revalidated from time to time.
6. Tripartite agreement dated July 25, 2012 between the Company, Link Intime India Pvt. Ltd. (Registrar & Transfer Agent) and CDSL.
7. Certified true copy of the Tripartite agreement dated July 26, 2012 between the Company, Link Intime India Pvt. Ltd. (Registrar & Transfer Agent) and NSDL.
8. Consent letter issued by IDBI Trusteeship Services Limited dated October 05, 2021, to act as the Debenture Trustee to the Issue and inclusion of its name in the form and context in which it appears in this General Information Document.
9. In-principle approval for listing of the Debentures 2.
10. Debenture Trust Deed 2 executed with IDBI Trusteeship Services Ltd. dated November 23, 2021.
11. Trustee Agreement 2 executed with IDBI Trusteeship Services Ltd. dated November 23, 2021.
12. Deed of Hypothecation 2 executed with IDBI Trusteeship Services Ltd. dated November 23, 2021.
13. This General Information Document read together with the relevant Key Information Document.

C. Documents material to the Issue of Debentures 3 under Debenture Trust Deed 3

1. Memorandum and Articles of Association of the Company as amended from time to time.
2. Resolution of the Board of Directors passed at its meeting held on April 16, 2022 approving, inter-alia, the issue of Secured, Rated, Listed, Redeemable Non-Convertible Debentures aggregating up to Rs. 5000,00,00,000/- (Rupees Five Thousand Crore Only) read with such other resolutions passed by the Board of Directors (and/ or any committee thereof) from time to time for each issuance under a Key Information Document, until the validity of this General Information Document.
3. Resolution passed by the shareholders of the Company at the Annual General Meeting held on June 30, 2020 authorising the Board of Directors to borrow, for the purpose of the Company, upon such terms and conditions as the Board may think fit for amounts up to Rs. 80,000,00,00,000/- (Rupees Eighty Thousand Crores only) under Section 180(1)(c) and creation of charge on the assets of the Company under Section 180(1)(a) of the Companies Act, 2013 and such other resolutions passed by the shareholders of the Company from time to time for authorizing the Company to borrow under Section 180(1)(c) of the Act until the validity of this General Information Document. Resolution passed by the shareholders of the Company at the Annual General Meeting held on June 23, 2022 authorising the Board of Directors to offer, issue and allot Secured, Rated, Listed, Redeemable Non-Convertible Debentures in one or more series, aggregating up to Rs. 5000,00,00,000/- (Rupees Five Thousand Crore Only) read with such other resolutions passed by the shareholders of the Company from time to time for authorizing the Company to borrow under Section 42 of the Act until the validity of this General Information Document.
4. Credit Rating Letter dated March 24, 2023 and Rating Rationale dated September 09, 2022, from CARE Rating Limited and CRISIL Credit Rating Letter dated March 23, 2023 and Rating Rationale dated July 07, 2022 from

CRISIL Ratings Limited respectively, assigning the credit rating to the Debentures 3, at the time of Issue/ as may have been updated / revalidated from time to time.

5. Tripartite agreement dated July 25, 2012 between the Company, Link Intime India Pvt. Ltd. (Registrar & Transfer Agent) and CDSL.
6. Certified true copy of the Tripartite agreement dated July 26, 2012 between the Company, Link Intime India Pvt. Ltd. (Registrar & Transfer Agent) and NSDL.
7. Consent letter issued by IDBI Trusteeship Services Limited dated March 16, 2023, to act as the Debenture Trustee to the Issue and inclusion of its name in the form and context in which it appears in this General Information Document.
8. In-principle approval for listing of the Debentures 3.
9. Debenture Trust Deed 3 executed with IDBI Trusteeship Services Ltd. dated March 16, 2023.
10. Trustee Agreement 3 executed with IDBI Trusteeship Services Ltd. dated March 16, 2023.
11. Deed of Hypothecation 3 executed with IDBI Trusteeship Services Ltd. dated March 16, 2023.
12. This General Information Document read together with the relevant Key Information Document.

D. Documents material to the Issue of Debentures 4 under Debenture Trust Deed 4

1. Memorandum and Articles of Association of the Company as amended from time to time.
2. Resolution of the Board of Directors passed at its meeting held on January 14, 2023 approving, inter-alia, the issue of Secured, Rated, Listed, Redeemable Non-Convertible Debentures aggregating up to Rs. 5000,00,00,000/- (Rupees Five Thousand Crore Only) read with such other resolutions passed by the Board of Directors (and/ or any committee thereof) from time to time for each issuance under a Key Information Document, until the validity of this General Information Document.
3. Resolution passed by the shareholders of the Company at the Annual General Meeting held on June 30, 2020 authorising the Board of Directors to borrow, for the purpose of the Company, upon such terms and conditions as the Board may think fit for amounts up to Rs. 80,000,00,00,000/- (Rupees Eighty Thousand Crores only) under Section 180(1)(c) and creation of charge on the assets of the Company under Section 180(1)(a) of the Companies Act, 2013 and such other resolutions passed by the shareholders of the Company from time to time for authorizing the Company to borrow under Section 180(1)(c) of the Act until the validity of this General Information Document.
4. Resolution passed by the shareholders of the Company through postal ballot passed on March 26, 2023 authorising the Board of Directors to offer, issue and allot Secured, Rated, Listed, Redeemable Non-Convertible Debentures in one or more series, aggregating up to Rs. 5000,00,00,000/- (Rupees Five Thousand Crore Only) read with such other resolutions passed by the shareholders of the Company from time to time for authorizing the Company to borrow under Section 42 of the Act until the validity of this General Information Document.
5. Credit Rating Letter dated May 04,2023 and Rating Rationale dated September 09, 2022, from CARE Rating Limited and CRISIL Credit Rating Letter dated June 19, 2023 and Rating Rationale dated July 07, 2022 from CRISIL Ratings Limited respectively, assigning the credit rating to the Debentures 4, at the time of Issue/ as may have been updated / revalidated from time to time.
6. Tripartite agreement dated July 25, 2012 between the Company, Link Intime India Pvt. Ltd. (Registrar & Transfer Agent) and CDSL.
7. Certified true copy of the Tripartite agreement dated July 26, 2012 between the Company, Link Intime India Pvt. Ltd. (Registrar & Transfer Agent) and NSDL.
8. Consent letter issued by IDBI Trusteeship Services Limited dated May 17, 2023 to act as the Debenture Trustee to the Issue and inclusion of its name in the form and context in which it appears in this General Information Document.
9. In-principle approval for listing of the Debentures 4.
10. Debenture Trust Deed 4 executed with IDBI Trusteeship Services Ltd. dated May 17, 2023.
11. Trustee Agreement 4 executed with IDBI Trusteeship Services Ltd. dated May 17, 2023.
12. Deed of Hypothecation 4 executed with IDBI Trusteeship Services Ltd. dated May 17, 2023.
13. This General Information Document read together with the relevant Key Information Document.

E. Documents material to the Issue of Debentures 5 under Debenture Trust Deed 5

1. Memorandum and Articles of Association of the Company as amended from time to time.
2. Resolution of the Board of Directors passed at its meeting held on May 31, 2023 approving, *inter-alia*, the issue of Secured, Rated, Listed, Redeemable Non-Convertible Debentures aggregating up to Rs. 20000,00,00,000 (Rupees Twenty Thousand Crore Only) and such other resolutions passed by the Board of Directors (and/ or any committee thereof) from time to time for each issuance under a Key Information Document, until the validity of this General Information Document.
3. Resolution passed by the shareholders of the Company at the Annual General Meeting held on June 30, 2020 authorising the Board of Directors to borrow, for the purpose of the Company, upon such terms and conditions as the Board may think fit for amounts up to Rs. 80,000,00,00,000 (Rupees Eighty Thousand Crore only) under Section 180(1)(c) and creation of charge on the assets of the Company under Section 180(1)(a) of the Companies Act, 2013 and such other resolutions passed by the shareholders of the Company from time to time for authorizing the Company to borrow under Section 180(1)(c) of the Act until the validity of this General Information Document.
4. Resolution passed by the shareholders of the Company at the Annual General Meeting held on June 30, 2023 authorising the Board of Directors to offer, issue and allot Secured, Rated, Listed, Redeemable Non-Convertible Debentures in one or more series, aggregating up to Rs. 20,000,00,00,000 (Rupees Twenty Thousand Crore Only) and such other resolutions passed by the shareholders of the Company from time to time for authorizing the Company to borrow under Section 42 of the Act until the validity of this General Information Document.
5. Credit Rating Letter dated August 22, 2023 and Rating Rationale dated September 1, 2023, from CARE Rating Limited and CRISIL Credit Rating Letter dated September 01, 2023 and Rating Rationale dated September 01, 2023 from CRISIL Ratings Limited respectively, assigning the credit rating to the Debentures 5, at the time of Issue/ as may have been updated / revalidated from time to time.
6. Tripartite agreement dated July 25, 2012 between the Company, Link Intime India Pvt. Ltd. (Registrar & Transfer Agent) and CDSL.
7. Certified true copy of the Tripartite agreement dated July 26, 2012 between the Company, Link Intime India Pvt. Ltd. (Registrar & Transfer Agent) and NSDL.
8. Consent letter issued by IDBI Trusteeship Services Limited dated September 01, 2023, to act as the Debenture Trustee to the Issue and inclusion of its name in the form and context in which it appears in this General Information Document.
9. In-principle approval for listing of the Debentures 5.
10. Debenture Trust Deed 5 executed with IDBI Trusteeship Services Ltd. dated September 01, 2023.
11. Trustee Agreement 5 executed with IDBI Trusteeship Services Ltd. dated September 01, 2023.
12. Deed(s) of Hypothecation executed with IDBI Trusteeship Services Ltd. dated September 01, 2023
13. This General Information Document read together with the relevant Key Information Document.

F. Documents material to the Issue of Subordinated Bonds under Subordinated Bond Trust Deed

1. Memorandum and Articles of Association of the Company as amended from time to time.
2. Resolution of the Board of Directors passed at its meeting held on April 17, 2021 approving, inter-alia, the issue of unsecured rated redeemable non-convertible subordinated (Tier II) bonds aggregating up to Rs. 500,00,00,000 (Rupees Five Hundred Crore Only) read with such other resolutions passed by the Board of Directors (and/ or any committee thereof) from time to time for each issuance under a Key Information Document, until the validity of this General Information Document.
3. Resolution passed by the shareholders of the Company at the Annual General Meeting held on June 30, 2020 authorising the Board of Directors to borrow, for the purpose of the Company, upon such terms and conditions as the Board may think fit for amounts up to Rs. 80,000,00,00,000 (Rupees Eighty Thousand Crore only) under Section 180(1)(a) of the Companies Act, 2013 and such other resolutions passed by the shareholders of the Company from time to time for authorizing the Company to borrow under Section 180(1)(a) of the Act until the validity of this General Information Document.

4. Resolution passed by the shareholders of the Company at the Annual General Meeting held on June 25, 2021 authorising the Board of Directors to offer, issue and allot of unsecured rated redeemable non-convertible subordinated (Tier II 0bonds, aggregating up to Rs. 500,00,00,000 (Rupees Five Hundred Crore Only) read with such other resolutions passed by the shareholders of the Company from time to time for authorizing the Company to borrow under Section 42 of the Act until the validity of this General Information Document.
5. Credit Rating Letter dated July 28, 2021 and Rating Rationale dated July 02, 2021, from CARE Rating Limited and CRISIL Credit Rating Letter dated July 7, 2021 and Rating Rationale dated July 07,2021 from CRISIL Ratings Limited respectively, assigning the credit rating to the Subordinated Bonds, at the time of Issue/ as may have been updated / revalidated from time to time.
6. Tripartite agreement dated July 25, 2012 between the Company, Link Intime India Pvt. Ltd. (Registrar & Transfer Agent) and CDSL.
7. Certified true copy of the Tripartite agreement dated July 26, 2012 between the Company, Link Intime India Pvt. Ltd. (Registrar & Transfer Agent) and NSDL.
8. Consent letter issued by IDBI Trusteeship Services Limited dated July 02, 2021, to act as the Trustee to the Issue and inclusion of its name in the form and context in which it appears in this General Information Document.
9. In-principle approval for listing of the Subordinated Bonds.
10. Subordinated Bond Trust Deed executed with IDBI Trusteeship Services Ltd. dated July 08, 2021 and amendment deed dated October 13, 2021.
11. Trustee Agreement executed with IDBI Trusteeship Services Ltd. dated July 08, 2021 and amendment deed dated October 13, 2021.
12. This General Information Document read together with the relevant Key Information Document.

G. Documents material to the Issue of PDIs under PDI Trust Deed

1. Memorandum and Articles of Association of the Company as amended from time to time.
2. Resolution of the Board of Directors passed at its meeting held on May 13, 2020 approving, inter-alia, the issue of unsecured, rated, listed, perpetual debt instruments in the nature of non-convertible debentures aggregating up to Rs. 500,00,00,000/- (Rupees Five Hundred Crore Only) read with such other resolutions passed by the Board of Directors (and/ or any committee thereof) from time to time for each issuance under a Key Information Document, until the validity of this General Information Document.
3. Resolution passed by the shareholders of the Company at the Annual General Meeting held on June 30, 2020 authorizing the Board of Directors to borrow, for the purpose of the Company, upon such terms and conditions as the Board may think fit for amounts up to Rs. 80,000,00,00,000 (Rupees Eighty Thousand Crore only) under Section 180(1)(a) of the Companies Act, 2013 and such other resolutions passed by the shareholders of the Company from time to time for authorizing the Company to borrow under Section 180(1)(a) of the Act until the validity of this General Information Document.
4. Resolution passed by the shareholders of the Company at the Annual General Meeting held on June 30, 2020 authorising the Board of Directors to offer, issue and allot unsecured, rated, listed, perpetual debt instruments in the nature of non-convertible debentures in one or more series, aggregating up to Rs. 500,00,00,000 (Rupees Five Hundred Crore Only) read with such other resolutions passed by the shareholders of the Company from time to time for authorizing the Company to borrow under Section 42 of the Act until the validity of this General Information Document.
5. Credit Rating Letter dated February 22, 2021 and Rating Rationale dated July 14, 2020, from CARE Rating Limited and CRISIL Credit Rating Letter dated February 22, 2021 and Rating Rationale dated March 05, 2020 from CRISIL Ratings Limited respectively, assigning the credit rating to the PDIs, at the time of Issue/ as may have been updated / revalidated from time to time.
6. Tripartite agreement dated July 25, 2012 between the Company, Link Intime India Pvt. Ltd. (Registrar & Transfer Agent) and CDSL.
7. Certified true copy of the Tripartite agreement dated July 26, 2012 between the Company, Link Intime India Pvt. Ltd. (Registrar & Transfer Agent) and NSDL.

8. Consent letter issued by Axis Trustee Services Limited dated January 14, 2021, to act as the Trustee to the Issue and inclusion of its name in the form and context in which it appears in this General Information Document.
9. In-principle approval for listing of the PDIs.
10. PDI Trust Deed executed with Axis Trustee Services Limited dated February 05, 2021 amended on dated March 12, 2021, October 19, 2021 and July 6, 2022.
11. Trustee Agreement executed with Axis Trustee Services Limited dated February 05, 2021 amended on dated October 19, 2021.
12. This General Information Document read together with the relevant Key Information Document.

H. Other Material Contracts

1. Master Services Agreement with HDFC Bank Limited dated March, 8, 2022.
2. License agreement with HDFC Bank Limited dated February 20, 2019, for right to use HDFC Bank's logo.
3. Certified true copy of the aforementioned documents are available for inspection at the Corporate Office of the Company until the date of closure of the Issue.

I. Material Development: Save as stated elsewhere in this General Information Document, since the date of last published audited statement, no material developments have taken place that will materially affect the performance of the prospects of the Company. There are no material events/ developments at the time of issuance of this document which may affect this issue or the investor decision to invest/continue to invest in the debt securities.

J. Servicing behaviour of the Existing Debts: The Company is discharging all its liabilities in time and would continue doing so in future as well. The Company has been paying regular interest and principal amount on redemption.

K. Consent from the Existing Lenders: The Company is not required to obtain any consent from existing lenders.

SECTION L

OTHER TERMS PERTAINING TO THE ISSUE OF DEBENTURES/SUBORDINATED BONDS/PDIs

Nature

The Debentures are to be issued in the form of taxable secured redeemable non-convertible debentures.

The Subordinated Bonds are to be issued in the form of unsecured, rated, listed, redeemable non-convertible debentures.

The PDIs are to be issued in the form of unsecured, rated, listed, perpetual debt instruments in the nature of non-convertible debentures.

Form

The Debentures/Subordinated Bonds/PDIs to be issued in a dematerialized form which are subject to the provisions of the Depositories Act and the rules notified by NSDL and CDSL from time to time.

Allotment

The beneficiary account of the investor(s) with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)/ Depository Participant will be given initial credit within 2 (Two) working days from the Deemed Date of Allotment. The initial credit in the account will be akin to the Letter of Allotment.

Undertaking to Use a Common Form of Transfer

The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures/Subordinated Bonds/PDIs held in electronic form. The seller should give delivery instructions containing detail of the buyer's DP account to his depository participant. The issuer undertakes that there will be common transfer form/ procedure for transfer of Debentures/Subordinated Bonds/PDIs. The seller shall be responsible for payment of stamp duty in transfer of securities in accordance with Applicable Law.

Coupon Payments

(a) Coupon rate: The details as to Coupon Rate/ interest for each Series shall be specified in the relevant Key Information Document issued in respect of such Series. Any Coupon/ interest payable on the Debentures/Subordinated Bonds/PDIs may be subject to deduction at source at the rates prevailing from time to time under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, for which a certificate will be issued by the Company.

(b) Computation of Coupon: Please refer to the relevant Key Information Document

(c) Payment of Coupon: Please refer to the relevant Key Information Document

Tax Deduction at Source (TDS)

Tax as applicable under the Income Tax Act, 1961 or under any other statutory modification or re-enactment thereof will be deducted at source. Requisite certificate for tax deducted at source, as contemplated and/or required under the provisions of the Income Tax Act, 1961 from time to time, will be issued to the registered holders of the Debentures/Subordinated Bonds/PDIs as per records on the Record Date as applicable. Tax exemption certificate/document (in duplicate), if any must be lodged at the office of the Company or the designated office of the Company prior to the Record Date, as applicable.

Transferability

The Debentures/Subordinated Bonds/PDIs issued will be freely transferable and transmittable. The Debentures/Subordinated Bonds/PDIs shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL/ CDSL/ Depository Participant of the transferor/ transferee and any other Applicable Laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures/Subordinated Bonds/PDIs held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Issuer.

Payment on Redemption

Please refer to the relevant Key Information Document

Effect of Holidays

Should the date of payment of any Coupon which is due in respect of the Debentures/Subordinated Bonds/PDIs fall on a day other than a 'Business Day' the immediately succeeding Business Day shall be considered as the effective date(s) for that payment.

In the event that the date of payment of the redemption amounts in respect of the Debentures/Subordinated Bonds/PDIs fall on a day other than a 'Business Day', the immediately preceding Business Day shall be considered as the effective date for that payment.

Succession

In the event of the demise of the sole/first holder of the Debentures/Subordinated Bonds/PDIs or the last survivor, in case of joint holders for the time being, the Issuer shall recognize the executor or administrator of the deceased Debenture Holder/Subordinated Bond Holder/PDI Holder, or the holder of succession certificate or other legal representative as having title to the Debentures/Subordinated Bonds/PDIs. The Issuer shall not be bound to recognize such executor or administrator, unless such executor or administrator obtains probate, wherever it is necessary, or letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter. The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Debentures/Subordinated Bonds/PDIs standing in the name of the deceased Debenture Holder/Subordinated Bond Holder/PDI Holder on production of sufficient documentary proof or indemnity.

Right to Accept or Reject Applications

The Company is entitled at its sole and absolute discretion to accept or reject any application, in part or in full, without assigning any reason thereof. Application Forms that are not complete in all respects may be rejected at the sole and absolute discretion of the Company. Any application which has been rejected, would be intimated by the Company along with the refund warrant. The Investors will be required to remit the funds as well as submit the duly completed Application Form along with other necessary documents to Issuer by the Deemed Date of Allotment.

Rights of Debenture Holder(s)/Subordinated Bond Holder(s)/PDI Holder(s)

Debenture Holder/Subordinated Bond Holder/PDI Holder is not a shareholder. The Debenture Holders/Subordinated Bond Holders/PDI Holders will not be entitled to any other rights and privilege of shareholders other than those available to them under statutory requirements. The principal amount and interest on the Debentures/Subordinated Bond Holder/PDI Holder will be paid to the registered Debenture Holders/Subordinated Bond Holders/PDI Holders only, and in case of joint holders, to the one whose name stands first. Besides, the Debentures/Subordinated Bonds/PDIs shall be subject to the provisions of the terms of the Disclosure Documents and other terms and conditions as may be incorporated in the Debenture Trustee Agreement, the Debenture Trust Deed, the Deed of Hypothecation and other documents that may be executed in respect of the Debentures/Subordinated Bond Holder/PDI Holder.

Record Date

The record date will be as specified in the Key Information Document.

Mode of Transfer/Transmission of Debentures/Subordinated Bonds/PDIs

The Debentures/Subordinated Bonds/PDIs shall be transferable freely; however, it is clarified that no investor shall be entitled to transfer the Debentures/Subordinated Bonds/PDIs to a person who is not entitled to subscribe to the Debentures/Subordinated Bonds/PDIs. The Debenture(s) /Subordinated Bonds/PDIs shall be transferred and/or transmitted in accordance with the applicable provisions of the Act and the Applicable Law. The Debentures/Subordinated Bonds/PDIs held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL and CDSL and the relevant DPs of the transferor or transferee and the Applicable Laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, amounts due will be paid/redemption will be made to the person, whose name appears in the register of Debenture Holders maintained by the R&T Agent as on the Record Date, under all circumstances. In cases where the transfer formalities have not been completed by the transferor, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures/Subordinated Bonds/PDIs held in dematerialised form. The seller should give delivery instructions containing details of the buyer's DP account to his DP.

Fictitious Applications

Any person who (i) makes in a fictitious name, an application to the Company for acquiring, or subscribing for any Debentures/Subordinated Bonds/PDIs therein, or (ii) otherwise induces the Company to allot or register any transferor of Debentures/Subordinated Bonds/PDIs therein to him or any other person in a fictitious name, shall be punishable under the extant laws. Fictitious applications will be rejected. Attention of applicants is specially drawn to the provisions of sub-section (1) of section 38 of the Companies Act, 2013.

Allotment Intimation

The Company has made depository arrangements with NSDL and CDSL for the issue of these Debentures/Subordinated Bonds/PDIs in dematerialised form. The investors shall hold these Debentures in the dematerialised form and will be governed as per the provisions of the Depositories Act, Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, rules notified by NSDL and CDSL (as applicable) from time to time and other Applicable Laws and rules notified in respect thereof.

Investors should mention their NSDL/ CDSL Depository Participant's name, DP-ID and Beneficiary Account Number at the appropriate place in the Application Form. The Company shall take reasonable steps to credit the beneficiary account of the allottee(s), with the NSDL/ CDSL Depository Participant as mentioned in the Application Form, with the number of

Debentures/Subordinated Bonds/PDIs allotted. The applicant is responsible for the correctness of its details given in the Application Form vis-à-vis those with its DP. In case the information is incorrect or insufficient, the Company would not be liable for losses, if any.

The Company shall credit the Debentures/Subordinated Bonds/PDIs in the demat account of the investors as per the details furnished in the Application Form.

Consolidation of ISINs

So long as the terms and conditions of the existing securities of the Company (under the respective issues) in the International Securities Identification Number (ISIN) are not changed substantially (i) otherwise than as may be required/permitted by regulations; or (ii) in such a way that it results in breach of or violation of the Applicable Laws, the Company reserves the right/is entitled to add additional securities (for such additional amounts as may be issued by the Company from time to time) to the existing ISIN from time to time under such terms and conditions, which may / may not be different from the existing securities under the respective issues under the same ISIN. Such additional securities and their terms may be such as are permitted by regulations or not specifically precluded by regulations from time to time. Further, such additional securities may be issued from time to time at such issue price, either at par or at premium or at discount to arrive at the contracted effective yield from time to time.

Any redemption of securities may be done by the Company either on a pro rata basis or by lot or by any other manner whatsoever, as the Company may deem fit.

In this regard, the Company shall be entitled to:

1. add such additional securities (for such additional amounts as may be issued by the Company from time to time) to the existing ISIN from time to time under such terms and conditions, which may / may not be different from the terms of securities under the respective issues existing under the said ISIN.
2. select any of the listed securities in the ISIN for redemption as the Company may solely deem fit either by pro rata basis or by lot or by any other manner whatsoever, as the Company may deem fit, before maturity, from time to time.

Further Borrowings

The Company shall be entitled to make further issue of debentures/ raise debt and/or raise further loans and/or avail of further deferred payment/guarantee facilities from time to time for such amounts and from such persons/public financial institutions/banks or any other financial corporations or body corporate to be secured on such basis as may be agreed with such lender without the consent of or any notice to the Debenture Holders or the Debenture Trustee. Provided that at the time of raising such further issue of debentures/ raising of debt and/or further term loans and/or availing deferred payment credit/guarantee facilities, the Company shall maintain the security cover in respect of the issue of the secured Debentures (if any outstanding at the time of such raising of debt.

Debentures in Dematerialized Form

The Company has made provisions with National Securities Depository Limited (NSDL) and Central Depository Services Ltd (CDSL) to issue the Debentures/Subordinated Bonds/PDIs in dematerialized form to all successful applicants. All provisions relating to issue, allotment, transfer, transmission, etc. in respect of dematerialization and dematerialization of the Debentures/Subordinated Bonds/PDIs will be as prescribed under the Depositories Act, 1996 and the rules by NSDL/CDSL would be applicable to these Debentures.

Modification of Rights

The Trustee shall concur with the Company (without requiring any approval of the Debenture Holder(s)) in making any modifications in these presents which is essential and in the opinion of the Trustee would not be materially prejudicial to the interests of the Debenture Holder(s), and to any modification of the terms of the Debentures/Subordinated Bonds/PDIs or any of the other Transaction Documents which is of a formal, minor or technical nature or is to correct a manifest error. Any other change or modification to the terms of the Debentures/Subordinated Bonds/PDIs or the Transaction Documents shall require approval by the Debenture Holder(s) as set out in the Schedule II (Provisions for the meetings of the Debenture Holder(s) /Subordinated Bond Holders/PDI Holders) of the Debenture Trust Deed/Subordinated Bond Trust Deed/PDI Trust Deed. Upon obtaining such approval, the Trustee and the Company shall give effect to the same by executing necessary deed(s) supplemental to these presents.

KYC Compliance

The applications that do not conform to the KYC Norms issued by Reserve Bank of India for Banks, NBFCs and Financial Institutions are liable for rejection. The documents required to be produced are provided in the Application Form.

Succession

In the event of demise of the Debenture Holder/Subordinated Bond Holder/PDI Holder, the Company will recognize the executor or administrator of the deceased Debenture Holder/Subordinated Bond Holder/PDI Holder, or the holder of succession certificate or other legal representative as having title to the Debentures/Subordinated Bonds/PDIs. The Company shall not be bound to recognize such executor, administrator or holder of the succession certificate or other legal representative as having title to the Debentures/Subordinated Bonds/PDIs, unless such executor or administrator obtains probate of letter or administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a competent Court in India having jurisdiction over the matter. The Directors of the Company may, in their absolute discretion, where they think fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Debentures/Subordinated Bonds/PDIs standing in the name of the deceased Debenture Holder/Subordinated Bond Holder/PDI Holder on production of sufficient documentary proof or indemnity.

Discount on the Offer Price, if any

As per the relevant Key Information Document.

Debenture Trust Deed / Subordinated Trust Deed / PDI Trust Deed

The Debentures/Subordinated Bonds/PDIs to be issued under the terms of this General Information Document shall be governed by the terms of the Debenture Trust Deed(s)/ Subordinated Bond Trust Deed/ PDI Trust Deed, details of which are more particularly set out in **Section B** of this General Information Document executed by and between the Company and the Trustee. Copies of the Debenture Trust Deeds / Subordinated Bond Trust Deed/ PDI Trust Deed are available with the Trustee.

Refund

For applicants whose applications have been rejected or allotted in part, refund orders will be dispatched within 7 (Seven) Business Days from the Deemed Date of Allotment of the Debentures/ Subordinated Bonds/ PDIs.

In case the Issuer has received money from the applicants for Debentures/ Subordinated Bonds/ PDIs in excess of the aggregate of the application money relating to the Debentures/ Subordinated Bonds/ PDIs in respect of which allotments have been made, the Registrar and Transfer Agent shall upon receiving instructions in relation to the same from the Issuer repay the monies to the extent of such excess, if any.

Loss of Interest Cheques/Refund Cheques

Loss of interest cheques/refund cheques should be intimated to the Company along with request for duplicate issue. The issue of duplicates in this regard shall be governed by Applicable Law and any other conditions as may be prescribed by the Company.

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

SECTION M

SUMMARY TERM SHEET FOR ISSUE OF NON-CONVERTIBLE SECURITIES

The following is a summary of the terms of the Issue to the extent that they are applicable to each Series. Since the terms for each Series may be different, the specific terms of each Series to be issued under the Issue shall be specified in the relevant Key Information Document to be issued in respect of that Series, which Key Information Document will also be filed with BSE.

Security Name (Name of the non-convertible securities which includes (Coupon/dividend, Issuer Name and maturity year) e.g. 8.70% XXX 2015.	As per the relevant Key Information Document
Issuer	HDB Financial Services Limited
Type of Instrument	As per the relevant Key Information Document
Nature of Instrument	As per the relevant Key Information Document
Seniority	As per the relevant Key Information Document
Mode of Issue	Private placement
Eligible Investors	Please refer paragraph "**Who can apply**" of this General Information Document
Listing	The Debentures/Subordinated Bonds/PDIs are proposed to be listed on the Wholesale Debt Market (WDM) Segment of the BSE Ltd within such days as prescribed under Applicable Law. In accordance with the SEBI Debt Listing Regulations, in case of a delay by the Company in listing the Debentures/ Subordinated Bonds/ PDIs beyond such days as prescribed under Applicable Law, the Company shall, subject to Applicable Law, make payment to the Debenture Holders/Subordinated Bond Holders/PDI Holders of 1% (One Percent) per annum over and above the Coupon Rate from the Deemed Date of Allotment till the listing of such Debentures/ Subordinated Bonds/ PDIs.
Rating of the Instrument	As per the relevant Key Information Document
Issue Size	As per the relevant Key Information Document
Minimum Subscription	As per the relevant Key Information Document
Option to retain oversubscription (Amount)	As per the relevant Key Information Document
Objects of the Issue/ Purpose for which there is requirement of funds The Issuer shall provide granular disclosures in their information document, with regards to the "Object of the Issue" including the percentage of the issue proceeds earmarked for each of the "object of the issue".	As per the relevant Key Information Document
Details of the utilization of the Proceeds.	As per the relevant Key Information Document

In case the Issuer is a NBFC and the objects of the issue entail loan to any entity who is a 'group company' then disclosures shall be made in the following format:	The proceeds of the Issue will not be utilised for providing loans to any group company.
Consolidation of ISINs	The Company shall have the right/shall be entitled to add additional securities (for such additional amounts as may be issued by the Company from time to time) to the existing ISINs from time to time in accordance with the terms as set out in this General Information Document.
Coupon Rate	As per the relevant Key Information Document
Step Up/Step Down Coupon Rate	As per the relevant Key Information Document
Coupon Payment Frequency	As per the relevant Key Information Document
Coupon Payment Dates	As per the relevant Key Information Document
Coupon Type	As per the relevant Key Information Document
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.).	As per the relevant Key Information Document
Day Count Basis	As per the relevant Key Information Document
Interest on Application Money	The Company shall be liable to pay the Debenture Holder(s)/Subordinated Bond Holder(s)/PDI Holder(s) interest on application money as more particularly specified in the relevant Key Information Document for each Series.
Additional Interest	In case of default in payment of Coupon and/ or redemption of the principal amount of the Debentures/Subordinated Bonds/PDIs on the respective due dates, additional interest of 2% (Two Percent) per annum over and above the Coupon Rate shall, subject to Applicable Law, be payable by the Company for the defaulting period until the defaulted amount together with the delay penalty is paid. Where the Company fails to execute the trust deed within the period specified by SEBI, then without prejudice to any liability arising on account of violation of the provisions of the Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Company shall, subject to Applicable Law, also pay interest of 2% (Two Percent) per annum or such other rate, as specified by SEBI to the Debenture Holders/ Subordinated Bond Holders/ PDI Holders, over and above the Coupon Rate, till the execution of the Trust Deed.
Tenor	As per the relevant Key Information Document
Redemption Date	As per the relevant Key Information Document
Redemption Amount	As per the relevant Key Information Document
Redemption Premium/ Discount	As per the relevant Key Information Document
Issue Price	As per the relevant Key Information Document
Discount at which security is issued and the effective yield as a result of such discount.	As per the relevant Key Information Document
Put Option Date	As per the relevant Key Information Document
Put Option Price	As per the relevant Key Information Document
Call Option Date	As per the relevant Key Information Document

Call Option Price	As per the relevant Key Information Document
Put Notification Time	As per the relevant Key Information Document
Call Notification Time	As per the relevant Key Information Document
Rollover Option	As per the relevant Key Information Document
Face Value	As per the relevant Key Information Document
Minimum Application and in multiples of __ Debt securities thereafter	As per the relevant Key Information Document
Issue Timing	As per the relevant Key Information Document
Issue/ Bid Opening Date	As per the relevant Key Information Document
Issue/ Bid Closing Date	As per the relevant Key Information Document
Date of earliest closing of the issue, if any.	As per the relevant Key Information Document
Pay-in Date	As per the relevant Key Information Document
Deemed Date of Allotment	As per the relevant Key Information Document The Deemed Date of Allotment for each Series will be mentioned in the respective Key Information Document issued in respect of such Series. All benefits relating to the Debentures/ Subordinated Bonds/ PDIs will be available to the investors from the respective Deemed Date(s) of Allotment. The actual allotment of Debentures/ Subordinated Bonds/ PDIs may take place on a date other than the Deemed Date of Allotment. The Company reserves the right to keep multiple allotment date(s)/ deemed date(s) of allotment at its sole and absolute discretion without any notice. The Deemed Date of Allotment may be changed (advanced/ postponed) by the Company at its sole and absolute discretion.
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	The pay-in of subscription monies for the Debentures/ Subordinated Bonds/ PDIs shall be made by way of transfer of funds from the bank account(s) of the eligible investors (whose bids have been accepted) as registered with the EBP into the account of the relevant clearing corporation, as specified on the Electronic Book Platform, in accordance with the procedure and timelines prescribed in the Electronic Book Mechanism Guidelines and the Operational Guidelines of the EBP. For amounts payable by the Issuer to any Debenture Holder/ Subordinated Bond Holder/PDI Holder pursuant to the terms of the Transaction Documents, Cheque(s)/ electronic clearing services (ECS)/credit through RTGS system/funds transfer to the specified bank account of the Debenture Holder/ Subordinated Bond Holder/ PDI Holder shall be the mode of settlement.
Depository(ies)	NSDL and CDSL
Business Day	Means any day of the week (excluding non-working Saturdays, Sundays and any day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881) (as may be amended/supplemented from time to time) in Mumbai and any other day on which banks are closed for customer business in Mumbai) on which the money market is functioning in Mumbai and "**Business Days**" shall be construed accordingly.
Business Day Convention	If any Coupon Payment Date in respect of a relevant Series falls on a day which is not a Business Day, then the immediately succeeding Business Day shall be the due date for such payment, however, the dates of the future Coupon payments in respect of such

	relevant Series would be as per the schedule originally stipulated in the relevant Key Information Document. In other words, the subsequent Coupon payment schedule would not be disturbed merely because the payment date in respect of one particular Coupon payment has been postponed earlier because of it having fallen on non-Business Day. If the Maturity Date / Redemption Date (including the last Coupon Payment Date) or the due date in respect of liquidated damages (if any) and all other monies payable under a Series falls on a day which is not a Business Day, then the immediately preceding Business Day shall be the due date for such payment.
Disclosure of Interest/Dividend / redemption dates	As per the relevant Key Information Document
Record Date	As per Key Information Document.
All covenants of the issue (including side letters, accelerated payment clause, etc.)	As set out in **Note 1, Note 3, Note 5, Note 7, Note 9, Note 11, Note 13** under Annexure X below.
Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/likely date of creation of security, minimum security cover, revaluation, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Offer Document/General Information Document.	**The Commercial Papers, PDIs and the Subordinated Bonds issued by the Company shall be unsecured in nature.** **Description of Security in respect of issuance of secured Debentures** **A) Debentures 1 to be issued under the terms of Debenture Trust Deed 1 and under the Disclosure Documents shall be secured by the following:** The Debentures 1 to be issued under the Disclosure Documents shall be secured by way of a first ranking and exclusive charge by way of hypothecation over the specific identified receivables of the Issuer or such other security as may be identified by the Company as set out in the Deed of Hypothecation 1. **Asset / Security Cover and its maintenance** "**Asset Cover**" shall mean the aggregate value of all the principal amount of the Receivables, which is to be maintained by the Company at 1.10 (One Decimal Point One Zero) times of the outstanding principal and the Coupon amounts on the Debentures 1 to be issued by the Company or such other asset cover as may be agreed to by the Company and the Trustee and the Debenture Holders) in relation to a particular Tranche/Series and stipulated in the relevant Supplemental Disclosure Document, in respect of which the Hypothecated Assets constitutes security on an exclusive first ranking and continuing basis from the date of execution of the Deed of Hypothecation 1 till the Final Settlement Date. It is hereby expressly clarified that the aggregate value of the Receivables shall suffice to cover the due repayment of the outstanding principal as well as the Coupon amounts under the Debentures 1. Each time a new Tranche/Series of the Debentures 1 is proposed to be issued, the Company shall, prior to the issue of such new Tranche/Series of the Debentures 1, provide the Trustee with a Supplemental Receivables Schedule identifying the aggregate Receivables that are charged in favour of the Trustee so as to maintain the required Asset Cover in accordance with the terms of the Debenture Trust Deed 1 or the relevant Supplemental Disclosure Document. Each Supplemental Receivables Schedule shall form

	an integral part of the Deed of Hypothecation 1 and a first ranking and exclusive continuing charge in the nature of a hypothecation shall be deemed to be *ipso facto* created and perfected over the Receivables identified and set out therein, without requiring any further act to be done by the Company. Within 30 (Thirty) days from the end of each financial quarter or at such other time as may be necessary, the Company shall deliver to the Trustee, the "Supplemental Receivables Schedule" duly certified by a practicing chartered accountant and the managing director of the Company of aggregate Receivables hypothecated on exclusive basis in favour of the Trustee which shall provide requisite Asset Cover on the outstanding debentures under the Debenture Trust Deed 1 and shall certify its value. It is clarified that if the value of the Hypothecated Assets identified under the Schedule I (*Detailed description of Hypothecated Assets*) of the Deed of Hypothecation 1 and in the Supplemental Receivables Schedules submitted from time to time gets diminished, the Company shall within 30 (Thirty) calendar days from the end of each financial quarter ("**Top-Up Date**") also provide the Trustee with a Supplemental Receivables Schedule identifying further Receivables (i.e. an updated list of the Loans comprising the Receivables on quarterly basis along with such other certifications in respect of the Loans constituting the Receivables as may be required by Trustee) so as to maintain the Asset Cover in accordance with the terms of the Trust Deed 1 or the relevant Supplemental Disclosure Document. Pursuant to the Top-up, the Company shall take all steps necessary to perfect such security at its own cost including filing the necessary forms for recording the modification of the charge with the applicable registrar of companies. **Release of Excess Hypothecated Assets** Notwithstanding anything contained in the Deed of Hypothecation 1, in the event that the Hypothecated Assets are of a book value greater than that required for the maintenance of the Asset Cover, the Company shall be entitled to require the Trustee to release the excess Hypothecated Assets such that the Hypothecated Assets remaining after such release would be sufficient for maintenance of the Asset Cover at or above the Minimum Asset Cover ("Released Assets"). The Company shall, for such release, issue a letter to the Trustee substantially in the format set out in Schedule I of the Deed of Hypothecation 1 describing the Hypothecated Assets to be released ("**Release Request Letter**"). The Trustee shall effectuate such release by issuing a no objection letter in response to the Release Request Letter and shall also, if requested by the Company execute all such documents as may be required for such release. The Release Request Letter shall be accompanied by a certificate from the independent chartered accountant of the Company confirming to the Trustee in writing the amount of Released Assets and that the Asset Cover shall be maintained or above the Minimum Security Cover post such excess release. The Trustee shall not be required to provide any notice to or obtain any consent of the Debenture Holders for issuing the non-objection letter and releasing the excess Hypothecated Assets under the terms hereof. The Trustee shall not be liable for any consequences for having acted in terms hereof and having made such release. The Released Assets shall not be construed to be a part of the Security and the Company shall be entitled to deal with the Released Assets in the manner it deems fit.

	Creation and Perfection The Company shall execute the Debenture Trust Deed 1 and the Deed of Hypothecation 1 prior to the listing of the Debentures 1 and perfect the same by filing the requisite forms with ROC within such timelines as permitted under Applicable Law, of creation of charge. The Company undertakes to, within the period prescribed under Applicable Law, make the necessary filings with the concerned Registrar of companies ("**ROC**") and the Central Registry, and obtain and deliver to the Trustee (a) evidence of such filing with the ROC and CERSAI; and (b) a certificate issued by ROC, of registration of the Charge created on the Hypothecated Assets, and the acknowledgement report issued by the Central Registry upon completion of filing with the Central Registry, on its own costs. B) **Debentures 2 to be issued under the terms of Debenture Trust Deed 2 and under the Disclosure Documents shall be secured by any or all of the following**: The Debentures 2 being issued under the Disclosure Documents shall be secured by way of a first ranking and exclusive charge by hypothecation over the specific identified receivables of the Issuer or such other security as may be identified by the Company as set out in the Deed of Hypothecation 2. **Asset / Security Cover and its maintenance** "**Asset Cover**" shall mean the aggregate value of all the principal amount of the Receivables, which is to be maintained by the Company at 1.10 (one Decimal point One Zero) times of the outstanding principal and the coupon amounts on the Debentures to be issued by the company or such other asset cover as may be agreed to by the Company and the Trustee and the Debenture Holde(s) in relation to a particular Tranche/Series and stipulated in the relevant Tranche Placement Memorandum, in respect of which the Hypothecated Assets constitutes security on an exclusive first ranking and continuing basis from the date of execution of the Debenture Trust Deed 2 till the Final Settlement Date. It is hereby expressly clarified that the aggregate value of the Receivables shall suffice to cover the due repayment of the outstanding principal as well as the Coupon amounts under the Debentures. Each time a new Tranche/Series of the Debentures 2 is proposed to be issued, the Company shall prior to the issue of such new Tranche/Series of the Debentures 2, provide the Trustee with a Supplemental Receivables Schedule identifying the aggregate Receivables that are charged in favour of the Trustee so as to maintain the required Asset Cover in accordance with the terms of the Debenture Trust Deed 2 or the relevant Key Information Document. Each Supplemental Receivables Schedule shall form an integral part of the Deed of Hypothecation 2 and a first ranking and exclusive continuing charge in the nature of a hypothecation shall be deemed to be ipso facto created and perfected over the Receivables identified and set out therein, without requiring any further act to be done by the Company. Within 30 (Thirty) days from the end of each financial quarter or at such other time as may be necessary, the Company shall deliver to the Trustee, the "**Supplemental Receivables**

	Schedule" duly certified by a practicing chartered accountant and the managing director of the Company of aggregate Receivables hypothecated on exclusive basis in favour of the Trustee which shall provide requisite Asset Cover on the outstanding debentures under the Debenture Trust Deed 1 and shall certify its value. It is clarified that if the value of the Hypothecated Assets identified under the Schedule I (*Detailed description of Hypothecated Assets*) of the Deed of Hypothecation 1 and in the Supplemental Receivables Schedules submitted from time to time gets diminished, the Company shall within 30 (Thirty) calendar days from the end of each financial quarter ("**Top-Up Date**") also provide the Trustee with a Supplemental Receivables Schedule identifying further Receivables (i.e. an updated list of the Loans comprising the Receivables on quarterly basis along with such other certifications in respect of the Loans constituting the Receivables as may be required by Trustee) so as to maintain the Asset Cover in accordance with the terms of the Trust Deed 2 or the relevant Key Information Document. Pursuant to the Top-up, the Company shall take all steps necessary to perfect such security at its own cost including filing the necessary forms for recording the modification of the charge with the applicable registrar of companies. **Release of Excess Hypothecated Assets** Notwithstanding anything contained in the Deed of Hypothecation 2, in the event that the Hypothecated Assets are of a book value greater than that required for the maintenance of the Asset Cover, the Company shall be entitled to require the Trustee to release the excess Hypothecated Assets such that the Hypothecated Assets remaining after such release would be sufficient for maintenance of the Asset Cover at or above the Minimum Asset Cover ("**Released Assets**"). The Company shall, for such release, issue a letter to the Trustee substantially in the format set out in Schedule II of the Deed of Hypothecation 2 describing the Hypothecated Assets to be released ("**Release Request Letter**"). The Trustee shall effectuate such release by issuing a no objection letter in response to the Release Request Letter and shall also, if requested by the Company execute all such documents as may be required for such release. The Release Request Letter shall be accompanied by a certificate from the independent chartered accountant of the Company confirming to the Trustee in writing the amount of Released Assets and that the Asset Cover shall be maintained or above the Minimum Security Cover post such excess release. The Trustee shall not be required to provide any notice to or obtain any consent of the Debenture Holders for issuing the non-objection letter and releasing the excess Hypothecated Assets under the terms hereof. The Trustee shall not be liable for any consequences for having acted in terms hereof and having made such release. The Released Assets shall not be construed to be a part of the Security and the Company shall be entitled to deal with the Released Assets in the manner it deems fit. **Creation and Perfection** The Company shall execute the Debenture Trust Deed 2 and the Deed of Hypothecation 2 prior to the listing of the Debentures 2 and perfect the same by filing the requisite forms with ROC within such timelines as permitted under Applicable Law, of creation of charge.

	The Company undertakes to, within the period prescribed under Applicable Law, make the necessary filings with the concerned Registrar of companies ("**ROC**") and the Central Registry, and obtain and deliver to the Trustee (a) evidence of such filing with the ROC and CERSAI; and (b) a certificate issued by ROC, of registration of the Charge created on the Hypothecated Assets, and the acknowledgement report issued by the Central Registry upon completion of filing with the Central Registry, on its own costs. C) **Debentures 3 to be issued under the terms of Debenture Trust Deed 3 and under the Disclosure Documents shall be secured by any or all of the following**: The Debentures 3 being issued under the Disclosure Documents shall be secured by way of a first ranking and exclusive charge by hypothecation over the specific identified receivables of the Issuer or such other security as may be identified by the Company as set out in the Deed of Hypothecation 3. **Asset / Security Cover and its maintenance** The Company shall, during the currency of the Debentures 3, maintain a minimum security cover which shall be 1.10 (One decimal point One Zero) times of the outstanding principal amount and the accrued Coupon ("**Security Cover**") or such other security cover as may be stipulated in the relevant Disclosure Document. Within 30 (Thirty) days from the end of each financial quarter or at such other time as may be necessary, the Company shall deliver to the Trustee, the "**Supplemental Receivables Schedule**" duly certified by a practicing chartered accountant and the managing director of the Company setting out the aggregate Receivables hypothecated on a first and exclusive basis in favour of the Trustee which shall provide requisite Security Cover on the outstanding Debentures 3 and shall certify its value. It is clarified that if the value of the Hypothecated Assets identified under the **Schedule I** (*Detailed description of Hypothecated Assets*) of the Deed of Hypothecation 3 and in the Supplemental Receivables Schedules submitted from time to time gets diminished, the Company shall within 30 (Thirty) calendar days from the end of each financial quarter ("**Top-Up Date**") also provide the Trustee with a Supplemental Receivables Schedule identifying further Receivables (i.e. an updated list of the Loans comprising the Receivables on quarterly basis along with such other certifications in respect of the Loans constituting the Receivables as may be required by Trustee) so as to maintain the Security Cover in accordance with the terms of the Trust Deed 3 or the relevant Key Information Document ("**Top-up**"). Pursuant to the Top-up, the Company shall take all steps necessary to perfect such security at its own cost including filing the necessary forms for recording the modification of the charge with the applicable registrar of companies. **Release of Excess Hypothecated Assets** (a) Notwithstanding anything contained in the Deed of Hypothecation 3, in the event that the Hypothecated Assets are of a book value greater than that required for the maintenance of the Security Cover, the Company shall be entitled to require the Trustee to release the excess Hypothecated Assets such that the Hypothecated Assets remaining after such release would be sufficient for maintenance of the Security Cover ("**Released**

	Assets"). The Company shall, for such release, issue a letter to the Trustee substantially in the format set out in Schedule II hereto describing the Hypothecated Assets to be released ("**Release Request Letter**"). (b) The Trustee shall effectuate such release by issuing a no objection letter in response to the Release Request Letter and shall also, if requested by the Company execute all such documents as may be required for such release. The Release Request Letter shall be accompanied by a certificate from the independent chartered accountant of the Company confirming to the Trustee in writing the amount of Released Assets and that the Security Cover shall be maintained at or above the Security Cover post such excess release. The Trustee shall not be required to provide any notice to or obtain any consent of the Debenture Holders for issuing the non-objection letter and releasing the excess Hypothecated Assets under the terms hereof. The Trustee shall not be liable for any consequences for having acted in terms hereof and having made such release. (c) The Released Assets shall not be construed to be a part of the Security and the Company shall be entitled to deal with the Released Assets in the manner it deems fit. **Creation and Perfection of Security** The Company shall execute the Debenture Trust Deed 3 and the Deed of Hypothecation 3 prior to the listing of the Debentures 3 and perfect the same by filing the requisite forms with ROC within such timelines as permitted under Applicable Law, of creation of charge. The Company undertakes to, within the period prescribed under Applicable Law, make the necessary filings with the concerned Registrar of companies ("**ROC**") and the Central Registry, and obtain and deliver to the Trustee (a) evidence of such filing with the ROC and CERSAI; and (b) a certificate issued by ROC, of registration of the Charge created on the Hypothecated Assets, and the acknowledgement report issued by the Central Registry upon completion of filing with the Central Registry, on its own costs. **Due Diligence** The Trustee shall exercise independent due diligence to ensure that the Security is free from any encumbrances in accordance with the applicable circulars / notifications issued by the SEBI including under the provisions of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 (as amended from time to time), and as also set out in detail under the terms of the Debenture Trustee Agreement 3. D) **Debentures 4 to be issued under the terms of Debenture Trust Deed 4 and under the Disclosure Documents shall be secured by any or all of the following**: The Debentures 4 being issued under the Disclosure Documents shall be secured by way of a first ranking and exclusive charge by hypothecation over the specific identified receivables of the Issuer or such other security as may be identified by the Company as set out in the Deed of Hypothecation 4.

	Asset / Security Cover and its maintenance The Company shall, during the currency of the Debentures 4, maintain a minimum security cover which shall be 1.10 (One decimal point One Zero) times of the outstanding principal amount and the accrued Coupon ("**Security Cover**") or such other security cover as may be stipulated in the relevant Disclosure Document. Within 30 (Thirty) days from the end of each financial quarter or at such other time as may be necessary, the Company shall deliver to the Trustee, the "**Supplemental Receivables Schedule**" duly certified by a practicing chartered accountant and the managing director of the Company setting out the aggregate Receivables hypothecated on a first and exclusive basis in favour of the Trustee which shall provide requisite Security Cover on the outstanding Debentures 4 and shall certify its value. It is clarified that if the value of the Hypothecated Assets identified under the Schedule I (Detailed description of Hypothecated Assets) of the Deed of Hypothecation 4 and in the Supplemental Receivables Schedules submitted from time to time gets diminished, the Company shall within 30 (Thirty) calendar days from the end of each financial quarter ("**Top-Up Date**") also provide the Trustee with a Supplemental Receivables Schedule identifying further Receivables (i.e. an updated list of the Loans comprising the Receivables on quarterly basis along with such other certifications in respect of the Loans constituting the Receivables as may be required by Trustee) so as to maintain the Security Cover in accordance with the terms of the Trust Deed 4 or the relevant Key Information Document ("**Top-up**"). Pursuant to the Top-up, the Company shall take all steps necessary to perfect such security at its own cost including filing the necessary forms for recording the modification of the charge with the applicable registrar of companies. **Release of Excess Hypothecated Assets** (a) Notwithstanding anything contained in the Deed of Hypothecation 4, in the event that the Hypothecated Assets are of a book value greater than that required for the maintenance of the Security Cover, the Company shall be entitled to require the Trustee to release the excess Hypothecated Assets such that the Hypothecated Assets remaining after such release would be sufficient for maintenance of the Security Cover ("**Released Assets**"). The Company shall, for such release, issue a letter to the Trustee substantially in the format set out in Schedule II hereto describing the Hypothecated Assets to be released ("**Release Request Letter**"). (b) The Trustee shall effectuate such release by issuing a no objection letter in response to the Release Request Letter and shall also, if requested by the Company execute all such documents as may be required for such release. The Release Request Letter shall be accompanied by a certificate from the independent chartered accountant of the Company confirming to the Trustee in writing the amount of Released Assets and that the Security Cover shall be maintained at or above the Security Cover post such excess release. The Trustee shall not be required to provide any notice to or obtain any consent of the Debenture Holders for issuing the non-objection letter and releasing the excess Hypothecated Assets under the terms hereof. The Trustee shall not be liable for any consequences for having acted in terms hereof and having made such release.

	(c) The Released Assets shall not be construed to be a part of the Security and the Company shall be entitled to deal with the Released Assets in the manner it deems fit. **Creation and Perfection of Security** The Company shall execute the Debenture Trust Deed 4 and the Deed of Hypothecation 4 prior to the listing of the Debentures 4 and perfect the same by filing the requisite forms with ROC within such timelines as permitted under Applicable Law, of creation of charge. The Company undertakes to, within the period prescribed timeline specified under Section 77 of the Companies Act, 2013 or such other timelines as may be prescribed under Applicable Law, make the necessary filings with the concerned Registrar of Companies ("ROC") and the Central Registry, and obtain and deliver to the Trustee (a) evidence of such filing with the ROC and CERSAI; and (b) a certificate issued by ROC, of registration of the Charge created on the Hypothecated Assets, and the acknowledgement report issued by the Central Registry upon completion of filing with the Central Registry, on its own costs. **Due Diligence** The Trustee shall exercise independent due diligence to ensure that the Security is free from any encumbrances in accordance with the applicable circulars / notifications issued by the SEBI including under the provisions of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 (as amended from time to time), and as also set out in detail under the terms of the Debenture Trustee Agreement 4. E) **Debentures 5 to be issued under the terms of Debenture Trust Deed 5 and under the Disclosure Documents shall be secured by any or all of the following**: The Company proposes to issue Debentures 5 aggregating to an amount up to Rs. 20,000 Crores ("**Overall Limit**"), in one or more Series. It is hereby clarified for the sake of convenience that within the Overall Limit, the Debentures issued up to an amount of Rs. 10,000,00,00,000/- (Rupees Ten Thousand Crores Only), shall be referred to as "**Interim Debentures**" and the balance Debentures to be issued within the Overall Limit subsequent to the issue of the Interim Debentures shall be referred to as "**Balance Debentures**" (i.e. aggregating to an amount of up to Rs. 10,000,00,00,000/- Crores Only). In respect of the Interim Debentures, the Company hereby agrees to execute the relevant Deed of Hypothecation on or about the date of issue of the first Series of Debentures under the Interim Debentures. With respect to the Balance Debentures, the Company will execute another Deed of Hypothecation simultaneously with the issue of the first Series of Debentures in respect of the Balance Debentures. **Asset / Security Cover and its maintenance** The Company shall, during the currency of the issued and outstanding Debentures 5, maintain a minimum security cover which shall be 1 (One) time of the outstanding principal amount and the accrued Coupon thereunder ("**Security Cover**") or such other security cover as may be stipulated in the relevant Disclosure Document.

	Within 30 (Thirty) days from the end of each financial quarter or at such other time as may be necessary, the Company shall deliver to the Trustee, the "**Supplemental Receivables Schedule**" duly certified by a practicing chartered accountant and the managing director of the Company setting out the aggregate Receivables hypothecated on a first and exclusive basis in favour of the Trustee which shall provide requisite Security Cover on the issued and outstanding Debentures 5 and shall certify its value. It is clarified that if the value of the Hypothecated Assets identified under the Schedule I (*Detailed description of Hypothecated Assets*) of the Deed of Hypothecation 5 and in the Supplemental Receivables Schedules submitted from time to time gets diminished, the Company shall within 30 (Thirty) calendar days from the end of each financial quarter ("**Top-Up Date**") also provide the Trustee with a Supplemental Receivables Schedule identifying further Receivables (i.e. an updated list of the Loans comprising the Receivables on quarterly basis along with such other certifications in respect of the Loans constituting the Receivables as may be required by Trustee) so as to maintain the Security Cover in accordance with the terms of the Trust Deed 5 or the relevant Key Information Document ("**Top-up**"). Pursuant to the Top-up, the Company shall take all steps necessary to perfect such security at its own cost including filing the necessary forms for recording the modification of the charge with the applicable registrar of companies. **<u>Release of Excess Hypothecated Assets</u>** (a) Notwithstanding anything contained in the Deed of Hypothecation 5, in the event that the Hypothecated Assets are of a book value greater than that required for the maintenance of the Security Cover, the Company shall be entitled to require the Trustee to release the excess Hypothecated Assets such that the Hypothecated Assets remaining after such release would be sufficient for maintenance of the Security Cover ("**Released Assets**"). The Company shall, for such release, issue a letter to the Trustee substantially in the format set out in Schedule II hereto describing the Hypothecated Assets to be released ("**Release Request Letter**"). (b) The Trustee shall effectuate such release by issuing a no objection letter in response to the Release Request Letter and shall also, if requested by the Company execute all such documents as may be required for such release. The Release Request Letter shall be accompanied by a certificate from the independent chartered accountant of the Company confirming to the Trustee in writing the amount of Released Assets and that the Security Cover shall be maintained at or above the Security Cover post such excess release. The Trustee shall not be required to provide any notice to or obtain any consent of the Debenture Holders for issuing the non-objection letter and releasing the excess Hypothecated Assets under the terms hereof. The Trustee shall not be liable for any consequences for having acted in terms hereof and having made such release. (c) The Released Assets shall not be construed to be a part of the Security and the Company shall be entitled to deal with the Released Assets in the manner it deems fit.

	Creation and Perfection of Security The Company shall execute the Debenture Trust Deed 5 and the Deed of Hypothecation 5 prior to the listing of the Debentures 5 and perfect the same by filing the requisite forms with ROC within such timelines as permitted under Applicable Law, of creation of charge. The Company undertakes to, within the period prescribed timeline specified under Section 77 of the Companies Act, 2013 or such other timelines as may be prescribed under Applicable Law, make the necessary filings with the concerned Registrar of Companies ("ROC") and the Central Registry, and obtain and deliver to the Trustee (a) evidence of such filing with the ROC and CERSAI; and (b) a certificate issued by ROC, of registration of the Charge created on the Hypothecated Assets, and the acknowledgement report issued by the Central Registry upon completion of filing with the Central Registry, on its own costs. **Due Diligence** The Trustee shall exercise independent due diligence to ensure that the Security is free from any encumbrances in accordance with the applicable circulars / notifications issued by the SEBI including under the provisions of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 (as amended from time to time), and as also set out in detail under the terms of the Debenture Trustee Agreement 5.
Replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the issue document [Applicable only in respect of issue of Debenture]	Please refer to row on "*Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation*" above.
Transaction Documents	The documents executed or to be executed in relation to the Issue of – (i) the Debentures - shall include the Debenture Trust Deed 1, Debenture Trust Deed 2, Debenture Trust Deed 3, Debenture Trust Deed 4, Debenture Trust Deed 5, the Debenture Trustee Agreement 1, Debenture Trustee Agreement 2, Debenture Trustee Agreement 3, Debenture Trustee Agreement 4, Debenture Trustee Agreement 5, this General Information Document, Key Information Documents, the Private Placement Offer cum Application Letter(s), the Deed of Hypothecation 1, Deed of Hypothecation 2, Deed of Hypothecation 3, Deed of Hypothecation 4, Deed of Hypothecation 5, Private Placement Offer Cum Application Letter(s) and any other document that may be executed by and between the Company and the Trustee in respect of any further issuance of Debentures under this General Information Document or as may be designated by the Trustee as a Transaction Document. (ii) the Subordinated Bonds -shall include the Subordinated Bond Trust Deed, Subordinated Bond Trustee Agreement, this General Information Document, Key Information Documents, Private Placement Offer Cum Application Letter(s) and any other document that may be executed by and between the Company and the Trustee in respect of any further issuance

	of Subordinated Bonds under this General Information Document that may be designated by the Trustee as a Transaction Document. (iii) PDIs- PDI Trust Deed, PDI Trustee Agreement, this General Information Document, Key Information Documents, Private Placement Offer Cum Application Letter(s) and any other document that may be executed by and between the Company and the Trustee in respect of any further issuance of PDIs under this General Information Document or as may be designated by the Trustee as a Transaction Document. (iv) Commercial Papers- Issuing and Paying Agent Agreement, Board Resolutions, this General Information Document, Key Information Documents and any other document that may be executed by the Company in respect of any issuance of Commercial Papers under this General Information Document or as may be designated as a Transaction Document.
Conditions Precedent to Disbursement	As per the relevant Key Information Document
Conditions Subsequent to Disbursement	As per the relevant Key Information Document
Events of Default (including manner of voting /conditions of joining Inter Creditor Agreement)	As per **Note 2, Note 4, Note 6, Note 8, Note 10, Note 12, Note 14** under Annexure X below.
Creation of recovery expense fund	Details and purpose of the recovery expense fund: The Company shall create and maintain a recovery expense fund in the manner as specified under Chapter IV of the DT Master Circular, as may be supplemented or amended from time to time, and inform the Trustee about the same. The recovery expense fund may be utilized by the Trustee upon occurrence of an Event of Default, for taking appropriate legal actions to enforce the security, if any created in respect of Debentures in accordance with the relevant SEBI circulars.
Conditions for breach of covenants (as specified in Trust Deed)	As set out under the head "**All covenants of Issue**" and "**Events of Default**" above.
Provisions related to Cross Default Clause	As per the relevant Key Information Document
Role and Responsibilities of Trustee	To oversee and monitor the overall transaction for and on behalf of the Debenture Holders/Subordinated Bond Holders/PDI Holders as customary for transaction of a similar nature and size and as executed under the appropriate Transaction Documents.
Risk factors pertaining to the Issue	As per the "**Risk Factors**" mentioned in Section N below.
Governing Law and Jurisdiction	The Issue shall be governed by and construed in accordance with Indian Law. Please also refer to "Governing law" provisions set out below.
Due Diligence Certificate	The Issuer shall submit the due diligence certificate provided by the Trustee, to BSE in accordance with the applicable SEBI regulations, including but not limited to Chapter II of the DT Master Circular. Such due diligence certificate will be annexed to relevant Key Information Document for each Series.
Manner of bidding in the issue	As per the relevant Key Information Document

Manner of settlement	As per the relevant Key Information Document
Settlement cycle	As per the relevant Key Information Document
Manner of allotment	As per the relevant Key Information Document
Minimum Bid Lot	As per the relevant Key Information Document
Terms and conditions of debenture trustee agreement including fees charged by debenture trustees(s), details of security to be created and process of due diligence carried out by the debenture trustee	Please refer to **Annexure VI** below.

General Notes:
a. If there is any change in Coupon Rate pursuant to any event including lapse of certain time period or downgrade in rating, then such new Coupon Rate and events which lead to such change should be disclosed.
b. The list of documents which has been executed in connection with the issue and subscription of debt securities shall be annexed.
c. While the secured Debentures are secured to the tune of 100%/ 110% / such other percentage as may be prescribed under the relevant Transaction Documents, of the principal and interest amount or as per the terms of this General Information Document, in favour of Trustee, it is the duty of the Trustee to monitor that the security is maintained.

The specific terms of each offer of Commercial Papers to be issued under the General Information Document shall be specified in the relevant Key Information Document to be issued in respect of that offer, which Key Information Document will be filed with NSE.

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

SECTION N

RISK FACTORS

DISCLAIMER: PLEASE NOTE THAT ONLY THOSE PERSONS TO WHOM THE DISCLOSURE DOCUMENTS HAVE BEEN SPECIFICALLY ADDRESSED ARE ELIGIBLE TO APPLY. HOWEVER, AN APPLICATION, EVEN IF COMPLETE IN ALL RESPECTS, IS LIABLE TO BE REJECTED WITHOUT ASSIGNING ANY REASON FOR THE SAME. THE LIST OF DOCUMENTS PROVIDED ABOVE IS ONLY INDICATIVE, AND AN INVESTOR IS REQUIRED TO PROVIDE ALL THOSE DOCUMENTS / AUTHORIZATIONS / INFORMATION, WHICH ARE LIKELY TO BE REQUIRED BY THE COMPANY. THE COMPANY MAY BUT IS NOT BOUND TO REVERT TO ANY INVESTOR FOR ANY ADDITIONAL DOCUMENTS / INFORMATION, AND CAN ACCEPT OR REJECT AN APPLICATION AS IT DEEMS FIT. INVESTMENT BY INVESTORS FALLING IN THE CATEGORIES MENTIONED ABOVE ARE MERELY INDICATIVE AND THE COMPANY DOES NOT WARRANT THAT THEY ARE PERMITTED TO INVEST AS PER EXTANT LAWS, REGULATIONS, ETC. EACH OF THE ABOVE CATEGORIES OF INVESTORS IS REQUIRED TO CHECK AND COMPLY WITH EXTANT RULES/REGULATIONS/GUIDELINES, ETC. GOVERNING OR REGULATING THEIR INVESTMENTS AS APPLICABLE TO THEM AND THE COMPANY IS NOT, IN ANY WAY, DIRECTLY OR INDIRECTLY, RESPONSIBLE FOR ANY STATUTORY OR REGULATORY BREACHES BY ANY INVESTOR, NEITHER IS THE COMPANY REQUIRED TO CHECK OR CONFIRM THE SAME.

PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THESE KEY RISKS ASSOCIATED WITH THE DEBENTURES/SUBORDINATED BONDS/PDIs/COMMERCIAL PAPERS

General

The following are the risks envisaged by the management of the Company relating to the Company, the Debentures/Subordinated Bonds /PDIs/ the Commercial Papers, and the market in general. Potential investors should carefully consider all the risk factors stated in the Disclosure Document(s) in relation to the Debentures/Subordinated Bonds /PDIs and the Commercial Papers for evaluating the Company and its business and the Debentures/Subordinated Bonds /PDIs and the Commercial Papers before making any investment decision relating to the Debentures/Subordinated Bonds /PDIs and the Commercial Papers. The Company believes that the factors described below represent the principal risks inherent in investing in the Debentures/Subordinated Bonds /PDIs and the Commercial Papers but do not represent that the statements below regarding the risks of holding the Debentures/Subordinated Bonds /PDIs and the Commercial Papers are exhaustive. The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. Potential investors should also read the detailed information set out elsewhere in this Disclosure Documents and reach their own views prior to making any investment decision.

If any one of the following stated risks actually occurs, the Company's business, financial conditions and results of operations could suffer and, therefore, the value of the Company's Debentures/Subordinated Bonds /PDIs and the Commercial Papers could decline and/or the Company's ability to meet its obligations in respect of the Debentures/Subordinated Bonds /PDIs and the Commercial Papers could be affected. More than one risk factor may have simultaneous effect with regard to the Debentures/Subordinated Bonds /PDIs and the Commercial Papers such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No prediction can be made as to the effect that any combination of risk factors may have on the value of the Debentures/Subordinated Bonds /PDIs and the Commercial Papers and/or the Company's ability to meet its obligations in respect of the Debentures/Subordinated Bonds /PDIs and the Commercial Papers.

These risks and uncertainties are not the only issues that the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company currently believes to be immaterial may also have a Material Adverse Effect on its

financial condition or business. Unless specified or quantified in the relevant risk factors, the Company is not in a position to quantify the financial or other implications of any risk mentioned herein below.

Credit Risk

Prospective investors should be aware that receipt of any coupon payment and principal amount at maturity on the Debentures/Subordinated Bonds /PDIs/ the Commercial Papers is subject to the credit risk of the Issuer. Investors assume the risk that the Company will not be able to satisfy its obligations under the Debentures/Subordinated Bonds /PDIs / the Commercial Papers. Any stated credit rating of the Company reflects the independent opinion of the rating agency as to the creditworthiness of the rated entity but is not a guarantee of credit quality of the Company. Any downgrading of the credit ratings of the Company or its parent or affiliates, by any rating agency could result in a reduction in the value of the Debentures/Subordinated Bonds /PDIs/Commercial Papers. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Company, the payment of sums due on the Debentures/Subordinated Bonds /PDIs/ the Commercial Papers may be substantially reduced, delayed or lost. The holding company or the other group companies of the Issuer are not entitled to and will not support the Issuer in case of any bankruptcy of the Issuer.

The Company has institutionalised a systematic credit evaluation process monitoring the performance of its asset portfolio on a regular and continual basis to detect any material development, and constantly evaluate the changes and developments in sectors in which it has substantial exposure. The Company will also endeavour to undertake a periodic review of its entire asset portfolio with a view to determine the portfolio valuation, identify potential areas of action and devise appropriate strategies thereon. Despite these efforts, there can be no assurance that repayment or coupon payment default will not occur and/or there will be no adverse effect on the Company's financial results and/or operations as a result thereof.

In performing its credit assessment, the Company relies largely on information furnished by or on behalf of its borrowers, including financial information, based on which the Company performs its credit assessment. The Company may also depend on certain representations and undertakings as to the accuracy, correctness and completeness of information, and the verification of the same by agencies to which such functions are outsourced. Any such information if materially misleading may increase the risk of default and could adversely impact the financial condition, financial results and/or operations of the Company. There can be no assurance that repayment or coupon payment default will not occur and/or there will be no adverse effect on the Company's financial results and/or operations as a result thereof.

A substantial portion of the Company's assets under management (excluding inter-corporate deposits) is secured by assets, moveable and immoveable. The value of the security/collateral granted in favour of the Company, as the case may be, may decline due to adverse market and economic conditions (both global and domestic), delays in insolvency, winding up and foreclosure proceedings, defects in title, difficulty in locating moveable assets, inadequate documentation in respect of assets secured and the necessity of obtaining regulatory approvals for the enforcement of the Company's security over the assets comprising its security and the Company may not be able to recover the estimated value of the assets, thus exposing it to potential losses. There can be no assurance that repayment or coupon payment default will not occur and/or there will be no adverse effect on the Company's financial results and/or operations as a result thereof.

Any delay in enforcing the collateral due to delays in enforcement proceedings before Indian courts or otherwise could also expose the Company to potential losses. Although the Company regularly reviews its credit exposures, defaults may arise from events or circumstances that are difficult to detect or foresee. There can be no assurance that repayment or coupon payment default will not occur and/or there will be no adverse effect on the Company's financial results and/or operations as a result thereof.

Interest Rate Risk

The Company's interest income from lending and gains from trading in debt securities are dependent upon interest rates and their movement. Interest rates are highly sensitive to many factors beyond the control of the Company, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. Due to these factors, interest rates in India have historically experienced a relatively high degree of volatility. Consequently, there can be no assurance that significant interest rate movements will not have an adverse effect on the Company's financial results and/or operations.

Downgrading in credit rating

The Company cannot guarantee that the credit rating provided by the Credit Rating Agency(ies) and as disclosed in the Disclosure Documents will not be downgraded. In the event of deterioration in the financial health of the Company, there is a possibility that the Rating Agency may downgrade the rating of the Debentures/Subordinated Bonds /PDIs and the Commercial Papers. In such cases, potential investors may have to take losses on re-valuation of their investment or make provisions towards sub-standard/ non-performing investment as per their usual norms. Such a downgrade in the credit rating may lower the value of the Debentures/Subordinated Bonds /PDIs and the Commercial Papers and/or the Company's ability to meet its obligations in respect of the Debentures/Subordinated Bonds /PDIs and the Commercial Papers could be affected.

Security may be insufficient to redeem the Debentures

In the event that the Company is unable to meet its payment and other obligations towards Investors under the terms of the Debentures, the Trustee may enforce the security as per the terms of the Trust Deed and other related documents. The Investors' recovery in relation to the Debentures will be subject to (i) the market value of the property offered as security, and (ii) finding a willing buyer for such security at a price sufficient to repay the potential investors' amounts outstanding under the Debentures.

Tax and other considerations

Special tax, accounting and legal considerations may apply to certain types of potential investors. Potential investors are urged to consult with their own financial, legal, tax and other professional advisors to determine any financial, legal, tax and other implications of an investment into the Debentures/Subordinated Bonds /PDIs/ the Commercial Papers. Potential investors are urged to consult with their own financial, legal, tax and other professional advisors to determine any financial, legal, tax and other implications of an investment into the Commercial Papers.

Access to capital markets and commercial borrowings

With the growth of its business, the Company will increasingly rely on funding from the debt capital markets and commercial borrowings. The Company's growth will depend on its continued ability to access funds at competitive rates which in turn will depend on various factors including its ability to maintain its credit ratings. If the Company is unable to access funds at an effective cost that is comparable to or lower than its competitors, the Company may not be able to offer competitive interest rates for its loans or have adequate funds for its investment activities. This may adversely impact its business results and its future financial performance.

Company's indebtedness and covenants imposed by its financing arrangements may restrict its ability to conduct its business or operations

Company's financing arrangements require it to maintain certain security cover for some of its borrowings. Should there be any breach of financial or other covenants of any financing arrangements and such breach continues beyond the stipulated cure period, the Company may be subjected to various consequences as a result of such default including forced repayment of such borrowings.

Further, under some of the financing arrangements, the Company is required to inform / obtain prior approval of the lenders / debenture holders / subordinated bond holders/ PDI holders trustee for various actions. This may restrict / delay some of the actions / initiatives of the Company from time to time.

Operational and System Risk

The Company is faced with operational and system risks, which may arise as a result of various factors, viz., improper authorizations, failure of employees to adhere to approved procedures, inappropriate documentation, failure in maintenance of proper security policies, frauds, inadequate training and employee errors. Further, there can also be a security risk in terms of handling information technology related products such as system failures, information system disruptions, communication systems failure which involves certain risks like data loss, breach of confidentiality and adverse effect on business continuity and network security.

If any of the systems do not operate properly or are disabled or if other shortcomings or failures in internal processes or systems are to arise, this could affect the Company's operations and/or result in financial loss, disruption of Company's businesses, regulatory intervention and/or damage to its reputation. In addition, the Company's ability to conduct business may be adversely impacted by a disruption (i) in the infrastructure that supports its businesses and (ii) in the localities in which it is located.

Any failure, inadequacy and security breach in our computer systems may adversely affect our business. Our operations depend on our ability to process a large number of transactions on a daily basis across our network of offices. The financial, accounting or other data processing systems of the Company may fail to operate adequately or become disabled as a result of events that are beyond its control, including a disruption of electrical or communications services, particularly in the rural areas in which the Company operates.

The Company's operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Its computer systems, software, including software licensed from vendors and networks may be vulnerable to unauthorised access, computer viruses or other malicious code and other events that could compromise data integrity and security and result in identity theft, for which the Company could potentially be liable.

Any inability of the company to attract or retain talented professionals may impact its business operations

The business in which the Company operates is very competitive and ability to attract and retain quality talent impacts the successful implementation of growth plans. The Company may lose many business opportunities and business would suffer if such required manpower is not available on time. The inability of the Company to replace manpower in a satisfactory and timely manner may adversely affect its business and future financial performance.

Employee misconduct

Any kind of employee misconduct may impair the Company's ability to service clients. It is not always possible to deter employee misconduct and the precautions the Company takes to detect and prevent this activity may not be effective in all cases.

The Company is not required to create a debenture redemption reserve

As per Section 71 of the 2013 Act, any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. However, under the Companies (Issuance of Share Capital and Debentures) Rules, 2014, non-banking financial companies are presently exempt from this requirement in respect of privately placed debentures. Pursuant to this exemption, the Company does not intend to create any reserve funds for the redemption of the Debentures/Subordinated Bonds /PDIs. Consequently, the investor may not be able to recover, on a timely

basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the Debentures/Subordinated Bonds /PDIs.

Refusal of listing of any security of the Issuer during last three years by any of the stock exchanges in India or abroad.

As of date, the Issuer has not been refused listing of any of its securities during the last 3 (three) years by any of the stock exchanges in India or abroad and therefore, this would not be applicable.

In accordance with Indian law and practice, permissions for listing and trading of the Debentures/Subordinated Bonds /PDIs issued pursuant to this Issue will not be granted until the relevant stock exchange approves the listing, which will be available only after an updated document is accordingly filed with the relevant authorities at the time of such listing. Approval for listing and trading will require all relevant documents authorising the issuing of Debentures/Subordinated Bonds /PDIs to be submitted. There could be a failure or delay in listing the Debentures/Subordinated Bonds /PDIs on the stock exchange. If permission to deal in and for an official quotation of the Debentures/Subordinated Bonds /PDIs is not granted by the stock exchange, the Debentures/Subordinated Bonds /PDIs will remain unlisted.

In accordance with Indian law and practice, permissions for listing of the Commercial Papers issued pursuant to this Issue will not be granted until the relevant stock exchange approves the listing, which will be available only after an updated document is accordingly filed with the relevant authorities at the time of such listing. Approval for listing will require all relevant documents authorising the issuing of Commercial Papers to be submitted. There could be a failure or delay in listing the Commercial Papers on the stock exchange. If permission to list is not granted by the stock exchange, the Commercial Papers will remain unlisted.

Limited or sporadic trading of non-convertible securities of the issuer on the stock exchanges.

As of date, the Issuer is not aware of any limited or sporadic trading of the non-convertible securities of the Issuer on stock exchanges and therefore, this would not be applicable.

In case of outstanding debt instruments or deposits or borrowings, any default in compliance with the material covenants such as creation of security as per terms agreed, default in payment of interest, default in redemption or repayment, non-creation of debenture redemption reserve, default in payment of penal interest wherever applicable.

As of date, the Issuer has not defaulted in compliance with any material covenants agreed to by the Issuer and therefore, this would not be applicable.

The Company's financing arrangements require it to maintain certain security cover for some of its borrowings. Should there be a breach any financial or other covenants contained in any of the Company's financing agreements, the Company may be required to immediately repay its borrowings either in whole or in part, together with any related costs. Under the terms of some of the financing arrangements, the Company may be required to obtain the prior written consent of the concerned lender prior to the Company entering into any scheme of expansion, merger, amalgamation, compromise or reconstruction or selling, leasing, transferring all or a substantial portion of its fixed and other assets; making any change in ownership or control or constitution of the Company, or in the shareholding or management or majority of directors, or in the nature of business of the Company. This may restrict/ delay some of the actions/ initiatives that our Company may like to take from time to time.

Purchases and sales by the Company and its affiliates may affect the Debenture Holders'/Subordinated Bond Holders' / PDI Holders' / Commercial Papers Holders' return

The Company and its affiliates may from time to time buy or sell the Debentures/Subordinated Bonds /PDIs and the Commercial Papers or debt instruments similar to the Debentures/Subordinated Bonds /PDIs and the Commercial Papers and/or other obligations or have positions in securities economically related to a series of Debentures/Subordinated Bonds /PDIs and the

Commercial Papers for their own account for business reasons or in connection with hedging of the obligations under the particular series of Debentures/Subordinated Bonds /PDIs and the Commercial Papers. These transactions could affect the price of such obligations or securities in a manner that would be adverse to the holder's investment in the Debentures/Subordinated Bonds /PDIs and the Commercial Papers. The Company and its affiliates have not considered, and are not required to consider, the interests of investors as holders of the Debentures/Subordinated Bonds /PDIs and the Commercial Papers in connection with entering into any of the above-mentioned transactions.

The secondary market for the Debentures/Subordinated Bonds /PDIs may be non-existent or the Debentures/Subordinated Bonds /PDIs may be illiquid.

The Debentures/Subordinated Bonds /PDIs may be very illiquid and no secondary market may develop in respect thereof. Even if there is a secondary market for the Debentures/Subordinated Bonds /PDIs, it is not likely to provide significant liquidity. An illiquid market may have an adverse impact on the price at which the Debentures/Subordinated Bonds /PDIs may be sold in the secondary market. Any such Debentures/Subordinated Bonds /PDIs so purchased may be required to be held or resold or surrendered for cancellation. To the extent that an issue of Debentures/Subordinated Bonds /PDIs becomes illiquid, an investor may have to hold the Debentures/Subordinated Bonds /PDIs until redemption to realize value.

The Company may, but is not obliged to, at any time purchase the Debentures/Subordinated Bonds /PDIs at any price in the market or by tender or private agreement. Any Debentures/Subordinated Bonds /PDIs so purchased may be resold or surrendered for cancellation. The more limited the secondary market is, the more difficult it may be for Debentures Holders/Subordinated Bond Holders /PDI Holders to realise value for the Debentures/Subordinated Bonds /PDIs prior to settlement of the Debentures/Subordinated Bonds /PDIs.

Further, the Company may not be able to issue any further Debentures/Subordinated Bonds /PDIs, in case of any disruptions in the securities market.

Changes in general interest rates in the economy may affect the price of the Debentures/Subordinated Bonds /PDIs

All securities where a fixed rate of interest is offered, such as the Debentures/Subordinated Bonds /PDIs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of the Debentures/Subordinated Bonds /PDIs.

Since we handle volumes of cash in a dispersed network of branches, we are exposed to operational risks, including employee negligence, fraud, which could harm our results of operations and financial position.

Our business transactions involve handling significant volumes of cash at our branch offices. Cash transactions expose us to the risk of fraud by employees, agents, customers or third parties, theft and misappropriation or unauthorised transactions by our employees. Our insurance policies, security systems and measures undertaken to detect and prevent these risks may not be sometimes, sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. Our employees may also become targets of the theft and other crimes if they are present when these crimes are committed and may sustain physical and psychological injuries as a result. We may encounter difficulties recruiting and retaining qualified employees due to this risk and our business and operations may be adversely affected.

Tax Considerations and Legal Considerations

Special tax considerations and legal considerations may apply to certain types of potential investors. Potential investors are urged to consult with their own financial, legal, tax and other professional advisors to determine any financial, legal, tax and other implications of this investment.

Accounting Considerations

Special accounting considerations may apply to certain types of taxpayers. Potential investors are urged to consult with their own accounting advisors to determine implications of this investment.

The Company's business requires substantial capital, and any disruption in funding sources would have a material adverse effect on the Company's liquidity and financial condition.

As a finance company, the liquidity and ongoing profitability are, in large part, dependent upon the Company's timely access to, and the costs associated with, raising capital. The Company's funding requirements historically have been met from a combination of term loans from banks and financial institutions, issuance of redeemable non-convertible debentures, the issue of Debentures/Subordinated Bonds /PDIs and Commercial Papers. Thus, the Company's business depends and will continue to depend on the Company's ability to access diversified funding sources. The Company's ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including the Company's credit ratings, the regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs, and the Company's current and future results of operations and financial condition.

Changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for the Company to access funds at competitive rates. As an NBFC, the Company also faces certain restrictions in its ability to raise money from international markets which may further constrain the Company's ability to raise funds at attractive rates.

Such conditions may occur again in the future and may lead to a disruption in the Company's primary funding sources at competitive costs and would have a material adverse effect on the Company's liquidity and financial condition.

High levels of customer defaults could adversely affect the Company's business, financial condition and results of operations.

The Company's business involves lending money and accordingly the Company is subject to customer default risks including default or delay in repayment of principal or interest on its loans. Customers may default on their obligations to the Company as a result of various factors including bankruptcy, lack of liquidity, lack of business and operational failure. If borrowers fail to repay loans in a timely manner or at all, the Company's financial condition and results of operations will be adversely impacted.

The Company's entire customer base comprises individual and/or small enterprise segment borrowers, who generally are more likely to be affected by declining economic conditions than larger corporate borrowers.

Individual and small enterprise segment borrowers generally are less financially resilient than larger corporate borrowers, and, as a result, they can be more adversely affected by declining economic conditions. In addition, a significant majority of the Company's customer base belongs to the low to medium income group and/or the small enterprises finance sector. Furthermore, unlike several developed economies, a nationwide credit bureau has only recently become operational in India, so there is less financial information available about individuals, particularly our focus customer segment from the low to medium income group who typically have limited access to other financing sources. It is therefore difficult to carry out precise credit risk analyses on the Company's customers. Although the Company believes that its risk management controls are sufficient, the Company cannot be certain that

they will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to maintain sufficient credit assessment policies, particularly for individual borrowers, could adversely affect the Company's credit portfolio which could have a material and adverse effect on the Company's results of operations and financial condition.

The Company faces increasing competition in its business which may result in declining margins if the Company is unable to compete effectively.

The Company faces competition in all its lines of businesses. Its primary competitors are other NBFCs, public sector banks, private sector banks, co-operative banks and foreign banks and the unorganized financiers who principally operate in the local markets. Over the past few years, the retail financing area has seen the entry of banks, both nationalized as well as foreign. Banks have access to low-cost funds which enables them to enjoy higher margins and / or offer finance at lower rates. NBFCs do not have access to large quantities of low-cost deposits, a factor which can render them less competitive. In addition, interest rate deregulation and other liberalization measures affecting the retail and small enterprises finance sector, together with increased demand for capital by individuals as well as small enterprises, have resulted in an increase in competition.

All of these factors have resulted in the Company facing increased competition from other lenders in each of its lines of businesses, including commercial banks and other NBFCs. Its ability to compete effectively will depend, to some extent, on its ability to raise low-cost funding in the future. Furthermore, as a result of increased competition in the finance sector, finance products are becoming increasingly standardized and variable interest rate and payment terms and lower processing fees are becoming increasingly common in the finance sector in India. There can be no assurance that the Company will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive finance industry. Increasing competition may have an adverse effect on the Company's net interest margin and other income, and, if the Company is unable to compete successfully, its market share may decline. If the Company is unable to compete effectively with other participants in the finance sector, its business, future financial performance and the trading price of the Debentures/Subordinated Bonds /PDIs may be adversely affected.

If the Company is unable to manage the level of NPAs in its Loan Assets, its financial position and results of operations may suffer.

If the level of NPAs in the Company's portfolio were to increase, its business would suffer. The occurrence of NPAs or an increase in the level of NPAs will adversely affect the Company's business, financial results and/or operations.

Furthermore, the Company's current provisions may not be adequate when compared to the loan portfolios of other financial institutions. Moreover, there also can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of Gross NPAs or otherwise, or that the percentage of NPAs that we will be able to recover will be similar to the Company's past experience of recoveries of NPAs. In the event of any further deterioration in the Company's NPA portfolio, there could be an even greater, adverse impact on the Company's results of operations and the trading price of the Debentures/Subordinated Bonds /PDIs may be adversely affected.

A decline in the Company's capital adequacy ratio could restrict the Company's future business growth.

As per RBI regulations, all non-deposit taking NBFCs have to maintain a minimum capital adequacy ratio, consisting of Tier I and Tier II capital, which shall not be less than 15.00% of its aggregate risk weighted assets on-balance sheet and risk adjusted value of off-balance sheet items. If the Company continues to grow its loan portfolio and asset base, it will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios with respect to its business. There can be no assurance that it will be able to raise adequate additional capital in the future on terms favorable to it or at all and this may adversely affect the growth of its business and the trading price of the Debentures/Subordinated Bonds /PDIs may be adversely affected.

The Company faces asset-liability mismatches which could affect its liquidity and consequently may adversely affect its operations and profitability.

The Company faces potential liquidity risks due to varying periods over which its assets and liabilities mature. As is typical for NBFCs, a portion of its funding requirements is met through short-term funding sources such as bank loans, working capital demand loans, cash credit, short term loans and commercial papers. However, each of its products differs in terms of the average tenor, average yield, average interest rates and average size of loan. The average tenor of its products may not match with the average tenor of its liabilities. Consequently, its inability to obtain additional credit facilities or renew its existing credit facilities, in a timely and cost-effective manner or at all, may lead to mismatches between its assets and liabilities, which in turn may adversely affect its operations and financial performance. Further, mismatches between its assets and liabilities are compounded in case of pre-payments of the financing facilities it grants to its customers. The trading price of the Debentures/Subordinated Bonds /PDIs may be adversely affected due to the aforesaid reasons.

System failures or inadequacy and security breaches in computer systems may adversely affect the Company's business.

The Company's business is increasingly dependent on its ability to process, on a daily basis, a large number of transactions. Its financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond its control including a disruption of electrical or communications services. Its ability to operate and remain competitive will depend in part on its ability to maintain and upgrade its information technology systems on a timely and cost-effective basis. The information available to and received by its management through its existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in its operations. The Company may experience difficulties in upgrading, developing and expanding its systems quickly enough to accommodate its growing customer base and range of products.

The Company's operations also rely on the secure processing, storage and transmission of confidential and other information in the computer systems and networks. Its computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security. Any failure to effectively maintain or improve or upgrade its management information systems in a timely manner could materially and adversely affect its competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in its internal processes or systems, it could affect its operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to its reputation. In addition, its ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports its businesses and the localities in which it is located. The trading price of the Debentures/Subordinated Bonds /PDIs may be adversely affected due to the aforesaid reasons.

The Company may not be able to maintain its current levels of profitability due to increased costs or reduced spreads.

The Company's business strategy involves a relatively high level of ongoing interaction with its customers. The Company believes that this involvement is an important part of developing its relationship with its customers, identifying new cross-selling opportunities and monitoring its performance. However, this level of involvement also entails higher levels of costs and also requires a relatively higher gross spread, or margin, on the finance products it offers in order to maintain profitability. There can be no assurance that it will be able to maintain its current levels of profitability if the gross spreads on its finance products were to reduce substantially,

which could adversely affect its results of operations. The trading price of the Debentures/Subordinated Bonds /PDIs may be adversely affected due to the aforesaid reasons.

Future legal and regulatory obstructions

The Company is subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. The RBI's regulations of NBFCs could change in the future which may require it to restructure its activities, incur additional costs or could otherwise adversely affect its business and its financial performance. The trading price of the Debentures/Subordinated Bonds /PDIs may be adversely affected due to the aforesaid reasons.

Future government policies and changes in laws and regulations in India (including their interpretation and application to the operations of the Company) and comments, statements or policy changes by any regulator, including but not limited to SEBI or RBI, may adversely affect the Debentures/Subordinated Bonds /PDIs and / or the Commercial Papers, and restrict the Company's ability to do business in its target markets. The timing and content of any new law or regulation is not within the Company's control and such new law, regulation, comment, statement or policy change could have an adverse effect on its business, financial results and/or operations.

Further, SEBI, the relevant Stock Exchange(s) or other regulatory authorities may require clarifications on the Disclosure Documents, which may cause a delay in the issuance of Debentures/Subordinated Bonds /PDIs / Commercial Papers or may result in the Debentures/Subordinated Bonds /PDIs / Commercial Papers being materially affected or even rejected.

Civil unrest, terrorist attacks and war would affect its business.

Terrorist attacks and other acts of violence, war or conflicts, in India and or those particularly involving India, as well as the United States of America, the United Kingdom, Singapore and the European Union, may adversely affect Indian and global financial markets. Such acts may negatively impact business sentiment, which could adversely affect its business and profitability. India has from time to time experienced and continues to experience, social and civil unrest, terrorist attacks and hostilities with neighboring countries. Also, some of India's neighboring countries have experienced or are currently experiencing internal unrest. This, in turn, could have a material adverse effect on the Indian economy and in turn may adversely affect our operations and profitability and the market for the Debentures/Subordinated Bonds /PDIs / Commercial Papers.

Our business may be adversely impacted by natural calamities or unfavourable climatic changes.

India, Bangladesh, Pakistan, Indonesia, Japan and other Asian countries have experienced natural calamities such as earthquakes, floods, droughts and a tsunami in recent years. Some of these countries have also experienced pandemics. These economies could be affected by the extent and severity of such natural disasters and pandemics which could, in turn affect the financial services sector of which the Company is a part. Prolonged spells of abnormal rainfall, draught and other natural calamities could have an adverse impact on the economy, which could in turn adversely affect its business and the trading price of the Debentures/Subordinated Bonds /PDIs.

Slowdown in Economic Growth

The Company's performance and the quality and growth of its assets are necessarily dependent on the health of the overall Indian economy. A slowdown in the Indian economy or a fall in India's GDP may adversely affect its business, including its ability to enhance its asset portfolio and the quality of its assets, and its ability to implement certain measures could be adversely affected by a movement in interest rates, or various other factors affecting the growth of industrial, manufacturing and services sector or a general downtrend in the economy. Any adverse revision to India's credit rating for domestic and international debt by international

rating agencies may adversely impact the Company's ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

Any downgrading of India's sovereign rating by an international rating agency(ies) may affect the Company's business and its liquidity to a great extent.

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact its ability to raise additional finances at favourable interest rates and other commercial terms. This could have an adverse effect on the Company's growth, financial performance and its operations.

The economic fallout from the spread of the Covid-19 virus may impact the Company's business prospects, financial condition, result of operations and credit risk.

The spread of the COVID-19 virus has affected millions across the globe and the same coupled with measures taken by the governments including lockdowns/ curfew has not only affected day to day lives of the people but has also given a hard blow to the supply chain of factories, with trade routes being disturbed and slowing down of the industry, trade, commerce and business activities across all sectors.

The COVID-19 virus pandemic is however also adversely affecting, and is expected to continue to adversely affect, the Company's operations, liquidity and cashflows.

While the extent of negative financial impact cannot be reasonably estimated at this time, a sustained economic slowdown may significantly affect the Company's business, financial condition, liquidity, cashflows and results of operations and the same will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the COVID-19 virus and the actions to contain the COVID-19 virus or treat its impact, among others. Consequently, there may be a negative effect on the Company's ability to service the obligations in relation to the Debentures/Subordinated Bonds /PDIs / Commercial Papers.

PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THESE KEY RISKS ASSOCIATED WITH THE PERPETUAL DEBT INSTRUMENTS/ PDIs

PDIs are Unsecured

As the PDIs being issued by the Issuer are unsecured, in the event that the Issuer is unable to meet its payment and other obligations towards potential investors under the terms of the PDIs, the Trustee does not have any security which can be enforced to redeem the PDIs and the PDI Holders shall be treated as unsecured creditors of the Issuer.

The PDIs are Subordinated Perpetual Instruments and the Investors have No Right To Require Redemption

The PDIs are perpetual in tenor and have no maturity date. The Company is under no obligation to redeem the PDIs at any time and the PDIs can only be disposed of by sale. PDI Holders who wish to sell their PDIs may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the PDIs.

The PDIs may be Redeemed only at the Option of the Issuer on the Call Option Date

The terms and conditions provide that the PDIs are redeemable at the Company's option only on the Call Option Date and on the

occurrence of an Event of Default, subject to approval from the RBI. The date that the Company elects to redeem the PDIs may not accord with the preference of individual holders, which may be disadvantageous to holders in light of market conditions or the individual circumstances of the holder of the PDIs. Additionally, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the PDIs.

Nature of PDIs

The instruments for offer are in the nature of Unsecured Rated Listed Perpetual Debt Instruments in the nature of Non-Convertible PDIs. Redemption of the PDIs will be subject to Master Direction - Non- Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by RBI as amended from time to time.

As per the aforesaid RBI direction:
1) the claims of the investors in PDIs shall be
    a) Superior to the claims of investors in Equity Shares of the Company; and
    b) Subordinated to the claims of all other creditors of the Company (but *pari-passu* inter se the holders of the PDIs).
2) the PDIs could be subject to a lock-in as under:
    a) the PDIs shall be subjected to a lock-in clause in terms of which the Company may defer the payment of interest, if:
        • the Company's capital to risk assets ratio (CRAR) is below the minimum regulatory requirement prescribed by RBI; or
        • the impact of such payment results in the Company's CRAR falling below or remaining below the minimum regulatory requirement prescribed by the RBI;
    b) However, the Company may pay interest with the prior approval of RBI when the impact of such payment may result in net loss or increase the net loss, provided the CRAR remains above the regulatory norm.
    c) The interest shall not be cumulative except in cases as in (a).

PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THESE KEY RISKS ASSOCIATED WITH THE SUBORDINATED BONDS

Subordinated Bonds are Unsecured

As the Subordinated Bonds being issued by the Issuer are unsecured, in the event that the Issuer is unable to meet its payment and other obligations towards potential investors under the terms of the Subordinated Bonds, the Trustee does not have any security which can be enforced to redeem the Subordinated Bonds and the Subordinated Bond Holders shall be treated as unsecured creditors of the Issuer.

Nature of Subordinated Bonds

The Bonds are subordinated in nature and intended to constitute Tier II regulatory capital of the Issuer. The Bonds and any amounts of interest due thereon are unsecured obligations of the Issuer. Accordingly, the claims of the investors in Subordinated Bonds shall be (a) superior to the claims of investors in instruments eligible for inclusion in Tier I capital, and (b) subordinated to the claims of all other creditors. As a consequence of these subordination provisions, in the event of a winding-up of the Company's operations, the holders of the Bonds may recover proportionately less than the holders of its other unsubordinated liabilities. For the avoidance of doubt, the claims of the holders of the Bonds shall be senior to the claims of holder of instruments that constitute Tier I capital.

The Bonds may not qualify as Tier II Capital

There is no guarantee that the Bonds qualify as Tier II Capital under the Capital Adequacy Guidelines of RBI. The failure of the

Bonds to qualify as Tier II Capital due to any reason, including, changes in law, regulations, interpretations by RBI, would adversely affect the company's Capital Adequacy Ratio.

Other risks in connection with Subordinated Bonds

The payment of interest and redemption of principal amount of the Subordinated Bonds would be subject to the requirements of RBI, if any, including requirement of prior approval of RBI for premature redemption.

PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THESE KEY RISKS ASSOCIATED WITH THE COMMERCIAL PAPERS

Commercial Papers are unsecured in nature

Given that the Commercial Papers are an unsecured money market instrument, in the event the Company is unable to meet its payment and other obligations towards investors under the terms of the Commercial Papers, the investors do not have any recourse in the form of a security to recover their dues. Potential investors may also have to assess and take into consideration that an investment in the issue of Commercial Papers will be bound by and subject to any market risks associated with investing in short term money market instruments.

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

SECTION O

PART A

The Company declares as of the date of this General Information Document that all the relevant provisions in the regulations/guideline issued by SEBI and other Applicable Laws have been complied with and no statement made in this General Information Document is contrary to the provisions of the regulations/guidelines issued by SEBI and other Applicable Laws, as the case may be. The information contained in this General Information Document is as applicable to privately placed debt securities and subject to information available with the Company.

The extent of disclosures made in this General Information Document is consistent with disclosures permitted by regulatory authorities to the issue of securities made by companies in the past.

For HDB Financial Services Limited

_____

Name: Ramesh G.
Designation: Managing Director & CEO
Date: September 04, 2023
Place: Mumbai

Private and Confidential – For Private Circulation Only
General Information Document for Issue of Non-Convertible Debentures on a private placement basis
September 04, 2023

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

PART B

DECLARATION

a. The Company is in compliance with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992, the Companies Act and the rules and regulations made thereunder.
b. The compliance with the said Companies Act and the rules made thereunder do not imply that payment of dividend or interest or repayment of the Debentures/Subordinated Bonds /PDIs, if applicable, is guaranteed by the Central Government;
c. The monies received under the Issue shall be used only for the purposes and objects indicated in the General Information Document;
d. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

I am authorized by the Board of Directors of the Company vide resolution number 11 dated May 31, 2023 to sign this General Information Document and declare that all the requirements of Companies Act, 2013 and the rules made there under in respect of the subject matter of General Information Document and matters incidental thereto have been complied with and that the Permanent Account Number, Bank Account Number(s) of the Promoter and Permanent Account Number of directors have been submitted to the stock exchanges on which the Debentures/Subordinated Bonds /PDIs are proposed to be listed. Whatever is stated in General Information Document and in the attachments thereto is true, correct and complete and no information material to the subject matter of General Information Document has been suppressed or concealed and is as per the original records maintained by the Promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to General Information Document.

NOTE TO INVESTORS

Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of 'Risk Factors' contained under Section N of this General Information Document. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

For HDB Financial Services Limited

Authorized Signatory
Name: Ramesh G.
Title: Managing Director & CEO
Date: September 04, 2023

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

ANNEXURE I

TRUSTEE CONSENT LETTER

[Attached Separately]

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

ANNEXURE II

PRESS RELEASE AND RATING RATIONALE

[Attached Separately]

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

ANNEXURE- III

APPLICATION FORM

Date: [●]
Application Form No: [●]
By: [●]
The Compliance Officer
HDB Financial Services Limited

Dear Sir / Ma'am,

We have read and understood the terms and conditions of the issue of the Securities contained in the Transaction Documents including the Risk Factors described in the General Information Document dated [●] and have considered these in making our decision to apply. We bind ourselves to such terms and conditions and wish to apply for allotment of the Securities. The amount payable on application as shown below is remitted herewith. On allotment, please place our name(s) on the Register of Debenture Holder(s).

(Please read carefully the instructions on the next page before filling this form)

Type of Securities Applied for (Please tick the appropriate option)	Debentures ☐ Subordinated Bonds ☐ Perpetual Debt Instruments/ PDIs ☐
Debt Series	[●]
No. of securities applied (in figures)	[●]
No. of securities applied (in words)	[●]
Amount (Rs. In figures)	[●]
Amount (Rs. In words)	[●]
NEFT/RTGS Details	[●]
Date	[●]

Applicant's Name & Address in full (please use capital letters)

[●]	
Telephone: [●]	Fax: [●]

Status: Banking Company ( ) Insurance Company ( ) Others ( ) – please specify ( )

Name of Authorised Signatory	Designation	Signature
[●]	[●]	[●]

Details of Bank Account (from which the subscription money is remitted)

Bank Name & Branch	[●]
Beneficiary Name	[●]
Nature of Account	[●]
Account No.	[●]
IFSC/NEFT Code	[●]
UTR No. *	[●]

**** Please enclose RTGS alongwith this form.***

We hereby confirm that the payment(s) made towards subscription of the Securities is made from our bank account(s).

We understand that the interest/principal will be paid to the bank accounts of the beneficiaries as per the list and details of the beneficiaries provided by the Depository i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), as on the Record Date. We are agreeable to holding the securities of the Company in dematerialised form.

Depository Details

DP Name	[●]
DP ID	[●]
Client ID	[●]

(*) We understand that in case of allotment of securities to us/our Beneficiary Account as mentioned above would be credited to the extent of securities allotted.

Taxpayers PAN / GIR No.	IT Circle/Ward/District	( ) Not Allotted
[●]	[●]	
Tax Deduction Status	( ) Fully Exempt	( )Tax to be deducted at Source

(viii) **Tick whichever is applicable:**

(a) The applicant is not required to obtain Government approval under the Foreign Exchanges Management (Non-debt Instrument) Rules, 2019 prior to subscription of shares -

(b) The applicant is required to obtain Government approval under the Foreign Exchange Management (Non-debt Instrument) Rules, 2019 prior to subscription of shares and the same has been obtained, and is enclosed herewith –

List of KYC docs. To be attached with the Application Form:

- Constitution Documents: Certificate of Incorporation, Certificate of commencement of Business, Memorandum & Articles of Association, Regd. Trust Deed in case of Trust, SEBI Registration Certificate in case of Mutual Fund.
- ID Proofs: Certified Copy of PAN Card, Demat Client Master Report
- Address Proof: Form 18 (under Companies Act, 1956) or INC-22 (under Companies Act, 2013) filled with ROC or Certified copy of latest utility bills.

- Authorizing docs: Power of Attorney / Board Resolution with specimen signatures certified by the Company Secretary
- Any other document as specified in the Disclosure Documents or as may be demanded by the Company or as may be required to be provided under applicable law by the applicant

We understand and confirm that the information provided in the Transaction Documents is provided by the Issuer and the same has not been verified by any legal advisors to the Issuer and other intermediaries and their agents and advisors associated with this Issue. We confirm that we have for the purpose of investing in these Securities, carried out our own due diligence and made our own decisions with respect to investment in these Securities and have not relied on any representations made by anyone other than the Issuer, if any.

We understand that: (i) in case of allotment of the securities to us, our Beneficiary Account as mentioned above would get credited to the extent of the allotted securities, (ii) we must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, (iii) if the names of the Applicant in this application are not identical to and also not in the same order as the Beneficiary Account details with the above mentioned Depository Participant or if the securities cannot be credited to our Beneficiary Account for any reason whatsoever, the Company shall be entitled at its sole discretion to reject the application.

We undertake that upon sale or transfer to a subsequent investor or transferee ("**Transferee**"), we shall convey all the terms and conditions contained herein and in this Transaction Document to such Transferee. In the event of any Transferee (including any intermediate or final holder of the securities) suing the Issuer (or any person acting on its or their behalf) we shall indemnify the Issuer and also hold the Issuer and each of such person harmless in respect of any claim by any Transferee.

For [●]
Authorised Signatory(ies)

Initial of the Officer of the company designated to keep the record

_____(Tear here) _____

ACKNOWLEDGEMENT SLIP

Application No: [●] Date: [●]

Type of Securities	[●]
Debenture Series	**Series** [●]
No. of securities applied (in figures)	[●]
No. of securities applied (in words)	[●]
Amount (Rs. In figures)	[●]
Amount (Rs. In words)	[●]
NEFT/RTGS	[●]

For all further correspondence, please contact the Compliance Officer.

INSTRUCTIONS

- Application must be completed entirely in English, using BLOCK LETTERS.
- Procedure for Issue shall be in accordance with Electronic Book Mechanism Guidelines.
- A signature can be made either in English or in any other Indian language.
- Application Forms duly completed in all respects, must be lodged at the Company's Registered Office.

- All transfers/RTGS must be made payable to "ICCL". Details for transfers to ICCL shall be provided on the Electronic Bidding Platform.
- Cheques, cash, money orders, postal orders and stock invest will NOT be accepted.
- As a matter of precaution against possible fraudulent encashment of interest warrants due to loss/misplacement, one is requested to mention the full particulars of the bank account, as specified in the Application Form.
- Interest warrants will then be made out in favour of the bank for credit to one's account. In case the full particulars are not given, cheques will be issued in the name of the applicant at their own risk.
- One should mention their Permanent Account Number or the GIR number allotted under Income-Tax Act, 1961 and the Income-Tax Circle/Ward/District. In case where neither the PAN nor GIR number has been allotted, the fact of non-allotment should be mentioned in the Application Form in the space provided.
- The application would be accepted as per the terms of the issue outlined in the Information Document / Disclosure Document.
- The payment(s) towards subscription of the securities shall be made from the bank account(s) of the applicants.
- Please send the dully filled and signed Application Form to our corporate office address - "**Ground Floor, Zenith House, Opposite Race Course Gate No.6, K K Marg, Mahalaxmi, Mumbai – 400034**".

ANNEXURE IV

Annual Report of the company for FY 2022-23, 2021-22 and 2020-21

(*Kindly refer Company website: www.hdbfs.com*)

Annual Reports:

FY 2022-23: https://www.hdbfs.com/sites/default/files/reports/Annual-Report-2022-23.pdf

FY 2021-22: https://www.hdbfs.com/sites/default/files/reports/HDB_Annual-Report-2021-22.pdf

FY 2020-21: https://www.hdbfs.com/sites/default/files/reports/HDB-Annual-Report-2020-21.pdf

Auditor's Reports:

FY 2022-23: https://www.hdbfs.com/sites/default/files/debt/Audited-Financial-Results-under-Regulation-33-&-52-of-SEBI-(LODR)-for-the-quarter-and-year-ended-March-31-2023.pdf

FY 2021-22: https://www.hdbfs.com/sites/default/files/debt/Audited-Financial-Results-under-Regulation-33-&-52-of-SEBI-(LODR)-for-year-ended-March-31-2022.pdf

FY 2020-21: https://www.hdbfs.com/sites/default/files/debt/HDBFS_Financial_Results_March_2021_signed.pdf

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

ANNEXURE V

Audited Financial results for FY 2022-23

[Attached Separately]

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

ANNEXURE VI

Trustee Agreement

[Attached Separately]

Private and Confidential – For Private Circulation Only
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September 04, 2023

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

ANNEXURE VII

DISCLOSURE PRESCRIBED UNDER PAS-4 OF COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES), RULES, 2014

HDB FINANCIAL SERVICES LIMITED
CIN: U65993GJ2007PLC051028
RBI Registration Number: N.01.00477
PAN Number: AABCH8761M
(Incorporated on June 4, 2007, in Ahmedabad, in the name of HDB Financial Services Limited a company within the meaning of the Companies Act, 1956 and registered with the Reserve Bank of India as a Non-Banking Financial Company)
Registered Office: Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad – 380 009 **Tel:** 07948914518
Corporate Office: Ground Floor, Zenith House, Keshavrao Khadye Marg, Opp. Race Course, Mahalaxmi, Mumbai - 400034;
Tel: 022- 49116300;
Fax: 022-49116666; **Website:** www.hdbfs.com;
Compliance Officer: Ms. Dipti Khandelwal, **Contact details of Compliance Officer:** 022-49116368
e-mail: compliance@hdbfs.com

PART A

(*Pursuant to Section 42 and Rule 14(3) of the Companies (Prospectus and Allotment of Securities) Rules, 2014*)

THE PAS-4 CONTAINS RELEVANT INFORMATION AND DISCLOSURES OF THE FOLLOWING NON-CONVERTIBLE SECURITIES BY HDB FINANCIAL SERVICES LIMITED (THE "ISSUER" / "COMPANY"), ON A PRIVATE PLACEMEMNT BASIS, IN ONE OR MORE SERIES:

1. **ISSUE OF SECURED, RATED, LISTED, REDEEMABLE NON-CONVERTIBLE DEBENTURES (THE "DEBENTURES")**

2. **ISSUE OF UNSECURED, RATED, LISTED, PERPETUAL DEBT INSTRUMENTS IN THE NATURE OF NON-CONVERTIBLE DEBENTURES ("PDIs").**

3. **ISSUE OF UNSECURED RATED REDEEMABLE NON-CONVERTIBLE SUBORDINATED (TIER II) BONDS ("SUBORDINATED BONDS").**

ISSUE OPENING DATE	ISSUE CLOSING DATE	PAY-IN DATE	DEEMED DATE OF ALLOTMENT
As per the Key Information Document	As per the Key Information Document	As per the Key Information Document	As per the Key Information Document

DISCLAIMER

*This Offer Cum Application Letter contains relevant information and disclosures required for the purpose of issuing of the Debentures in accordance with Section 42 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014. The Issuer has issued a General Information Document and a Key Information Document (in compliance with the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021) (together the "**Disclosure Document(s)**"), together with the Application*

Private and Confidential – For Private Circulation Only
General Information Document for Issue of Non-Convertible Debentures on a private placement basis
September 04, 2023

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Form to eligible investors inviting subscription to the Debentures. Any application by a person to whom the Disclosure Document(s) and/or the Private Placement Offer Cum Application Letter has not been sent by the Issuer shall be rejected without assigning any reason.

I. General Information:

A. Name, address, website, if any and other contact details of the Company, indicating both Registered office and the Corporate Office:

Issuer / Company:	HDB Financial Services Limited
Registered Office:	Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad – 380 009
Corporate Office:	Ground Floor, Zenith House, Keshavrao Khadye Marg, Opp. Race Course, Mahalaxmi, Mumbai – 400 034
Contact Person:	Mr. Jaykumar P. Shah, Chief Financial Officer
Telephone No.:	022- 4911 6300
Fax:	022- 4911 6666
Email:	compliance@hdbfs.com
Website:	www.hdbfs.com

B. Date of Incorporation of the Company:

June 4, 2007

C. Business carried on by the Company and its subsidiaries with the details of branches or units, if any;

Please refer to Section E of the General Information Document

D. Brief particulars of the management of the Company:

Please refer to Section E of the General Information Document

E. Name, address, DIN and occupations of the directors:

Name of the Director	Designation	DIN	Address of Director	Occupation
Mr. Arijit Basu	Part Time Non-Executive Chairman and Independent Director.	06907779	Om Ratan Bldg, 7th Floor, 70, Sir Pochkhanwala Road, Mumbai - 400018	Professional
Mr. Venkatraman Srinivasan	Independent Director	00246012	73, Keshav Smruti, 88, Veer Savarkar Marg, Shivaji Park, Mumbai- 400 028	Chartered Accountant
Ms. Smita Affinwalla	Independent Director	07106628	7A, A Block, 3rd Floor, Khalakdina Terrace, August Kranti Marg, Mumbai- 400 036	Consultant
Dr. Amla Samanta	Independent Director	00758883	13, Meera Baug, Santacruz West, Mumbai – 400054	Professional

Name of the Director	Designation	DIN	Address of Director	Occupation
Mr. Adayapalam Viswanathan	Independent Director	08518003	1502 Godrej Serenity, Deonar, Mumbai – 400088	Professional
Ms. Arundhati Mech	Independent Director	09177619	Gr-B, Glenmore Apartment, Sriram Nagar, North Street, Alwarpet, Chennai – 600018	Professional
Mr. Jimmy Tata	Non-Executive Director	06888364	Sea Side, Bhulabhai Desai Road, Mumbai - 400 036	Service
Mr. Ramesh G	Managing Director & Chief Executive Officer	05291597	C – 101, Ashok Gardens, Tokersey Jivraj Road, Sewree, Mumbai 400015	Service

F. Management's perception of Risk Factors:

Please refer to Section N of the General Information Document.

G. Details of defaults, if any, including the amounts involved, duration of default, and present status, in repayment of:

(i) Statutory Dues: Nil
(ii) Debentures and interest thereon: Nil
(iii) Deposits and interest thereon: Nil
(iv) Loans from banks and financial institutions and interest thereon: Nil

H. Name, designation, address and phone number, email ID of the nodal / compliance officer of the Company, if any, for the Issue:

Name: Dipti Khandelwal
Designation: Company Secretary
Address: Ground Floor, Zenith House,
Keshavrao Khadye Marg,
Opp. Race Course,
Mahalaxmi, Mumbai – 400034
Phone No.: 022- 49116300
Email: dipti.khandelwal@hdbfs.com

I. Any Default in Annual filing of the Company under the Companies Act, 2013 or the rules made thereunder: Nil

II. Particulars of the Offer:

Financial Position of the Company for last 3 (three) financial years:

Rs. In Crore

Financial Particulars	2022-2023 (Ind-AS)	2021-2022 (Ind-AS)	2020-2021 (Ind-AS)
Turnover	12,402.88	11,306.29	10,944.78
Net Profit (After Tax)	1,959.35	1,011.40	391.47
Networth	10,436.10	8,488.56	7,716.25

Date of passing of Board Resolution	May 31, 2023
Date of passing of resolution in general meeting, authorizing the offer of securities	June 30, 2023
Kind of securities offered and class of security, the total number of shares or other securities to be issued;	As per the relevant Key Information Document
Price at which the security is being offered, including premium if any, along with justification of the price	As per the relevant Key Information Document
Name and address of the valuer who performed valuation of the security offered, and basis on which the price has been arrived at along with report of the registered valuer	Not Applicable
Relevant date with reference to which the price has been arrived at	Not Applicable
The class or classes of persons to whom the allotment is proposed to be made	Subject to Applicable Law, the categories of investors eligible to subscribe to the Issue, when addressed directly, are all QIBs, and any non-QIB Investors specifically mapped by the Issuer on the EBP Platform
The proposed time within which the allotment shall be completed	The securities shall be allotted and credited into the demat account of the investor within two days from the Deemed Date of Allotment.
The change in control, if any, in the company that would occur consequent to the private placement	Nil
The number of persons to whom allotment on preferential basis/private placement/ rights issue has already been made during the year, in terms of number of securities as well as price	

Type of security	Nature of Issue	Number of Investors	No of Securities	Issue Price (In Rs.)
Non-Convertible Debenture	Private Placement	10	13000	9,90,600.00
Non-Convertible Debenture	Private Placement	11	150000	1,00,300.50
Non-Convertible Debenture	Private Placement	5	5850	9,94,659.00
Non-Convertible Debenture	Private Placement	9	6000	9,73,099.00
Non-Convertible Debenture	Private Placement	6	40000	1,01,073.40
Non-Convertible Debenture	Private Placement	13	6150	9,64,755.00
Non-Convertible Debenture	Private Placement	9	5950	9,53,328.00
Non-Convertible Debenture	Private Placement	1	40000	1,00,000.00

	Non-Convertible Debenture | Private Placement | 7 | 5000 | 9,72,857.00 Non-Convertible Debenture | Private Placement | 10 | 5300 | 9,65,149.00
The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer	Nil, as the Debentures are being issued for cash
Amount, which the Company intends to raise by way of securities	As per the relevant Key Information Document
Terms of raising of securities:	Duration, if applicable: As per the relevant Key Information Document Rate of Interest: As per the relevant Key Information Document Mode of Payment: NEFT / RTGS Mode of Repayment: Electronic clearing services (ECS)/credit through RTGS system/funds transfer
Proposed time schedule for which the Issue/private placement offer cum application Letter is valid	Series Opening Date: As per the relevant Key Information Document Series Closing Date: As per the relevant Key Information Document Pay-in Date: As per the relevant Key Information Document Deemed Date of Allotment: As per the relevant Key Information Document
Purpose and objects of the Issue/Offer	As per the relevant Key Information Document
Contribution being made by the Promoters or directors either as part of the offer or separately in furtherance of such objects	Not Applicable
Principal terms of assets charged as security, if applicable	As per the relevant Key Information Document
The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the ongoing concern status of the Company and its future operations	Nil
The pre-issue and post issue shareholding pattern of the company (as on June 30, 2023)	**Sr. No** | **Category** | **Pre-issue** (**No. of shares held**, **(%) of shareholding**) | **Post-issue** (**No. of shares held**, **(%) of shareholding**) A | Promoters' holding 1 | Indian Individual | - | - | The shareholding pattern of the Company shall remain unchanged after the Issue. The

		Bodies Corporate	75,05,96,670	94.84	Debentures being non-convertible, there will be no change in the paid-up capital due to conversion and there will be no change in the balance of the share premium account.
		Sub-total	75,05,96,670	94.84	
	2	Foreign promoters	-	-	
		Sub-total (A)	**75,05,96,670**	**94.84**	
	B	Non-promoters' holding			
	1	Institutional Investors	11,16,607	0.14	
	2	Non-Institutional Investors	-	-	
		Private Corporate Bodies	11,18,172	0.14	
		Directors and relatives	7,70,500	0.10	
		Indian public	3,64,10,919	4.60	
		Others (including Non-resident Indians)	13,86,215	0.18	
		Sub-total (B)	**4,08,02,413**	**5.16**	
		GRAND TOTAL	**79,13,99,083**	**100.00**	

III. Mode of payment for subscription:

NEFT/RTGS/Electronic bank transfers on the EBP platform.

IV. Disclosure with regard to interest of directors, litigation, etc:

Any financial or other material interest of the directors, promoters or key managerial personnel in the offer/ Issue and the effect of such interest in so far as it is different from the interests of other persons	Nil
Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any	To the best of the knowledge of the Issuer, there are no claims, investigations or proceedings before any court, tribunal or governmental authority in progress or pending against or relating to

<table>
<tr><td>promoter of the Company during the last 3 (three) years immediately preceding the year of the issue of the private placement offer cum application letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed</td><td>the Issuer during the last 3 (three) years, which would have a material adverse effect on the ability of the Company to make the scheduled payments in relation to the Debentures.</td></tr>
<tr><td>Remuneration of directors (during the current year and last 3 (three) financial years)</td><td><table><tr><th>Financial Year</th><th>Amount (Rs. In Crore)</th></tr><tr><td>2020-21</td><td>4.53</td></tr><tr><td>2021-22</td><td>5.26</td></tr><tr><td>2022-23</td><td>6.03</td></tr><tr><td>2023 -24 (projected)</td><td>7.00</td></tr></table></td></tr>
<tr><td>Related party transactions entered during the last 3 (three) financial years immediately preceding the year of issue of the private placement offer cum application letter including with regard to loans made or guarantees given or securities provided</td><td>As per Note 1 hereto.</td></tr>
<tr><td>Summary of reservations or qualifications or adverse remarks of auditors in the last 5 (five) financial years immediately preceding the year of issue of the private placement offer cum application letter and of their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said reservations or qualifications or adverse remark</td><td>NIL</td></tr>
<tr><td>Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last 3 (three) years immediately preceding the year of issue of the private placement offer cum application letter in the case of the Company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last 3 (three) years immediately preceding the year of the private placement offer cum application letter and if so, section-wise details thereof for the Company and all of its subsidiaries</td><td>NIL. Further, the Company does not have any subsidiary as on date.</td></tr>
<tr><td>Details of acts of material frauds committed against the Company in the last 3 (three) years, if any, and if so, the action taken by the company</td><td>NIL</td></tr>
</table>

V. Financial Position of the Company:

The capital structure of the company in the following manner in a tabular form: The authorized, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value)	**Share Capital**	**Amount**
	Authorised Share Capital	Rs.10,01,55,00,000 comprising: 1,00,15,50,000 Equity Shares of Rs. 10/- each
	Issued, Subscribed and Paid-up Share Capital	Rs.7,91,39,90,830 comprising: 79,13,99,083 Shares of Rs.10 each
Size of the Present Offer	As per the relevant Key Information Document	
Paid-up Capital: a. After the offer: b. After the conversion of Convertible Instruments (if applicable)	The paid-up share capital after the issue will remain unchanged.	
Share Premium Account: a. Before the offer: b. After the offer:	Debentures being Non-Convertible, there will be no change in the balance of the share premium account.	

Details of the share capital of the Issuer as on June 30, 2023:

Date of Allotment	No. Of Equity Shares	Face Value (Rs.)	Form of Consideration (other than cash, etc)	Issue Price (Rs.)	Nature of allotment	Cumulative			Re-mark
						No. Of Equity shares	Equity Share Capital (in Rs.)	Equity Share Premium (in Rs.)	
13/9/2019	1,68,700	10	Cash	Series 8C – 88/- Series 9B – 137/- Series 10A – 213/-	ESOS Exercise	78,58,69,006	7,85,86,90,060	28,96,41,71,859	For cash on account of ESOP allotment
11/12/2019	17,10,650	10	Cash	Series 9C – 137/- Series 10A – 213/- Series 10B – 213/-	ESOS Exercise	78,75,79,656	7,87,57,96,560	29,25,43,42,609	For cash on account of ESOP allotment
18/11/2020	2,50,890	10	Cash	Series 10B – 213/- Series 11A – 274/-	ESOS Exercise	78,78,30,546	7,87,83,05,460	29,31,87,29,269	For cash on account of ESOP allotment
07/12/2020	10,41,100	10	Cash	Series 10C – 213/- Series 11A –	ESOS Exercise	78,88,71,646	788,87,16,460	29,53,03,53,169	For cash on account of ESOP allotment

				274/- Series 11B – 274/- Series 11C – 274/-					
25/02/2021	3,11,220	10	Cash	Series 10A – 213/- Series 10B – 213/- Series 10C – 213/- Series 11A – 274/- Series 11B – 274/-	ESOS Exercise	78,91,82,866	7,89,18,28,660	29,60,64,76,249	For cash on account of ESOP allotment
16/03/2021	2,350	10	Cash	Series 10C – 213/-	ESOS Exercise	78,91,85,216	7,89,18,52,160	29,60,69,53,299	For cash on account of ESOP allotment
26/11/2021	8,03,460	10	Cash	Series 10C – 213/- Series 11A – 274/- Series 11B – 274/- Series 12A – 300/-	ESOS Exercise	78,99,88,676	7,89,98,86,760	29,83,86,45,939	For cash on account of ESOP allotment
17/03/2022	4,51,355	10	Cash	Series 11C – 274/- Series 12A – 300/- Series 12B – 300/- Series 13A – 348/-	ESOS Exercise	79,04,40,031	7,90,44,00,310	29,97,32,76,889	For cash on account of ESOP allotment
02/08/2022	76,660	10	Cash	Series 11B – 274/- Series 11C – 274/- Series 12B – 300/- Series 13A –	ESOS Exercise	79,05,16,691	790,51,66,910	29,99,66,19,229	For cash on account of ESOP allotment

				348/- Series 13B – 348/- Series 13C – 348/-					
19/09/2022	29,600	10	Cash	Series 12B – 300/- Series 13B – 348/- Series 13C – 348/- Series 13A A– 348/-	ESOS Exercise	79,05,46,291	7,90,54,62,910	30,00,63,79,029	For cash on account of ESOP allotment
07/12/2022	6,20,228	10	Cash	Series 11C – 274/- Series 12A – 300/- Series 12B – 300/- Series 13A – 348/- Series 13C – 348/- Series 14A – 433/-	ESOS Exercise	79,11,66,519	7,91,16,65,190	30,22,15,01,763	For cash on account of ESOP allotment
28/12/2022	3,000	10	Cash	Series 12B – 300/- Series 14A – 433/- Series 14B – 433/- Series 14C – 433/-	ESOS Exercise	79,11,69,519	791,16,95,190	30,22,26,75,003	For cash on account of ESOP allotment
13/03/2023	2,29,564	10	Cash	Series 12B – 300/- Series 13A – 348/- Series 13B – 348/- Series 13AA– 409/-	ESOS Exercise	79,13,99,083	791,39,90,830	30,30,29,16,625	For cash on account of ESOP allotment

				Series 14A – 433/-					

Further, the following allotment in the nature of ESOP took place on July 27, 2023

Date of Allotment	No. Of Equity Shares	Face Value (Rs)	Form of Consideration (other than cash, etc)	Issue Price (Rs.)	Nature of allotment	Cumulative			Re-mark
						No. Of Equity shares	Equity Share Capital (Rs)	Equity Share Premium (in Rs.)	
27/07/2023	2,29,564	10	Cash	Series 11 – 274/- Series 12 – 300/- Series 13 – 348/- Series 13A– 409/- Series 14 – 433/- Series 15A – 457/-	ESOS Exercise	79,16,51,067	791,65,10,670	30,39,30,30,833*	For cash on account of ESOP allotment

*This is without considering the transfer on allotment of shares pursuant to ESOP Scheme.

Details of allotments made by the Company in the last one year prior to the date of the private placement offer cum application letter for consideration other than cash and details of the consideration in each case.	Nil
Profits of the Company, before and after making provision for tax, for the 3 (three) financial years immediately preceding the date of issue of the private placement offer cum application letter	As per Note 2 hereto.
Dividends declared by the Company in respect of the said 3 (three) financial years; interest coverage ratio for last three years (cash profit after tax plus interest paid/interest paid)	As per Note 2 hereto.
A summary of the financial position of the Company as in the 3 (three) audited balance sheets immediately preceding the date of issue of the private placement offer cum application letter	As per Note 2 hereto.
Audited Cash Flow Statement for the 3 (three) years immediately preceding the date of issue of the private placement offer cum application letter	As per Note 3 hereto.
Any change in accounting policies during the last 3 (three) years and their effect on the profits and the reserves of the Company	None

Note 1: Related party transactions entered during the last 3 (three) financial years immediately preceding the year of issue of private placement offer cum application letter including with regard to loans made or, guarantees given or securities provided

Rs. In Crore

Related Party	Nature of Relationship	Nature Of Transaction	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
HDFC Bank Ltd	Holding Company	Bank charges	15.35	12.20	11.98
		Charges for back office support services received / recoverable	984.41	921.26	907.26
		Charges for sales support services received / recoverable	1,821.96	1,607.28	1,233.14
		Commission on sourcing of credit cards received / recoverable	-	1.71	4.94
		Corporate logo license fees	17.19	14.63	3.72
		Dividend paid	142.61	-	-
		Fixed deposits placed	-	17.77	1,172.73
		Interest paid on non-convertible debentures	301.45	185.85	59.92
		Interest paid on term loan and OD account	376.36	312.90	379.94
		Interest received on fixed deposits	2.71	5.47	12.78
		Investment banking fees paid	0.01	0.56	1.26
		IPA charges	0.00	-	0.00
		Purchase of fixed assets	-	-	-
		Receipt of secondment charges	-	-	-
		Reimbursement of IT Expenses	1.51	0.89	2.74
		Reimbursement of R & M charges received /receivable	-	-	-
		Rent paid for premises taken on sub-lease	2.83	2.37	2.42

		Rent received / receivable for premises given on sub-lease	-	-	-
		Securities purchased during the year	-	1,310.00	3,115.00
		Securitization	-	-	473.06
		Term loan availed during the year	3,350.00	4,050.00	2,350.00
		Term loan paid during the year	-	-	1,959.09
		Tele collection charges / field collection charges received / recoverable for collection services rendered	255.65	220.58	206.53
HDFC Securities Ltd.	Entities under common control	Commission on sourcing of loans	0.01	-	-
		Rent Received/Receivable from HDFC Securities for premises given on Sub-lease	0.10	0.07	0.08
		Recovery of expenses	0.01	-	-
Aditya Puri, Jimmy Tata, Smita Affinwalla, Venkatraman Srinivasan, G Ramesh	Directors (Key Managerial Personnel)	Director sitting fees and commission paid	1.40	1.25	0.80
		Dividend paid	-	-	-
		Salary including perquisites and allowances	5.36	4.53	3.79
		Stock Options	0.37	0.48	0.86
		Others Contribution to Funds*	-	-	0.00
HDFC Ergo General Insurance Company Limited, HDFC Life Insurance Company Limited, HDFC Trustee Company Limited	Other related parties	Insurance commission received / receivable	21.17	16.08	7.91
		Insurance premium paid	0.55	1.86	17.67
		Rent received / receivable for premises given on sub-lease	-	-	-
		Rent paid / payable	-	-	0.01

*****excludes amounts pertaining to gratuity and compensated absences, which are actuarially valued at the company level.

Note 2: (a) Profits of the Company, before and after making provision for tax, for the 3 (three) financial years immediately preceding the date of issue of private placement offer cum application letter (b) dividends declared by the Company in respect of the said 3 (three) financial years; interest coverage ratio for last three years (cash profit after tax plus interest paid/interest paid) and (c) summary of the financial position of the Company as in the 3 (three) audited balance sheets immediately preceding the date of issue of private placement offer cum application letter

Rs. In Crore

Particulars	**FY 2022-23 (Audited) (IND-AS)**	**FY 2021-22 (Audited) (IND-AS)**	**FY 2020-21 (Audited) (IND-AS)**
Total Debt	54,865	48,973	50359
which – Non Current Maturities of - Long Term Borrowing	35,351	31,618	34875
- Short Term Borrowing			400
- Current Maturities of Long Term Borrowing	19,513	17,355	15084
Net Fixed Assets	143	90	100
Non-Current Assets	43,432	37,666	41,280
Cash and Cash Equivalents	396	477	693
Current Investments	1,185	2,144	1,455
Current Assets	25,037	21,739	19,213
Current Liabilities	3,226	3,099	3,203
On balance sheet assets	70,050	62,026	62,641
Off balance sheet assets	279	163	129
Net worth	10,436	8,489	7,716
Parameters	**FY 2022-23 (IND-AS)**	**FY 2021-22 (IND-AS)**	**FY 2020-21 (IND-AS)**
Total revenue	12,403	11,306	10945
Net Interest Income	5,416	5,037	4605
Profit before tax	2,627	1,348	501
Profit after tax	1,959	1,011	391
Dividend declared	Interim Rs 0.90 per share (9%) Final Rs.1.10 per share (11%)	Final Rs.1 per share (10%)	NIL
Interest Coverage Ratio [(Cash profits after tax + interest paid) / interest paid]	N.A.	N.A.	N.A.

Note 3: Audited Cash Flow Statement for the 3 (three) years immediately preceding the date of issue of private placement Offer cum application letter:

Please refer to Section F of the General Information Document

PART B– APPLICATION LETTER*
(To be filed by the Applicant)

(i) Name
(ii) Father's name
(iii) Complete Address including Flat/House Number, street, Locality, pin Code
(iv) Phone number, if any
(v) email ID, if any
(vi) PAN Number
(vii) Bank Account Details
(viii) Tick whichever is applicable:

(a) The applicant is not required to obtain Government approval under the Foreign Exchanges Management (Non-debt Instrument) Rules, 2019 prior to subscription of shares - ☐
(b) The applicant is required to obtain Government approval under the Foreign Exchange Management (Non-debt Instrument) Rules, 2019 prior to subscription of shares and the same has been obtained, and is enclosed herewith - ☐

Signature

Initial of the Officer of the company designated to keep the record

*****Addressed applicants may please send the dully filled and signed Application Form (enclosed as Annexure) to our corporate office address- **"Ground Floor, Zenith House, Opposite Race Course Gate No.6, K K Marg, Mahalaxmi, Mumbai – 400034".**

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

ANNEXURE VIII

BOARD RESOLUTION AND THE SHAREHOLDER RESOLUTION

[Attached Separately]

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

ANNEXURE IX

IN-PRINCIPLE APPROVAL OF STOCK EXCHANGE

[Attached Separately]

ANNEXURE X

COVENANTS AND EVENTS OF DEFAULTS UNDER THE TRUST DEEDS

NOTE 1: COMPANY'S COVENANTS UNDER DEBENTURE TRUST DEED 1

1.1 AFFIRMATIVE AND REPORTING COVENANTS

The Company hereby covenants with the Trustee that the Company shall undertake to comply with the following covenants:

(a) **Utilisation of proceeds of Debentures 1**

The Company shall utilise the monies received upon subscription of the Debentures 1 solely towards the Purpose. The Company also agrees to submit to the Trustee an annual 'end-use certificate' from the statutory auditor of the Company certifying the compliance with the same, within 60 (Sixty) days from the end of each financial year till the monies received towards subscription of the Debentures 1 have been fully utilized towards the Purpose.

(b) **Validity of Transaction Documents**

The Company shall ensure that the Transaction Documents shall be validly executed and delivered and will continue in full force and effect and will constitute valid, enforceable and binding obligations of the Company.

(c) **Make the Relevant filings with the Registrar of Companies/SEBI**

Pursuant to the Act and the relevant rules thereunder, the applicable guidelines issued by SEBI and RBI, the Company undertakes to make the necessary filings of the documents mandated therein with the Registrar of Companies and/or the Exchange within the timelines thereunder to preserve, renew and keep in full force and effect its existence and/or its rights necessary for the operation of its business and/or the legality and validity of any Transaction Documents and/or the transactions contemplated by the Transaction Documents.

(d) The Company shall ensure that the minimum investment made in any single series by any investor is at least Rs.1,00,00,000/- (Rupees One Crore only).

(e) **Compliance with laws**

The Company shall comply with:

(i) all laws, rules, regulations and guidelines as applicable in respect of the Debentures 1, including but not limited, to the following: (i) the Act; (ii) the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (iii) the provisions of the listing agreement entered into by the Company with the stock exchange in relation to the Debentures 1; (iv) the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), and (v) the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the other notified rules under the Act.

(ii) comply with all the applicable provisions as mentioned in the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 to the extent the same is required to be complied with by the Trustee or is required in order to enable the Trustee to comply with the same, the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company

(Reserve Bank) Directions, 2016, and/or any other notification, circular, press release issued by the SEBI/RBI, from time to time, as may be applicable to the Company.

(iii) The Company shall, while submitting half yearly/ annual financial results to the Stock Exchange disclose *inter alia* the following line items along with the financial results accompanied by a certificate from the Trustee confirming that it has taken note of the said content and the same shall be communicated to the Debenture Holder(s) on a half-yearly basis:

A. Credit rating of the Issue and change in credit rating, if any;
B. Debt- equity ratio of the Company accompanied with a certificate of a practicing chartered accountant confirming the said debt-equity ratio;
C. Previous due date for the payment of interest/ repayment of principal and whether the same has been paid or not;
D. Next due date of payment along with the amount of interest/ principal along with the amount of interest payable;
E. Debenture Redemption Reserve (if applicable);
F. Net worth;
G. Net profit after tax;
H. Earnings per share; and
I. A statement indicating material deviations, if any in utilisation of the proceeds of the Debentures 1.

(f) **Notify the Trustee**

The Company shall provide / cause to be provided information in respect of the following events:

(i) notify the Trustee in writing, of any proposed change in the nature or conduct or scope of the business or operations of the Company, prior to the date on which such action is proposed to be given effect.
(ii) inform the Trustee of any major change in the composition of the Board of Directors of the Company which may amount to a change in control (as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011);
(iii) Inform the Trustee promptly of any amalgamation, merger or reconstruction scheme proposed by the Company.
(iv) The Company agrees that it shall forward to the Trustee promptly, whether a request for the same has been made or not:

A. a copy of the Statutory Auditors' and Directors' Annual Report, Balance Sheet and Profit & Loss Account and of all periodical and special reports at the same time as they are issued;
B. a copy of all notices, resolutions and circulars relating to new issue of debt securities at the same time as they are sent to shareholders/ holders of debt securities; and
C. a copy of all the notices, call letters, circulars, etc. of the meetings of debt security holders at the same time as they are sent to the holders of debt securities or advertised in the media.

(g) **Furnish Information to Trustee**

Give to the Trustee or their nominee(s) (and to the Debenture Holder(s), if so requested), information in respect of the following events:

(i) Furnish quarterly (unless specified otherwise, in which case, reports shall be submitted according to the specified timeline) report to the Trustee (and to the Debenture Holders), containing the following particulars: -

A. Periodical status/performance reports from the Company within 7 (Seven) days of the relevant board meeting or within 45 (Forty Five) days of the respective quarter, whichever is earlier;
B. Updated list of the names and addresses of the Debenture Holder(s);

C. Details of the principal and the Coupon to be made, but unpaid and reasons for the non-payment thereof;

D. The number and nature of grievances received from the Debenture Holder(s) and (a) resolved by the Company, (b) unresolved by the Company to the satisfaction of the Debenture Holder(s) and the reasons for the same;

E. A statement by the authorised signatory of the Company:

1. that the assets of the Company which are available as Hypothecated Assets is/are sufficient to discharge the claims of the Debenture Holder(s) as and when they become due; and

2. that the receivables constituting the Hypothecated Assets have not been charged or hypothecated in favour of any other party except the Trustee and that they are free from any other encumbrances;

F. Statement that the quarterly compliance report on corporate governance (if applicable) has been submitted to the Exchange, in the format prescribed by SEBI, within the time lines prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(ii) The Company shall provide to the Trustee such information as it may require for any filings, statements, reports that the Trustee is required to provide to any governmental authority under Applicable Law.

(h) At the request of any Debenture Holder(s), the Trustee shall, by notice to the Company, call upon the Company to take appropriate steps to redress grievances of the Debenture Holder(s) and shall, if necessary, at the request of the Debenture Holder(s) representing not less than one-tenth in value of the nominal amount of the Debentures 1 for the time being outstanding, call a meeting of the Debenture Holder(s).

The Company shall also promptly furnish to the Debenture Trustee the details of all the grievances received by them and shall comprise the following:

(i) Names of the complainants/Debenture Holders.
(ii) Nature of grievances/complaints.
(iii) Time taken for redressal of complaint/grievances etc.
(iv) The steps taken by the Company to redress the same.

The Company shall promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holder(s). The Company further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Trustee and shall advise the Trustee periodically of its compliance. All grievances relating to the Issue may be addressed to the compliance officer of the Company ("**Compliance Officer**") giving full details such as name, address of the applicant, date of the application, application number, number of Debentures 1 applied for, amount paid on application and the place where the application was submitted. The Company shall make best efforts to settle investor grievances expeditiously and satisfactorily within 30 (Thirty) days from the date of receipt of such complaint. In case of non-routine complaints and where external agencies are involved, the Company shall make best endeavours to redress these complaints as expeditiously as possible. The Compliance Officer of the Company may also be contacted in case of any pre-issue/post issue related problems

(i) The Company shall provide or cause to be provided the latest audited / limited review half yearly consolidated (wherever available) and standalone financial information (profit & loss statement, balance sheet and cash flow statement) and auditor qualifications, if any to the Trustee within the timelines as mentioned in the Uniform Listing Agreement as

prescribed in SEBI's circular no. CFD/CMD/6/2015 dated October 13, 2015 as amended from time to time, for furnishing / publishing its half yearly/ annual results;

(j) The Company shall keep the Hypothecated Assets adequately insured and in a proper condition.

(k) The Company shall provide or cause to be provided, within 180 (One Hundred and Eighty) days from the end of the financial year, a copy of the latest annual report and the latest audited financial statements to the Trustee and the Trustee shall be obliged to share the details submitted under this clause with all Debenture Holders within 2 (Two) working days of their specific request;

(l) The Company shall carry out subsequent valuation of the Hypothecated Assets, at the request of the Trustee.

(m) The Company shall submit the following disclosures to the Trustee in electronic form (soft copy) at the time of allotment of the Debentures 1:

(i) Memorandum and Articles of Association and necessary resolution(s) for the allotment of the Debentures 1;

(i) Copy of last three years' audited Annual Reports;

(ii) Statement containing particulars of, dates of, and parties to all material contracts and agreements;

(iii) Latest audited / limited review half yearly consolidated (wherever available) and standalone financial information (profit & loss statement, balance sheet and cash flow statement) and auditor qualifications, if any;

(iv) An undertaking to the effect that the Company would, till the redemption of the debt securities, submit the details mentioned in point (iv) above to the Trustee within the timelines as mentioned in Uniform Listing Agreement issued by SEBI vide circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015 as amended from time to time, for furnishing/publishing its half yearly/ annual result. Further, the Company shall submit a copy of the latest annual report to the Trustee, as and when the same is submitted to the Stock Exchange within the timeframe permitted under Applicable Law.

(n) The Company shall, on half yearly basis, submit a half-yearly certificate by the statutory auditor, regarding maintenance of Asset Cover, including compliance with all the covenants, in respect of the Debentures 1, along with the half-yearly financial results.

(o) The Company shall promptly submit any information, as required by the Trustee including but not limited to the following:-

(i) by no later than 30 (thirty) days from the relevant Deemed Date of Allotment, a certificate signed by an authorised officer of the Company confirming credit of dematerialized Debentures 1 into the depository accounts of the Debenture Holder(s) within the time lines prescribed by the Applicable Laws;

(ii) intimations regarding :

A. any revision in the rating;

B. any default in timely payment of interest or redemption or both in respect of the non-convertible debt securities;

C. failure to create the Security;

D. all covenants of the Issue (including side letters, accelerated payment clause, etc.);

E. a breach of covenants/ terms of the Issue by the Company;

F. any legal proceeding pending or threatened, investigation, regulatory notices or judicial orders against the Company, or any dispute between the Company and/or any Governmental Authority, which could result in a Material Adverse Effect or affecting the Hypothecated Assets;

(p) **Transfer of Unclaimed Redemption Amounts.**

Comply with the provisions of the Act relating to transfer of unclaimed redemption and Coupon amounts of the Debentures 1 to Investor Education and Protection Fund ("**IEPF"**), if applicable to it.

(q) **Financial Covenants and Conditions**

At all times during the term of these presents comply with each of the Financial Covenants and Conditions.

(r) The Company is aware that in terms of Regulation 14 of the SEBI (Debenture Trustees) Regulations, 1993 as amended from time to time, the Trust Deed has to contain the matters specified in Section 71 of the Companies Act, 2013 and Form No. SH.12 specified under the Companies (Share Capital and Debentures) Rules, 2014. The Company hereby agrees to comply with all the clauses of Form No. SH.12 as specified under the Companies (Share Capital and Debentures) Rules, 2014, to the extent applicable to it, as if they are actually incorporated in the Trust Deed;

(s) Within 15 (Fifteen) Business Days of receipt of a request from the Trustee, the Company shall authenticate any information relating to the Debentures 1, to be submitted by the Trustee with the Information Utility.

(t) The Company shall submit to the Trustee, such information as may be required by the Trustee from time to time for the effective discharge of its duties and obligations.

(u) The Company shall submit the following reports/ certification to the Trustee within the timelines mentioned below:

Reports/Certificates	Timelines for submission Requirements to Trustee
Asset Cover Certificate in the format prescribed under Annexure A of SEBI Circular dated November 12, 2020 and bearing reference number SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/230	Quarterly basis within 45 days from end of each quarter or within such timelines as prescribed under Applicable Law.

(v) The Company shall cooperate with the Trustee to enable it to make necessary filings in connection with the creation of Security over the Hypothecated Assets with the CERSAI, within 30 (Thirty) calendar days from the date of creation of security over the Hypothecated Assets in respect of any Series.

(w) The Company shall submit a due diligence certificate issued by the Trustee in respect of the Security for each Series**,** in the applicable format prescribed under Annexure A of the SEBI circular dated November 03, 2020 (bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/218) to the Stock Exchange, on or prior to issuing the Shelf Disclosure Documents and each of the Supplemental Disclosure Document.

(x) The Company shall carry on and conduct its business with due diligence and efficiency and in accordance with sound operational, technical, managerial and financial standards and business practices with qualified and experienced management and personnel.

(y) <u>Access and Inspection</u>

The Company shall:

(i) permit the Trustee to examine the relevant books and records of the Company upon reasonable prior notice and at such reasonable times and intervals as the Trustee may reasonably request.

(ii) permit the Trustee and the representatives of the Debenture Holder(s), upon prior written notice, to visit and inspect any of the premises where its business is conducted and to have access to its relevant books of account and records in relation to the Issue and to enter into or upon and to view and inspect the state and condition of all the Hypothecated Assets, together with all records, registers relating to the Hypothecated Assets.

(iii) give to the Trustee such information as they shall require as to all matters relating to the business, property and affairs of the Company and at the time of the issue thereof to the shareholders of the Company furnish to the

Trustee, 3 (three) copies of every report, balance sheet, profit and loss account, circulars or notices, issued to the shareholders and the Trustee shall be entitled, if it thinks fit, from time to time, to nominate a firm of chartered accountant to examine the books of account, documents and property of the Company or any part thereof and to investigate the affairs of the Company and the Company shall allow any such accountant to make such examination and investigation and shall furnish them with all such information as they may require and shall pay all costs, charges and expenses of and incidental to such examination and investigation;

(z) The Company shall keep proper books of account as required by the Act and make true and proper entries of all dealings and transactions of the business of the Company and keep the said books of account and all other books, registers and other documents relating to the affairs of the Company at its registered office or, where permitted by law, at other place or places where the books of account and documents of a similar nature may be kept and the Company will ensure that all entries in the same relating the business of the Company shall at all reasonable times be open for inspection of the Trustee and such Person or Persons as the Trustee shall, from time to time, in writing for the purpose, appoint.

(aa) The Company shall punctually pay all rents, royalties, taxes, rates, levies, cesses, assessments, impositions and outgoings, governmental, municipal or otherwise imposed upon or payable by the Company as and when the same shall become payable including in relation to the Issue and the Hypothecated Assets and when required by the Trustee produce the receipts for such payments and observe, perform and comply with all covenants and obligations which ought to be observed and performed by the Company in respect of or any part of the Hypothecated Assets.

(bb) The Company shall pay all such stamp duty (including any additional stamp duty), other duties, taxes, charges and penalties, if and when the Company may be required to pay in relation to the Debentures 1 issued under the Trust Deed according to the laws for the time being in force in the State of Maharashtra, and in the event of the Company failing to pay such stamp duty, other duties, taxes and penalties as aforesaid, the Trustee will be at liberty (but shall not be bound) to pay the same and the Company shall reimburse the same to the Trustees on demand.

(cc) The Company shall reimburse all reasonable and actual sums paid or expenses incurred by the Trustees or any receiver, attorney, manager, agent or other Person appointed by the Trustees for all or any of the purposes mentioned in these presents within 15 (Fifteen) days of receipt of a notice of demand from them in this behalf. Until payment or reimbursement of all such sums, the same shall be a charge upon the Hypothecated Assets in priority to the charge securing the Debentures 1.

(dd) The Company shall ensure that the Debentures 1 are rated by the Rating Agencies and continue to be rated by the Rating Agencies until their redemption.

(ee) Notify the Trustee

(i) Promptly inform the Trustee if it has notice of any application for winding up having been made or any statutory notice of winding up under the Act or the Insolvency and Bankruptcy Code, 2016 or any other notice under any other act relation to winding up or otherwise of any suit or other legal process intended to be filed or initiated against the Company and/affecting the title to the Company's properties or if a receiver is appointed in respect of any of its properties or business or undertaking;

(ii) Promptly inform the Trustee on the happening of any event which is likely to cause/ has caused Material Adverse Effect;

(iii) Promptly after the Company obtains knowledge thereof, notice of the occurrence of any event which constitutes an Event of Default specifying the nature of such event and any steps the Company is taking and proposes to take to remedy the same;

(iv) Promptly inform the Trustee of any loss or damage which the Company may suffer due to any force majeure circumstances or act of God, such as earthquake, flood, tempest or typhoon, etc. against which the Company may not have insured its properties;

(v) Promptly inform the Trustee of the happening of any shut-downs, fires or any event likely to have a substantial effect on the Company's profits or business and of any material changes in the rate of production or sales of the Company with an explanation of the reasons therefor;

(vi) Promptly inform the Trustee of all orders, directions, notices, of court/tribunal affecting or likely to affect the Hypothecated Assets or any part thereof.

1.2 NEGATIVE COVENANTS

The Company hereby covenants that, the Company shall not, for so long as any amount remains outstanding under the Debentures 1 (except as may otherwise be intimated to the Trustee in writing or previously agreed to in writing by the Trustee (acting upon the receipt of the prior written approval of the Majority Debenture Holder(s)), as specified below, perform any of the following actions:

a) The Company shall not, without the prior written consent of the Trustee, declare or pay any dividend to its shareholders during any Financial Year unless it has paid the installment of principal and Coupon then due and payable on the Debentures 1 or has made provision satisfactory to the Trustee for making such payment. Further, the Company shall not, without prior consent of the Trustee, so long as an Event of Default has occurred or is continuing, declare or distribute dividend to the shareholders in any year, until the Company has paid or made satisfactory provision for the payment of the principal and Coupon due on the Debentures 1**.**

b) Except as provided in the Trust Deed, the Company shall not sell or dispose of the Hypothecated Assets or any part thereof or create thereon, any mortgage, lien or charge by way of hypothecation, pledge or otherwise howsoever or other encumbrance of any kind; and

c) The Company shall not, without prior intimation in writing to the Trustee, undertake or permit any merger, consolidation, reorganisation, amalgamation, reconstruction, consolidation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.

1.3 FINANCIAL COVENANTS AND CONDITIONS

1.3.1 DEBENTURES 1 TO RANK *PARI PASSU*

The Debentures 1 under each Tranche/Series shall rank pari passu, inter se, without any preference or priority of one over the other or others of them.

1.3.2 COUPON

(a) INTEREST ON APPLICATION MONEY

The Company shall be liable to pay the Debenture Holder(s) interest on application money as more particularly specified in the relevant Supplemental Disclosure Document for each Tranche/Series and in accordance with the Shelf Disclosure Document.

(b) COUPON RATE

Coupon shall be payable at the rate as may be specified in the relevant Supplemental Disclosure Document(s), in respect of the relevant Tranche/Series on every Coupon Payment Date.

(c) COMPUTATION OF COUPON

All Coupon accruing on the face value of the Debentures 1 shall accrue from day to day at the applicable Coupon Rate and rounded off to the nearest Rupee. The Coupon shall be computed on the Outstanding Principal Amount on the relevant Debentures 1 for the period commencing from the relevant Deemed Date of

Allotment (or the previous Coupon Payment Date on which the Coupon has been fully paid) and expiring on the immediately succeeding Coupon Payment Date and such Coupon shall be paid on the said succeeding Coupon Payment Date. The Coupon shall be computed in accordance with the day count basis as more particularly specified in the relevant Supplemental Disclosure Document for each Tranche/Series.

(d) COUPON PAYMENT DATE(S)

The Coupon shall be made to the Debenture Holders on such dates as may be specified in the relevant Supplemental Disclosure Document(s) ("Coupon Payment Dates"), in respect of the relevant Tranche/Series.

1.3.3 REDEMPTION

(a) As and when the specific Tranche/Series of Debentures 1 are issued, the Company shall inform the Trustee of the Redemption Date(s) for that Tranche/Series of Debentures 1. The tenure of each Series/Tranche of the Debentures 1 shall be as specified in the Supplemental Disclosure Document issued for that Series/Tranche. It is clarified that the Debentures 1 under a Tranche/Series may be issued with a rollover option as may be agreed upon with prospective investors for such Tranche/Series. The details of such rollover option shall be provided for in the relevant Supplemental Disclosure Document applicable for that Tranche/Series. It is further clarified that the Company may issue Debentures 1 under a Tranche/Series with a call option and/ or a put option to be exercised at such interval as may be agreed upon with prospective investors for such Tranche/Series. The details of such call option and / or the put option and the manner of exercise of the same shall be provided in the relevant Supplemental Disclosure Document applicable for that Tranche/Series.

(b) Redemption of Debentures 1 under a Tranche/Series will be proportionate to the investment made by each Debenture Holder for that Tranche/ Series.

(c) The Company shall furnish the details of payments made to the Debenture Holders, containing the following, towards redemption or the payment of the principal amount and Coupon in respect of such Tranche(s)/Series to the Exchange:

(i) Principal Amount paid;
(ii) Coupon paid; and
(iii) Date of payment

1.3.4 PAYMENTS

Payment of the Outstanding Principal Amount and the Coupon will be made to the registered Debenture Holder(s)/Beneficial Owner(s) and in case of joint holders to the one whose name stands first in the in the list of Beneficial Owner(s) provided to the Company by the RTA / Depository (NSDL/ CDSL) on the Record Date. Such payments shall be made by cheque or warrant drawn by the Company on its bankers or by electronic mode viz. RTGS / NECS / NEFT, as the case may be.

1.3.5 BUSINESS DAY CONVENTION

If any Coupon Payment Date in respect of a relevant Tranche/ Series falls on a day which is not a Business Day, then the immediately succeeding Business Day shall be the due date for such payment, however, the dates of the future

Coupon payments in respect of such relevant Series/ Tranche would be as per the schedule originally stipulated in the relevant Supplemental Disclosure Document. In other words, the subsequent Coupon payment schedule would not be disturbed merely because the payment date in respect of one particular Coupon payment has been postponed earlier because of it having fallen on non-Business Day.

If the Maturity Date / Redemption Date (including the last Coupon Payment Date) or the due date in respect of liquidated damages (if any) and all other monies payable under a Supplemental Disclosure Document falls on a day which is not a Business Day, then the immediately preceding Business Day shall be the due date for such payment.

1.3.6 TAXATION

(a) As per the existing tax laws, tax will be deducted at source at the time of actual payment of Coupon to the Debenture Holder(s) at the rate for the time being prescribed by the Income Tax Act,1961.

(b) The Company shall deliver to the Debenture Holder(s), evidence or certificate of the taxes deducted at source within the time frame prescribed under the law.

(c) For seeking TDS exemption / lower rate of TDS, relevant certificate / document must be lodged by the Debenture Holder(s) at the corporate office of the Company at least 15 (Fifteen) days before the interest payment becoming due. Tax exemption certificate / declaration of non-deduction of tax at source on interest on application money should be submitted along with the application form.

1.3.7 ADDITIONAL INTEREST

1. In case of default in payment of Coupon and/ or redemption of the principal amount of the Debentures on the respective Due Dates, additional interest of at least 2% (Two Percent) per annum over and above the Coupon Rate shall be payable by the Company for the defaulting period until the defaulted amount together with the delay penalty is paid, in compliance with the SEBI Circular dated May 27, 2019 bearing reference number SEBI/HO/MIRSD/DOS3/CIR/P/2019/68, titled "Enhanced disclosure in case of listed debt securities" as may be updated/ amended from time to time.

2. Where the Company fails to execute the trust deed within the period specified by SEBI, then without prejudice to any liability arising on account of violation of the provisions of the Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Company shall also pay interest of at least 2% (Two Percent) per annum or such other rate, as specified by SEBI to the Debenture Holders, over and above the Coupon Rate, till the execution of the Trust Deed.

1.3.8 FURTHER BORROWINGS

The Company shall be entitled to make further issue of debentures and/or raise further loans and/or avail of further deferred payment/guarantee facilities from time to time for such amounts and from such persons/public financial institutions/banks or any other financial corporations or body corporate to be secured on such basis as may be agreed with such lender. However, until the Debentures 1 are fully redeemed, the Company shall not create any charge on the Hypothecated Assets without obtaining the consent of the Trustee. Provided that at the time of raising such further issue of Debentures 1 and/or further term loans and/or availing deferred payment credit/guarantee facilities, the Company shall maintain the Asset Cover.

1.3.9 REPURCHASE, REISSUE AND CONSOLIDATION OF DEBENTURES 1

The Company shall, subject to Applicable Law and the Supplemental Disclosure Document(s) in respect of the relevant Tranche/ Series of the Debentures 1 at any time and from time to time, have the power exercisable at its sole and absolute discretion to purchase some or all of the relevant Tranche/ Series of the Debentures 1 held by the Debenture Holder(s) at any time prior to the specified date(s) of redemption from the open market or otherwise. Such buy-back/purchase of relevant Tranche or Series of the Debentures 1 may be at par or at discount / premium to the face value at the sole discretion of the Company and maybe done either on a pro rata basis or by lot or by any other manner whatsoever, as the Company may deem fit. The Trustee (for and on behalf of the Debenture Holders) hereby irrevocably gives its consent to the Company for such buy back/purchase of the relevant Tranche/ Series of the Debentures 1. The relevant Tranche/ Series of the Debentures 1 so purchased may, at the option of the Company and subject to Applicable Laws, be cancelled, held, consolidated or resold.

Where the Company has repurchased / redeemed any such relevant Tranche or Series of the Debentures 1, if permissible under and subject to the provisions of the Applicable Laws, the Company shall have and shall be deemed always to have had the right to keep such relevant Tranche or Series of the Debentures 1 alive for the purpose of reissue and in exercising such right, the Company shall have and shall be deemed always to have had the power to reissue such relevant Tranche or Series of the Debentures 1, either by reissuing the same relevant Tranche or Series of the Debentures 1 or by issuing other Debentures 1 in their place, in either case, at such a price and on such terms and conditions (including any variations, dropping of or additions to any terms and conditions originally stipulated) as the Company may deem fit.

1.3.10 TRANSFER OF DEBENTURES 1

(a) The Debentures 1 shall be freely transferable and transmittable by the Debenture Holder(s) in whole or in part without the prior consent of the Company when made in accordance with the Transaction Documents. The Debenture Holder(s) shall also have the right to novate, transfer or assign its rights and/or the benefits under the Transaction Documents upon such transfer/transmission of the Debentures 1.

(b) It is clarified that the Company shall not assign any of the rights, duties or obligations under this Trust Deed or in relation to the Debentures 1 without the prior written consent of the Trustee (acting on the instructions of all the Debenture Holder(s)).

1.3.11 DEBENTURES 1 FREE FROM EQUITIES

The Debenture Holder(s) will be entitled to their Debentures 1 free from equities or cross claims by the Company against the original or any intermediate holders thereof.

1.3.12 DEBENTURE HOLDER NOT ENTITLED TO SHAREHOLDERS' RIGHTS

The Debenture Holder(s) shall not be entitled to any of the rights and privileges available to the shareholders of the Company including right to receive notices of or to attend and vote at general meetings or to receive annual reports of the Company.

If, however, any resolution affecting the rights attached to the Debentures 1 is placed before the shareholders, such

resolution will first be placed before the Debenture Holder(s) for their consideration.

1.3.13 VARIATION OF DEBENTURE HOLDER(S)' RIGHT

The rights, privileges and conditions attached to the Debentures 1 under a particular Tranche/Series may be varied, modified or abrogated with the consent in writing of the Majority Debenture Holder(s) of that particular Tranche/Series.

1.4 **BREACH OF COVENANT BY THE COMPANY MAY BE WAIVED**

The Trustee may, at any time, waive on such terms and conditions as to them shall seem expedient, any breach by the Company of any of the covenants and provisions in these presents contained without prejudice to the rights of the Trustee in respect of any subsequent breach thereof provided however that the prior consent of the Super Majority Debenture Holder(s) or Majority Debenture Holder(s) (in case such breach is in respect of any particular Series) shall have been obtained by the Trustee for any such waiver.

(a) **Preserve Corporate Status**

The Company shall diligently preserve its corporate existence and status and all rights, contracts, privileges, franchises and concessions now held or hereafter acquired by it in the conduct of its business and that it will comply with each and every term of the said franchises and concessions and all acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Hypothecated Assets or any part thereof PROVIDED THAT the Company may contest in good faith the validity of any such acts, rules, regulations, orders and directions and pending the determination of such contest may postpone compliance therewith if the rights enforceable under the Debentures 1 or the Security of the Debentures 1 is not thereby materially endangered or impaired. The Company will not do or voluntarily suffer or permit to be done any act or thing whereby its right to transact its business might or could be terminated or whereby payment of the principal of or interest on the Debentures 1 might or would be hindered or delayed;

(b) **Further Assurances**

The Company shall:

(i) execute and/or do, at their own expense, all such deeds, assurances, documents, instruments, acts, matters and things, in such form and otherwise as the Trustee may reasonably or by law require or consider necessary in relation to enforcing or exercising any of the rights and authorities of the Trustee;

(ii) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations necessary to enable it lawfully to enter into and perform its obligations under the Trust Deed or to ensure the legality, validity, enforceability or admissibility in evidence in India of the Trust Deed; and

(iii) comply with all Applicable Laws (including but not limited to environmental, social and taxation related laws), as applicable in respect of the Debentures 1 and obtain such regulatory approvals as may be required from time to time under any Applicable Laws.

1.5 Notwithstanding anything to the contrary set out herein it is hereby clarified for the avoidance of doubt that the Company shall comply with all Applicable Laws in relation to the Debentures 1 including Applicable Laws as may have been

amended, updated, supplemented, modified or superseded pursuant to the execution of the Debenture Trust Deed 1 and all certificates, reports, information and documents to be submitted by the Company under the terms of Part A of Debenture Trust Deed 1 shall be submitted to the relevant authority or the Debenture Trustee, as may be applicable, within the timelines prescribed under such Applicable Law, irrespective of the timeline set out under the relevant covenant in Part A of the Debenture Trust Deed 1 (unless the timeline set out under the relevant covenant is shorter than the timeline prescribed under Applicable Law, in which case the timeline set out under the relevant covenant shall be complied with).

1.6 Notwithstanding anything to the contrary contained in the Debenture Trust Deed 1, in case of any inconsistency between the covenants set out in Note 1 under this General Information Document read with the relevant Key Information Document and the covenants as set out in the Debenture Trust Deed 1, the covenants as set out in Note 1 under this General Information Document read with the relevant Key Information Document shall prevail over and override the covenants under the Debenture Trust Deed 1 for all intents and purposes. Provided however, in case of any inconsistencies between the covenants as set out in Note 1 and Applicable Law, the terms of Applicable Law shall prevail over and override the covenants under this General Information Document read with the relevant Key Information Document, for all intents and purposes and the covenants as set out in the Debenture Trust Deed 1 and this General Information Document read with the relevant Key Information Document shall be deemed to have been amended such that the Applicable Law prevails.

NOTE 2: EVENTS OF DEFAULT AND CONSEQUENCES OF EVENTS OF DEFAULT UNDER DEBENTURE TRUST DEED

2.1 EVENTS OF DEFAULT AND CONSEQUENCES

2.1.1 If one or more of the events specified in Clause 2.1.7 and as specified in Clause 2.1.10 below happen(s) in respect of any Series, the Trustee shall, upon request in writing of the Super Majority Debenture Holders or by a Special Resolution duly passed at the meeting of the Debenture Holder(s), convened in accordance with the provisions set out in the Schedule II (*Provisions for the Meetings of the Debenture Holder(s)*) under the Debenture Trust Deed 1, give a notice of such number of days as specified in Clause 2.1.7 and Clause 2.1.10 below in writing to the Company to remedy the relevant event, provided that no such notice will be given in case of occurrence of the event specified in Clause 2.1.7 and 2.1.10 below.

2.1.2 The Trustee may send a notice to the Debenture Holders calling an event of default ("**Event of Default**") in accordance with Clause 2.1.7 and Clause 2.1.10 below, by registered post/acknowledgement due or speed post/acknowledgement due or courier or hand delivery with proof of delivery as also through email as a text or as an attachment to email, followed by a written notice, with a notification including a read receipt, and proof of dispatch of such notice or email, shall be maintained.

2.1.3 The notice to be sent by the Trustee (as specified in Clause 2.1.2) shall contain the following:

(a) Negative consent for proceeding with the enforcement of Security;
(b) positive consent for signing the ICA;
(c) the time period within which the consent needs to be provided by the Debenture Holders, which consent is required to be given by the Debenture Holders within 15 (Fifteen) days from the date of notice; and
(d) the date of meeting to be convened (which meeting shall be convened within 30 (Thirty) days from the notice of the Trustee calling an Event of Default as referred to in Clause 2.1.2).

Provided that in case the Event of Default is remedied between the date of notice and the date of meeting, then the convening of such a meeting may be dispensed with.

2.1.4 If the Event of Default is still continuing, then the Trustee shall take necessary action of entering into the ICA or take action as decided in the meeting of Debenture Holders, subject to the following:

(a) In case(s) where majority of Debenture Holders expressed their consent to enter into ICA, the Trustee(s) shall enter into the ICA, subject to the conditions set out in Clause 2.1.5 below;

(b) The Trustee may form a representative committee of the Debenture Holders to participate in the ICA or as may be decided in the meeting of the Debenture Holders. Such a committee may comprise of the designated members representing the interest of the ISIN level Debenture Holders under the Debentures. The Representative Committee shall be responsible to take decisions which shall be binding on the specific ISIN level Debenture Holders relating to ICA matters, or take any other action as may be decided by the Debenture Holders, from time to time.

For the purpose of this Clause 2.1.4, the consent of the majority of Debenture Holders shall mean the approval of not less than 75% of the Debenture Holders by value of the outstanding Debentures 1 and 60% of the Debenture Holders by number at the ISIN level.

2.1.5 The Trustee may sign the ICA and consider the resolution plan on behalf of the Debenture Holders upon compliance with the following conditions:

(a) The signing of the ICA and agreeing to the resolution plan is in the interest of Debentures 1 and in compliance with the Act and the rules made thereunder, the Securities Contracts (Regulations) Act, 1956 and the Securities and Exchange Board of India Act, 1992 and the rules, regulations and circulars issued thereunder from time to time.

(b) If the resolution plan imposes condition(s) on the Trustee that are not in accordance with the provisions of Companies Act, 2013 and the rules made thereunder, the Securities Contracts (Regulations) Act, 1956 and the Securities and Exchange Board of India Act, 1992 and the rules, regulations and circulars issued thereunder from time to time, then the Trustee shall be free to exit the ICA altogether with the same rights as if it had never signed the ICA. Under these circumstances, the resolution plan shall not be binding on the Trustee.

(c) The resolution plan shall be finalized within 180 (One Hundred and Eighty) days from the end of the review period. If the resolution plan is not finalized within 180 (One Hundred and Eighty) days from the end of the review period, then the Trustee shall be free to exit the ICA altogether with the same rights as if it had never signed the ICA and the resolution plan shall not be binding on the Trustee. However, if the finalization of the resolution plan extends beyond 180 (One Hundred and Eighty) days, the Trustee may consent to an extension beyond 180 (One Hundred and Eighty) days subject to the approval of the investors regarding the total timeline. The total timeline shall not exceed 365 (Three Hundred and Sixty Five) days from the date of commencement of the review period.

(d) If any of the terms of the approved resolution plan are contravened by any of the signatories to the ICA, the Trustee shall be free to exit the ICA and seek appropriate legal recourse or any other action as deemed fit in the interest of the Debenture Holders.

2.1.6 Subject to the above, the Trustee shall have the following rights:

(a) to appoint a Nominee Director as per Clause 2.1.9 below;

(b) initiating any enforcement action including without limitation Insolvency and Bankruptcy Code, 2016 (wherever applicable);

(c) levy additional interest in the manner set out in the Debenture Trust Deed 1;

(d) exercise any other right that the Trustee and / or Debenture Holder(s) may have under the Transaction Documents or under Applicable Law.

2.1.7 In addition to the events set out in Clause 2.1.10 below, the following events may be called by the Trustee as Events of Default in the manner as stated in Clause 2.1.2, after the expiry of the relevant time period:

(a) Non-payment on due date of any amount payable pursuant to this Trust Deed, in respect of any Series of Debentures 1;

(b) If not rectified within 30 (Thirty) days from the date of receipt by the Company of a notice from the Trustee in relation thereto or the Company having obtained actual knowledge thereof, whichever is earlier:

(i) other than Clause (a), there is a delay in the performance or breach of any covenant, condition or provision contained in these presents and/or the Financial Covenants and Conditions, except where such delay or breach is in the opinion of the Trustee incapable of remedy and no notice shall be given by the Trustee in such a case;

(ii) the Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or the Company is voluntarily or involuntarily dissolved;

(iii) the Company ceases or threatens in writing to cease to carry on its business or any substantial part thereof or gives notice of its intention to do so;

(iv) except as permitted in the Debenture Trust Deed 1, if, without the prior written approval of the Trustee, the Hypothecated Assets or any part thereof is disposed of, charged, encumbered or alienated;

(v) the value of the Hypothecated Assets is insufficient to maintain the Asset Cover and Company fails to maintain the Asset Cover within the stipulated timelines in the Deed of Hypothecation 1;

(vi) in the reasonable opinion of the Trustee, acting on the instructions of the Super Majority Debenture Holder(s), the Security offered for the Debentures is in jeopardy. It is hereby clarified that the Security created to secure the obligations of the Company in relation to the Debentures 1, shall be considered to be in jeopardy, only in the event that any attachment or distraint is levied in respect of the Hypothecated Assets.

(c) The Company admits, in writing, its inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness;

(d) When an order has been made by the tribunal or a special resolution has been passed by the members of the company for winding up of the company;

(e) The Company ceases or threatens in writing to cease to carry on its business or gives notice of its intention to do so.

2.1.8 If any Event of Default (as set out in Clause 2.1.7above and/or Clause 2.1.10 or any event which, after the notice, or lapse of time, or both, would constitute an Event of Default has happened, the Company shall, forthwith give notice thereof to the Debenture Holders of each Series in which such Event of Default has occurred/Trustee in writing specifying the nature of such Event of Default, or of such event.

2.1.9 NOMINEE DIRECTOR

The Trustee shall have a right to appoint a nominee director on the Board of Directors of the Company (hereinafter referred to as "**the Nominee Director**") in accordance with the provisions of the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 in the event of:

(a) 2 (Two) consecutive defaults in payment of Coupon to the Debenture Holder(s) by the Company; or
(b) Any default on the part of the Company in redemption of the Debentures 1;
(c) Any default in the creation of Security;

The Nominee Director so appointed shall not be liable to retire by rotation nor shall be required to hold any qualification shares.

2.1.10 In addition to the events set out in Clause 2.1.7 (, the following events may be called by the Trustee as Events of Default in the manner as stated in Clause 2.1.2 (*Events of Default and Consequences*), after the expiry of the relevant time period:

If not rectified within 30 (Thirty) days from the date of receipt by the Company of a notice from the Trustee in relation thereto or the Company having obtained actual knowledge thereof, whichever is earlier:

(a) Any information given by the Company in the reports and other information furnished by the Company and the warranties given/deemed to have been given by it to the Trustee is intentionally misleading or incorrect in any material respect;
(b) The Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or the Company is voluntarily or involuntarily dissolved;
(c) A receiver or a liquidator has been appointed or allowed to be appointed for all or any part of the undertaking of the Company;
(d) Any process or petition for expropriation, attachment, sequestration, distress or execution affecting the Hypothecated Assets or any part thereof or certificate proceedings have been taken or commenced for recovery of any dues from the Company which has not been rejected/ discharged/ dismissed/ reversed or settled within 30 (Thirty) calendar days or as given in the said order; or

(e) If any material breach of terms of the relevant Disclosure Document(s) pertaining to any Series of Debentures is committed by the Company.

NOTE 3: COMPANY'S COVENANTS UNDER DEBENTURE TRUST DEED 2

3.1 **COVENANTS**

3.1.1 **AFFIRMATIVE AND REPORTING COVENANTS**

The Company hereby covenants with the Trustee that the Company shall undertake to comply with the following covenants:

(a) **Utilisation of proceeds of Debentures 2**

The Company shall utilise the monies received upon subscription of the Debentures 2 solely towards the Purpose. The Company also agrees to submit to the Trustee an annual 'end-use certificate' from the statutory auditor of the Company certifying the compliance with the same, within 60 (Sixty) days from the end of each financial year till the monies received towards subscription of the Debentures 2 have been fully utilized towards the Purpose.

The Company shall, within forty-five days from the end of every quarter submit to the stock exchange on a half yearly basis along with the half yearly financial results, a statement indicating utilization of issue proceeds of non-convertible securities, which shall be continued to be given till such time the issue proceeds have been fully utilized or the purpose for which these proceeds were raised has been achieved.

In case of any material deviation in the use of proceeds as compared to the objects of the Issue, the same shall be indicated in the format as specified by SEBI.

(b) **Validity of Transaction Documents**

The Company shall ensure that the Transaction Documents shall be validly executed and delivered and will continue in full force and effect and will constitute valid, enforceable and binding obligations of the Company.

(c) **Make the Relevant filings with the Registrar of Companies**

Pursuant to the Act and the relevant rules thereunder, the applicable guidelines issued by SEBI and RBI, the Company undertakes to make the necessary filings of the documents mandated therein with the Registrar of Companies and/or the Stock Exchange within the timelines thereunder to preserve, renew and keep in full force and effect its existence and/or its rights necessary for the operation of its business and/or the legality and validity of any Transaction Documents and/or the transactions contemplated by the Transaction Documents.

(d) **Minimum Investment**

The Company shall ensure that the minimum investment made in any single Tranche/Series by any investor is at least Rs.1,00,00,000/- (Rupees One Crore only).

(e) **Compliance with laws**

The Company shall comply with:

(i) all laws, rules, regulations and guidelines as applicable in respect of the Debentures 2, including but not limited, to the following: (i) the Act; (ii) SEBI Debt Listing Regulations; (iii) the provisions of the listing agreement entered into by the Company with the stock exchange in relation to the Debentures 2; (iv) the SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), and (v) the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the other notified rules under the Act.

(ii) comply with all the applicable provisions as mentioned in the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 to the extent the same is required to be complied with by the Trustee or is required in order to enable the Trustee to comply with the same, the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, and/or any other notification, circular, press release issued by the SEBI/RBI, from time to time, as may be applicable to the Company.

(f) **Notify the Trustee**

The Company shall provide / cause to be provided information in respect of the following events:

(i) notify the Trustee in writing, of any proposed change in the nature or conduct or scope of the business or operations of the Company, prior to the date on which such action is proposed to be given effect.

(ii) inform the Trustee of any major change in the composition of the Board of Directors of the Company which may amount to a change in control (as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011);

(iii) Inform the Trustee promptly of any amalgamation, merger or reconstruction scheme proposed by the Company.

(iv) The Company agrees that it shall forward to the Trustee promptly, whether a request for the same has been made or not:

A. a copy of the Statutory Auditors' and Directors' Annual Report, Balance Sheet and Profit & Loss Account and of all periodical and special reports at the same time as they are issued;

B. a copy of all notices, resolutions and circulars relating to new issue of debt securities at the same time as they are sent to shareholders/ holders of debt securities; and

C. a copy of all the notices, call letters, circulars, etc. of the meetings of debt security holders at the same time as they are sent to the holders of debt securities or advertised in the media.

(g) **Furnish Information to Trustee**

Give to the Trustee or their nominee(s) (and to the Debenture Holder(s), if so requested), information in respect of the following events:

(i) Furnish quarterly (unless specified otherwise, in which case, reports shall be submitted according to the specified timeline) report to the Trustee (and to the Debenture Holders), containing the following particulars: -

A. Periodical status/performance reports from the Company within 7 (Seven) days of the relevant board meeting or within 45 (Forty Five) days of the respective quarter, whichever is earlier;

B. Updated list of the names and addresses of the Debenture Holder(s);

C. Details of the principal and the Coupon to be made, but unpaid and reasons for the non-payment thereof;

D. The number and nature of grievances received from the Debenture Holder(s) and (a) resolved by the Company, (b) unresolved by the Company to the satisfaction of the Debenture Holder(s) and the reasons for the same;

E. A statement by the authorised signatory of the Company:

1. that the assets of the Company which are available as Hypothecated Assets is/are sufficient to discharge the claims of the Debenture Holder(s) as and when they become due; and
2. that the receivables constituting the Hypothecated Assets have not been charged or hypothecated in favour of any other party except the Trustee and that they are free from any other encumbrances;

F. Statement that the quarterly compliance report on corporate governance (if applicable) has been submitted to the Exchange, in the format prescribed by SEBI, within the time lines prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(ii) The Company shall provide to the Trustee such information as it may require for any filings, statements, reports that the Trustee is required to provide to any governmental authority under Applicable Law.

(h) At the request of any Debenture Holder(s), the Trustee shall, by notice to the Company, call upon the Company to take appropriate steps to redress grievances of the Debenture Holder(s) and shall, if necessary, at the request of the Debenture Holder(s) representing not less than one-tenth in value of the nominal amount of the Debentures 2 for the time being outstanding, call a meeting of the Debenture Holder(s).

The Company shall also promptly furnish to the Debenture Trustee the details of all the grievances received by them and shall comprise the following:

(i) Names of the complainants/Debenture Holders.
(ii) Nature of grievances/complaints.
(iii) Time taken for redressal of complaint/grievances etc.
(iv) The steps taken by the Company to redress the same.

The Company shall promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holder(s). The Company further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Trustee and shall advise the Trustee periodically of its compliance. All grievances relating to the Issue may be addressed to the compliance officer of the Company ("**Compliance Officer**") giving full details such as name, address of the applicant, date of the application, application number, number of Debentures applied for, amount paid on application and the place where the application was submitted. The Company shall make best efforts to settle investor grievances expeditiously and satisfactorily within 30 (Thirty) days from the date of receipt of such complaint. In case of non-routine complaints and where external agencies are involved, the Company shall make best endeavours to redress these complaints as expeditiously as possible. The Compliance Officer of the Company may also be contacted in case of any pre-issue/post issue related problems.

(i) The Company shall keep the Hypothecated Assets adequately insured and in a proper condition.
(j) The Company shall provide or cause to be provided, within 180 (One Hundred and Eighty) days from the end of the financial year, a copy of the latest annual report and the latest audited financial statements to the Trustee and the Trustee shall be obliged to share the details submitted under this clause with all Debenture Holders within 2 (Two) working days of their specific request;
(k) The Company shall carry out subsequent valuation of the Hypothecated Assets, at the request of the Trustee.
(l) The Company shall submit the following disclosures to the Trustee in electronic form (soft copy) at the time of allotment of the Debentures 2:

(i) Memorandum and Articles of Association and necessary resolution(s) for the allotment of the Debentures 2;
(ii) Copy of last three years' audited Annual Reports;
(iii) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
(iv) Latest un-audited or audited quarterly and year to year standalone financial results on a quarterly basis on the same day as disclosed to the Stock Exchange in the manner as stated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
(v) An undertaking to the effect that the Company would, till the redemption of the debt securities, submit the details mentioned in point (iv) above to the Trustee within the timelines as mentioned in Uniform Listing Agreement issued by SEBI vide circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015 as amended from time to time, for furnishing/publishing its half yearly/ annual result. Further, the Company shall submit a copy of the latest annual report to the Trustee, as and when the same is submitted to the Stock Exchange within the timeframe permitted under Applicable Law.

(m) The Company shall submit a half-yearly certificate by the statutory auditor, regarding maintenance of hundred percent Asset Cover, including compliance with all the covenants, in respect of the Debentures 2, along with financial results.
(n) The Company shall disclose to the stock exchange in quarterly, half-yearly, year- to-date and annual financial statements, as applicable, the extent and nature of security created and maintained with respect to its secured listed non-convertible debt securities.
(o) The Company shall not declare or pay any dividend to its shareholders during any financial year unless it has paid the Coupon then due and payable on the Debentures 2 or has made provision satisfactory to the Trustee for making such payment. Further, the Company shall not without prior consent of the Trustee, so long as an Event of Default has occurred or is continuing declare or distribute dividend to the shareholders in any year, until the Company has paid or made satisfactory provision for the payment of the principal and interest due on the Debentures.
(p) The Company shall promptly submit any information, as required by the Trustee including but not limited to the following: -
(i) such documents and intimations as set out in Regulation 56 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
(ii) by no later than 30 (thirty) days from the relevant Deemed Date of Allotment, a certificate signed by an authorised officer of the Company confirming credit of dematerialized Debentures into the depository accounts of the Debenture Holder(s) within the time lines prescribed by the Applicable Laws;
(iii) intimations regarding:
A. all material events and/or information as disclosed to the Stock Exchange under Regulation 51 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in so far as it relates to the interest, principal, issue and terms of the Debentures 2 , rating, creation of charge on the assets, notices, resolutions and meetings of holders of Debentures2, at the same time as disclosed to the Stock Exchange.
B. any revision in the rating;
C. any default in timely payment of interest or redemption or both in respect of the non-convertible debt securities;
D. failure to create the Security;
E. all covenants of the Issue (including side letters, accelerated payment clause, etc.);
F. a breach of covenants/ terms of the Issue by the Company;
G. any legal proceeding pending or threatened, investigation, regulatory notices or judicial orders against the Company, or any dispute between the Company and/or any Governmental Authority, which could result in a Material Adverse Effect or affecting the Hypothecated Assets;

(iv) The Company shall, to the extent required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and as may be applicable to the Company, submit to the Stock Exchange, along with the quarterly/ annual financial results, the following line items:

A. debt-equity ratio;
B. outstanding redeemable preference shares (quantity and value);
C. capital redemption reserve/debenture redemption reserve;
D. net worth;
E. net profit after tax;
F. earnings per share;
G. current ratio;
H. long term debt to working capital;
I. bad debts to Account receivable ratio;
J. current liability ratio;
K. total debts to total assets;
L. debtors turnover;
M. inventory turnover;
N. operating margin (%);
O. net profit margin (%);
P. sector specific equivalent ratios, as applicable.

(q) Notify the Trustee

(i) Promptly inform the Trustee if it has notice of any application for winding up having been made or any statutory notice of winding up under the Act or the Insolvency and Bankruptcy Code, 2016 or any other notice under any other act relation to winding up or otherwise of any suit or other legal process intended to be filed or initiated against the Company and/affecting the title to the Company's properties or if a receiver is appointed in respect of any of its properties or business or undertaking;
(ii) Promptly inform the Trustee on the happening of any event which is likely to cause/ has caused Material Adverse Effect;
(iii) Promptly after the Company obtains knowledge thereof, notice of the occurrence of any event which constitutes an Event of Default specifying the nature of such event and any steps the Company is taking and proposes to take to remedy the same;
(iv) Promptly inform the Trustee of any loss or damage which the Company may suffer due to any force majeure circumstances or act of God, such as earthquake, flood, tempest or typhoon, etc. against which the Company may not have insured its properties;
(v) Promptly inform the Trustee of the happening of any shut-downs, fires or any event likely to have a substantial effect on the Company's profits or business and of any material changes in the rate of production or sales of the Company with an explanation of the reasons therefor;
(vi) Promptly inform the Trustee of all orders, directions, notices, of court/tribunal affecting or likely to affect the Hypothecated Assets or any part thereof.

(r) **Preserve Corporate Status**

The Company shall diligently preserve its corporate existence and status and all rights, contracts, privileges, franchises and concessions now held or hereafter acquired by it in the conduct of its business and that it will comply with each and

every term of the said franchises and concessions and all acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Hypothecated Assets or any part thereof PROVIDED THAT the Company may contest in good faith the validity of any such acts, rules, regulations, orders and directions and pending the determination of such contest may postpone compliance therewith if the rights enforceable under the Debentures 2 or the Security of the Debentures 2 is not thereby materially endangered or impaired. The Company will not do or voluntarily suffer or permit to be done any act or thing whereby its right to transact its business might or could be terminated or whereby payment of the principal of or interest on the Debentures 2 might or would be hindered or delayed;

(s) **Further Assurances**
The Company shall:

(i) execute and/or do, at their own expense, all such deeds, assurances, documents, instruments, acts, matters and things, in such form and otherwise as the Trustee may reasonably or by law require or consider necessary in relation to enforcing or exercising any of the rights and authorities of the Trustee;
(ii) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations necessary to enable it lawfully to enter into and perform its obligations under the Trust Deed 2 or to ensure the legality, validity, enforceability or admissibility in evidence in India of the Trust Deed 2; and
(iii) comply with all Applicable Laws (including but not limited to environmental, social and taxation related laws), as applicable in respect of the Debentures and obtain such regulatory approvals as may be required from time to time under any Applicable Laws.

(t) **Transfer of Unclaimed Redemption Amounts.**

Comply with the provisions of the Applicable Law relating to transfer of unclaimed redemption and Coupon amounts of the Debentures to Investor Education and Protection Fund ("**IEPF"**), if applicable to it.

(u) The Company is aware that in terms of Regulation 14 of the SEBI (Debenture Trustees) Regulations, 1993 as amended from time to time, the Trust Deed 2 has to contain the matters specified in Section 71 of the Companies Act, 2013 and Form No. SH.12 specified under the Companies (Share Capital and Debentures) Rules, 2014. The Company hereby agrees to comply with all the clauses of Form No. SH.12 as specified under the Companies (Share Capital and Debentures) Rules, 2014, to the extent applicable to it, as if they are actually incorporated in the Trust Deed 2;
(v) Within 15 (Fifteen) Business Days of receipt of a request from the Trustee, the Company shall authenticate any information relating to the Debentures, to be submitted by the Trustee with the Information Utility.
(w) The Company shall submit to the Trustee, such information as may be required by the Trustee from time to time for the effective discharge of its duties and obligations.
(x) The Company shall submit the following reports/ certification to the Trustee within the timelines mentioned below:

Reports/Certificates	Timelines for submission Requirements to Trustee
Asset Cover Certificate in the format prescribed under Annexure A of SEBI Circular dated November 12, 2020 and bearing reference number SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/230	Quarterly basis within 45 days from end of each quarter or within such timelines as prescribed under Applicable Law.

(y) The Company shall cooperate with the Trustee to enable it to make necessary filings in connection with the creation of Security over the Hypothecated Assets with the CERSAI, within 30 (Thirty) calendar days from the date of creation of security over the Hypothecated Assets in respect of any Tranche/ Series.

(z) The Company shall submit a due diligence certificate issued by the Trustee in respect of the Security for each Tranche/ Series**,** in the applicable format prescribed under Annexure A of the SEBI circular dated November 03, 2020 (bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/218) to the Stock Exchange, on or prior to issuing the Shelf Placement Memorandum and each of the Tranche Placement Memorandum.

(aa) The Company shall carry on and conduct its business with due diligence and efficiency and in accordance with sound operational, technical, managerial and financial standards and business practices with qualified and experienced management and personnel.

(bb) <u>Access and Inspection</u>

The Company shall:

(i) permit the Trustee to examine the relevant books and records of the Company upon reasonable prior notice and at such reasonable times and intervals as the Trustee may reasonably request.

(ii) permit the Trustee and the representatives of the Debenture Holder(s), upon prior written notice, to visit and inspect any of the premises where its business is conducted and to have access to its relevant books of account and records in relation to the Issue and to enter into or upon and to view and inspect the state and condition of all the Hypothecated Assets, together with all records, registers relating to the Hypothecated Assets.

(iii) give to the Trustee such information as they shall require as to all matters relating to the business, property and affairs of the Company and at the time of the issue thereof to the shareholders of the Company furnish to the Trustee, 3 (three) copies of every report, balance sheet, profit and loss account, circulars or notices, issued to the shareholders and the Trustee shall be entitled, if it thinks fit, from time to time, to nominate a firm of chartered accountant to examine the books of account, documents and property of the Company or any part thereof and to investigate the affairs of the Company and the Company shall allow any such accountant to make such examination and investigation and shall furnish them with all such information as they may require and shall pay all costs, charges and expenses of and incidental to such examination and investigation;

(cc) The Company shall keep proper books of account as required by the Act and make true and proper entries of all dealings and transactions of the business of the Company and keep the said books of account and all other books, registers and other documents relating to the affairs of the Company at its registered office or, where permitted by law, at other place or places where the books of account and documents of a similar nature may be kept and the Company will ensure that all entries in the same relating the business of the Company shall at all reasonable times be open for inspection of the Trustee and such Person or Persons as the Trustee shall, from time to time, in writing for the purpose, appoint.

(dd) The Company shall punctually pay all rents, royalties, taxes, rates, levies, cesses, assessments, impositions and outgoings, governmental, municipal or otherwise imposed upon or payable by the Company as and when the same shall become payable including in relation to the Issue and the Hypothecated Assets and when required by the Trustee produce the receipts for such payments and observe, perform and comply with all covenants and obligations which ought to be observed and performed by the Company in respect of or any part of the Hypothecated Assets.

(ee) The Company shall pay all such stamp duty (including any additional stamp duty), other duties, taxes, charges and penalties, if and when the Company may be required to pay in relation to the Debentures issued under the Trust Deed 2 according to the laws for the time being in force in the State of Maharashtra, and in the event of the Company failing to pay such stamp duty, other duties, taxes and penalties as aforesaid, the Trustee will be at liberty (but shall not be bound) to pay the same and the Company shall reimburse the same to the Trustees on demand.

(ff) The Company shall reimburse all reasonable and actual sums paid or expenses incurred by the Trustees or any receiver, attorney, manager, agent or other Person appointed by the Trustees for all or any of the purposes mentioned in these presents within 15 (Fifteen) days of receipt of a notice of demand from them in this behalf. Until payment or

reimbursement of all such sums, the same shall be a charge upon the Hypothecated Assets in priority to the charge securing the Debentures.

(gg) The Company shall ensure that the Debentures are rated by the Rating Agencies and continue to be rated by the Rating Agencies until their redemption.

3.1.2 NEGATIVE COVENANTS

The Company hereby covenants that, the Company shall not, for so long as any amount remains outstanding under the Debentures 2 (except as may otherwise be intimated to the Trustee in writing or previously agreed to in writing by the Trustee (acting upon the receipt of the prior written approval of the Majority Debenture Holder(s)), as specified below, perform any of the following actions:

(a) The Company shall not, without the prior written consent of the Trustee, declare or pay any dividend to its shareholders during any Financial Year unless it has paid the installment of principal and Coupon then due and payable on the Debentures or has made provision satisfactory to the Trustee for making such payment. Further, the Company shall not, without prior consent of the Trustee, so long as an Event of Default has occurred or is continuing, declare or distribute dividend to the shareholders in any year, until the Company has paid or made satisfactory provision for the payment of the principal and Coupon due on the Debentures 2**.**

(b) Except as provided in the Trust Deed 2, the Company shall not sell or dispose of the Hypothecated Assets or any part thereof or create thereon, any mortgage, lien or charge by way of hypothecation, pledge or otherwise howsoever or other encumbrance of any kind; and

(c) The Company shall not, without prior intimation in writing to the Trustee, undertake or permit any merger, consolidation, reorganisation, amalgamation, reconstruction, consolidation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.

3.1.3 FINANCIAL COVENANTS AND CONDITIONS

(i) DEBENTURES 2 TO RANK *PARI PASSU*

The Debentures 2 under each Tranche/Series shall rank *pari passu*, inter se, without any preference or priority of one over the other or others of them.

(ii) COUPON

(a) **INTEREST ON APPLICATION MONEY**

The Company shall be liable to pay the Debenture Holder(s) interest on application money as more particularly specified in the relevant Tranche Placement Memorandum for each Tranche/Series and in accordance with the Shelf Placement Memorandum.

(b) **COUPON RATE**

Coupon shall be payable at the rate as may be specified in the relevant Tranche Placement Memorandum(s), in respect of the relevant Tranche/Series on every Coupon Payment Date.

(c) **COMPUTATION OF COUPON**

All Coupon accruing on the face value of the Debentures 2 shall accrue from day to day at the applicable Coupon Rate and rounded off to the nearest Rupee. The Coupon shall be computed on the Outstanding Principal Amount on the relevant Debentures 2 for the period commencing from the relevant Deemed Date of Allotment (or the previous Coupon Payment Date on which the Coupon has been fully paid) and expiring on the immediately succeeding Coupon Payment Date and such Coupon shall be paid on the said succeeding Coupon Payment Date. The Coupon shall be computed in accordance with the day count basis as more particularly specified in the relevant Tranche Placement Memorandum for each Tranche/Series.

(d) **COUPON PAYMENT DATE(S)**

The Coupon shall be made to the Debenture Holders on such dates as may be specified in the relevant Tranche Placement Memorandum(s) ("**Coupon Payment Dates**"), in respect of the relevant Tranche/Series.

(iii) REDEMPTION

(a) As and when the specific Tranche/Series of Debentures 2 are issued, the Company shall inform the Trustee of the Redemption Date(s) for that Tranche/Series of Debentures 2. The tenure of each Series/Tranche of the Debentures 2 shall be as specified in the Tranche Placement Memorandum Issued for that Series/Tranche. It is clarified that the Debentures 2 under a Tranche/Series may be issued with a rollover option as may be agreed upon with prospective investors for such Tranche/Series. The details of such rollover option shall be provided for in the relevant Tranche Placement Memorandum applicable for that Tranche/Series and shall be exercised in accordance with the Applicable Law. It is further clarified that the Company may issue Debentures 2 under a Tranche/Series with a call option and/ or a put option to be exercised at such interval as may be agreed upon with prospective investors for such Tranche/Series. The details of such call option and / or the put option and the manner of exercise of the same shall be provided in the relevant Tranche Placement Memorandum applicable for that Tranche/Series.

(b) Redemption of Debentures 2 under a Tranche/Series will be proportionate to the investment made by each Debenture Holder for that Tranche/ Series.

(c) The Company shall furnish the details of payments made to the Debenture Holders, containing the following, towards redemption or the payment of the principal amount and Coupon in respect of such Tranche(s)/Series to the Exchange:

(i) Principal Amount paid;
(ii) Coupon paid; and
(iii) Date of payment

(iv) PAYMENTS

Payment of the Outstanding Principal Amount and the Coupon will be made to the registered Debenture Holder(s)/Beneficial Owner(s) and in case of joint holders to the one whose name stands first in the in the list of Beneficial

Owner(s) provided to the Company by the RTA / Depository (NSDL/ CDSL) on the Record Date. Such payments shall be made by cheque or warrant drawn by the Company on its bankers or by electronic mode viz. RTGS / NECS / NEFT, as the case may be.

(v) BUSINESS DAY CONVENTION

If any Coupon Payment Date in respect of a relevant Tranche/ Series falls on a day which is not a Business Day, then the immediately succeeding Business Day shall be the due date for such payment, however, the dates of the future Coupon payments in respect of such relevant Series/ Tranche would be as per the schedule originally stipulated in the relevant Tranche Placement Memorandum. In other words, the subsequent Coupon payment schedule would not be disturbed merely because the payment date in respect of one particular Coupon payment has been postponed earlier because of it having fallen on non-Business Day.

If the Maturity Date / Redemption Date (including the last Coupon Payment Date) or the due date in respect of liquidated damages (if any) and all other monies payable under a Tranche Placement Memorandum falls on a day which is not a Business Day, then the immediately preceding Business Day shall be the due date for such payment.

(vi) TAXATION

(a) As per the existing tax laws, tax will be deducted at source at the time of actual payment of Coupon to the Debenture Holder(s) at the rate for the time being prescribed by the Income Tax Act,1961.

(b) The Company shall deliver to the Debenture Holder(s), evidence or certificate of the taxes deducted at source within the time frame prescribed under the law.

(c) For seeking TDS exemption / lower rate of TDS, relevant certificate / document must be lodged by the Debenture Holder(s) at the corporate office of the Company at least 15 (Fifteen) days before the interest payment becoming due. Tax exemption certificate / declaration of non-deduction of tax at source on interest on application money should be submitted along with the application form.

(vii) ADDITIONAL INTEREST

(i) In case of default in payment of Coupon and/ or redemption of the principal amount of the Debentures 2 on the respective Due Dates, additional interest of at least 2% (Two Percent) per annum over and above the Coupon Rate shall be payable by the Company for the defaulting period until the defaulted amount together with the delay penalty is paid, in compliance with the SEBI Debt Listing Regulations as may be updated/ amended from time to time.

(ii) Where the Company fails to execute the trust deed within the period specified by SEBI, then without prejudice to any liability arising on account of violation of the provisions of the Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Company shall also pay interest of at least 2% (Two Percent) per annum or such other rate, as specified by SEBI to the Debenture Holders, over and above the Coupon Rate, till the execution of the Trust Deed 2.

(viii) FURTHER BORROWINGS

The Company shall be entitled to make further issue of debentures and/or raise further loans and/or avail of further deferred payment/guarantee facilities from time to time for such amounts and from such persons/public financial institutions/banks or any other financial corporations or body corporate to be secured on such basis as may be agreed with such lender. However, until the Debentures 2 are fully redeemed, the Company shall not create any charge on the Hypothecated Assets without obtaining the consent of the Trustee. Provided that at the time of raising such further issue of Debentures and/or further term loans and/or availing deferred payment credit/guarantee facilities, the Company shall maintain the Asset Cover.

(ix) REPURCHASE, REISSUE AND CONSOLIDATION OF DEBENTURES

The Company shall, subject to Applicable Law and the Tranche Placement Memorandum(s) in respect of the relevant Tranche/ Series of the Debentures 2 at any time and from time to time, have the power exercisable at its sole and absolute discretion to purchase some or all of the relevant Tranche/ Series of the Debentures 2 held by the Debenture Holder(s) at any time prior to the specified date(s) of redemption from the open market or otherwise. Such buy-back/purchase of relevant Tranche or Series of the Debentures 2 may be at par or at discount / premium to the face value at the sole discretion of the Company and maybe done either on a pro rata basis or by lot or by any other manner whatsoever, as the Company may deem fit. The Trustee (for and on behalf of the Debenture Holders) hereby irrevocably gives its consent to the Company for such buy back/purchase of the relevant Tranche/ Series of the Debentures 2. The relevant Tranche/ Series of the Debentures 2 so purchased may, at the option of the Company and subject to Applicable Laws, be cancelled, held, consolidated or resold.

Where the Company has repurchased / redeemed any such relevant Tranche or Series of the Debentures 2, if permissible under and subject to the provisions of the Applicable Laws, the Company shall have and shall be deemed always to have had the right to keep such relevant Tranche or Series of the Debentures 2 alive for the purpose of reissue and in exercising such right, the Company shall have and shall be deemed always to have had the power to reissue such relevant Tranche or Series of the Debentures, either by reissuing the same relevant Tranche or Series of the Debentures 2 or by issuing other Debentures 2 in their place, in either case, at such a price and on such terms and conditions (including any variations, dropping of or additions to any terms and conditions originally stipulated) as the Company may deem fit.

(x) TRANSFER OF DEBENTURES

(a) The Debentures 2 shall be freely transferable and transmittable by the Debenture Holder(s) in whole or in part without the prior consent of the Company when made in accordance with the Transaction Documents. The Debenture Holder(s) shall also have the right to novate, transfer or assign its rights and/or the benefits under the Transaction Documents upon such transfer/transmission of the Debentures 2.

(b) It is clarified that the Company shall not assign any of the rights, duties or obligations under this Trust Deed or in relation to the Debentures 2 without the prior written consent of the Trustee (acting on the instructions of all the Debenture Holder(s)).

(xi) DEBENTURES 2 FREE FROM EQUITIES

The Debenture Holder(s) will be entitled to their Debentures 2 free from equities or cross claims by the Company against the original or any intermediate holders thereof.

(xii) DEBENTURE HOLDER NOT ENTITLED TO SHAREHOLDERS' RIGHTS

The Debenture Holder(s) shall not be entitled to any of the rights and privileges available to the shareholders of the Company including right to receive notices of or to attend and vote at general meetings or to receive annual reports of the Company.

If, however, any resolution affecting the rights attached to the Debentures 2 is placed before the shareholders, such resolution will first be placed before the Debenture Holder(s) for their consideration.

(xiii) VARIATION OF DEBENTURE HOLDER(S)' RIGHTS

The rights, privileges and conditions attached to the Debentures 2 under a particular Tranche/Series may be varied, modified or abrogated with the consent in writing of the Majority Debenture Holder(s) of that particular Tranche/Series.

3.1.4 **BREACH OF COVENANT BY THE COMPANY MAY BE WAIVED**

The Trustee may, at any time, waive on such terms and conditions as to them shall seem expedient, any breach by the Company of any of the covenants and provisions in these presents contained without prejudice to the rights of the Trustee in respect of any subsequent breach thereof provided however that the prior consent of the Super Majority Debenture Holder(s) or Majority Debenture Holder(s) (in case such breach is in respect of any particular Series/Tranche) shall have been obtained by the Trustee for any such waiver.

3.1.5 Notwithstanding anything to the contrary set out herein it is hereby clarified for the avoidance of doubt that the Company shall comply with all Applicable Laws in relation to the Debentures 2 including Applicable Laws as may have been amended, updated, supplemented, modified or superseded pursuant to the execution of the Debenture Trust Deed 2 and all certificates, reports, information and documents to be submitted by the Company under the terms of Part A of Debenture Trust Deed 2 shall be submitted to the relevant authority or the Debenture Trustee, as may be applicable, within the timelines prescribed under such Applicable Law, irrespective of the timeline set out under the relevant covenant in Part A of Debenture Trust Deed 2 (unless the timeline set out under the relevant covenant is shorter than the timeline prescribed under Applicable Law, in which case the timeline set out under the relevant covenant shall be complied with).

3.2 Notwithstanding anything to the contrary contained in the Debenture Trust Deed 2, in case of any inconsistency between the covenants set out in Note 3 under this General Information Document read with the relevant Key Information Document and the covenants as set out in the Debenture Trust Deed 2, the covenants as set out in Note 3 under this General Information Document read with the relevant Key Information Document shall prevail over and override the covenants under the Debenture Trust Deed 2 for all intents and purposes. Provided however, in case of any inconsistencies between the covenants as set out in Note 3 and Applicable Law, the terms of Applicable Law shall prevail over and override the covenants under this General Information Document read with the relevant Key Information Document, for all intents and purposes and the covenants as set out in the Debenture Trust Deed 2 and this General Information Document read with the relevant Key Information Document shall be deemed to have been amended such that the Applicable Law prevails.

NOTE 4: EVENTS OF DEFAULT AND CONSEQUENCES OF EVENTS OF DEFAULT UNDER DEBENTURE TRUST DEED 2

4.1 EVENTS OF DEFAULT AND CONSEQUENCES

4.1.1 If one or more of the events specified in Clause 4.1.7 below and as specified in Clause 4.1.10 below happen(s) in respect of any Series/Tranches, the Trustee shall, upon request in writing of the Super Majority Debenture Holders or by a Special Resolution duly passed at the meeting of the Debenture Holder(s), convened in accordance with the provisions set out in the Schedule II (*Provisions for the Meetings of the Debenture Holder(s)*) of the Debenture Trust Deed 2, give a notice of such number of days as specified in Clause 4.1.7 and Clause 4.1.10 below in writing to the Company to remedy the relevant event, provided that no such notice will be given in case of occurrence of the event specified in Clause 4.1.7.

4.1.2 The Trustee may send a notice to the Debenture Holders calling an event of default ("**Event of Default**") in accordance with Clause 4.1.7 and Clause 4.1.0 below, by registered post/acknowledgement due or speed post/acknowledgement due or courier or hand delivery with proof of delivery as also through email as a text or as an attachment to email, followed by a written notice, with a notification including a read receipt, and proof of dispatch of such notice or email, shall be maintained.

4.1.3 The notice to be sent by the Trustee (as specified in Clause 4.1.2 above) shall contain the following:

(a) Negative consent for proceeding with the enforcement of Security;
(b) positive consent for signing the ICA;
(c) the time period within which the consent needs to be provided by the Debenture Holders, which consent is required to be given by the Debenture Holders within 15 (Fifteen) days from the date of notice; and
(d) the date of meeting to be convened (which meeting shall be convened within 30 (Thirty) days from the notice of the Trustee calling an Event of Default as referred to in Clause 4.1.1 above).

Provided that in case the Event of Default is remedied between the date of notice and the date of meeting, then the convening of such a meeting may be dispensed with.

4.1.4 If the Event of Default is still continuing, then the Trustee shall take necessary action of entering into the ICA or take action as decided in the meeting of Debenture Holders, subject to the following:

(a) In case(s) where majority of Debenture Holders expressed their consent to enter into ICA, the Trustee(s) shall enter into the ICA, subject to the conditions set out in Clause 4.1.5;
(b) The Trustee may form a representative committee of the Debenture Holders to participate in the ICA or as may be decided in the meeting of the Debenture Holders. Such a committee may comprise of the designated members representing the interest of the ISIN level Debenture Holders under the Debentures. The Representative Committee shall be responsible to take decisions which shall be binding on the specific ISIN level Debenture Holders relating to ICA matters, or take any other action as may be decided by the Debenture Holders, from time to time.

For the purpose of this Clause 4.1.4, the consent of the majority of Debenture Holders shall mean the approval of not less than 75% of the Debenture Holders by value of the outstanding Debentures and 60% of the Debenture Holders by number at the ISIN level.

4.1.5 The Trustee may sign the ICA and consider the resolution plan on behalf of the Debenture Holders upon compliance with the following conditions:

(a) The signing of the ICA and agreeing to the resolution plan is in the interest of Debentures and in compliance with the Act and the rules made thereunder, the Securities Contracts (Regulations) Act, 1956 and the Securities and Exchange Board of India Act, 1992 and the rules, regulations and circulars issued thereunder from time to time.

(b) If the resolution plan imposes condition(s) on the Trustee that are not in accordance with the provisions of Companies Act, 2013 and the rules made thereunder, the Securities Contracts (Regulations) Act, 1956 and the Securities and Exchange Board of India Act, 1992 and the rules, regulations and circulars issued thereunder from time to time, then the Trustee shall be free to exit the ICA altogether with the same rights as if it had never signed the ICA. Under these circumstances, the resolution plan shall not be binding on the Trustee.

(c) The resolution plan shall be finalized within 180 (One Hundred and Eighty) days from the end of the review period. If the resolution plan is not finalized within 180 (One Hundred and Eighty) days from the end of the review period, then the Trustee shall be free to exit the ICA altogether with the same rights as if it had never signed the ICA and the resolution plan shall not be binding on the Trustee. However, if the finalization of the resolution plan extends beyond 180 (One Hundred and Eighty) days, the Trustee may consent to an extension beyond 180 (One Hundred and Eighty) days subject to the approval of the investors regarding the total timeline. The total timeline shall not exceed 365 (Three Hundred and Sixty Five) days from the date of commencement of the review period.

(d) If any of the terms of the approved resolution plan are contravened by any of the signatories to the ICA, the Trustee shall be free to exit the ICA and seek appropriate legal recourse or any other action as deemed fit in the interest of the Debenture Holders.

4.1.6 Subject to the above, the Trustee shall have the following rights:

(a) to appoint a Nominee Director as per Clause 4.1.9 below;
(b) initiating any enforcement action including without limitation Insolvency and Bankruptcy Code, 2016 (wherever applicable);
(c) levy additional interest in the manner set out in Clause 4.1.7 below;
(d) exercise any other right that the Trustee and / or Debenture Holder(s) may have under the Transaction Documents or under Applicable Law.

4.1.7 In addition to the events set out in Clause 4.1.10 below, the following events may be called by the Trustee as Events of Default in the manner as stated in Clause 4.1.2 above, after the expiry of the relevant time period:

(a) Non-payment on Due Date of any amount payable pursuant to this Trust Deed 2, in respect of any Series/Tranche of Debentures;

(b) If not rectified within 30 (Thirty) days from the date of receipt by the Company of a notice from the Trustee in relation thereto or the Company having obtained actual knowledge thereof, whichever is earlier:

(i) other than Clause (a) above, there is a delay in the performance or breach of any covenant, condition or provision contained in these presents and/or the Financial Covenants and Conditions, except where such delay or breach is in the opinion of the Trustee incapable of remedy and no notice shall be given by the Trustee in such a case;

(ii) the Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or the Company is voluntarily or involuntarily dissolved;

(iii) the Company ceases or threatens in writing to cease to carry on its business or any substantial part thereof or gives notice of its intention to do so;

(iv) except as permitted in this Deed 3, if, without the prior written approval of the Trustee, the Hypothecated Assets or any part thereof is disposed of, charged, encumbered or alienated;

(v) the value of the Hypothecated Assets is insufficient to maintain the Asset Cover and Company fails to maintain the Asset Cover within the stipulated timelines in the Deed of Hypothecation;

(vi) in the reasonable opinion of the Trustee, acting on the instructions of the Super Majority Debenture Holder(s), the Security offered for the Debentures is in jeopardy. It is hereby clarified that the Security created to secure the obligations of the Company in relation to the Debentures, shall be considered to be in jeopardy, only in the event that any attachment or distraint is levied in respect of the Hypothecated Assets.

(c) The Company admits, in writing, its inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness;

(d) When an order has been made by the tribunal or a special resolution has been passed by the members of the company for winding up of the company;

(e) The Company ceases or threatens in writing to cease to carry on its business or gives notice of its intention to do so.

4.1.8 If any Event of Default (as set out in Clause 4.1.7 and/or Clause 4.1.10 (Events *of Default*)) or any event which, after the notice, or lapse of time, or both, would constitute an Event of Default has happened, the Company shall, forthwith give notice thereof to the Debenture Holders of each Series/Tranches in which such Event of Default has occurred/Trustee in writing specifying the nature of such Event of Default, or of such event.

4.1.9 **NOMINEE DIRECTOR**

The Trustee shall have a right to appoint a nominee director on the Board of Directors of the Company (hereinafter referred to as "**the Nominee Director**") in accordance with the provisions of the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 in the event of:

(a) 2 (Two) consecutive defaults in payment of Coupon to the Debenture Holder(s) by the Company; or
(b) Any default on the part of the Company in redemption of the Debentures;
(c) Any default in the creation of Security;

The Nominee Director so appointed shall not be liable to retire by rotation nor shall be required to hold any qualification shares.

4.1.10 EVENTS OF DEFAULT

In addition to the events set out in Clause 4.1.7 (*Events of Default and Consequences*) above, the following events may be called by the Trustee as Events of Default in the manner as stated in Clause 4.1.2 (*Events of Default and Consequences*) above, after the expiry of the relevant time period:

If not rectified within 30 (Thirty) days from the date of receipt by the Company of a notice from the Trustee in relation thereto or the Company having obtained actual knowledge thereof, whichever is earlier:

(a) Any information given by the Company in the reports and other information furnished by the Company and the warranties given/deemed to have been given by it to the Trustee is intentionally misleading or incorrect in any material respect;

(b) The Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or the Company is voluntarily or involuntarily dissolved;

(c) A receiver or a liquidator has been appointed or allowed to be appointed for all or any part of the undertaking of the Company;

(d) Any process or petition for expropriation, attachment, sequestration, distress or execution affecting the Hypothecated Assets or any part thereof or certificate proceedings have been taken or commenced for recovery of any dues from the Company which has not been rejected/ discharged/ dismissed/ reversed or settled within 30 (Thirty) calendar days or as given in the said order; or

(e) If any material breach of terms of the relevant Disclosure Document(s) pertaining to any Series/Tranche of Debentures is committed by the Company.

Note 5: COMPANY'S COVENANTS UNDER DEBENTURE TRUST DEED 3

5.1 AFFIRMATIVE AND REPORTING COVENANTS

The Company hereby covenants with the Trustee that the Company shall, undertake to comply with the following covenants:

(a) **Utilisation of proceeds of Debentures 3**

The Company shall utilise the monies received upon subscription of the Debentures 3 solely towards the Purpose. The Company also agrees to submit to the Trustee an annual 'end-use certificate' from the statutory auditor of the Company certifying the compliance with the same, at the end of each financial year till the monies received towards subscription of the Debentures 3 have been fully utilized towards the Purpose.

The Company shall submit to the stock exchange, along with quarterly financial results, a statement indicating utilization of issue proceeds of non-convertible securities, in such format as may be specified by the SEBI which shall be continued to be given till such issue proceeds have been fully utilized or the purpose for which these proceeds were raised has been achieved.

The Company shall submit to the Stock Exchange, along with the quarterly financial results, a statement disclosing material deviation(s), if any, in the use of issue proceeds of non-convertible securities from the objects of the Issue, in such format as may be specified by SEBI till such proceeds have been fully utilized or the purpose for which the proceeds were raised has been achieved.

(b) **Validity of Transaction Documents**

The Company shall ensure that the Transaction Documents shall be validly executed and delivered and will continue in full force and effect and will constitute valid, enforceable and binding obligations of the Company.

(c) **Make the Relevant filings with the Registrar of Companies**

Pursuant to the Act and the relevant rules thereunder, the applicable guidelines issued by SEBI and RBI, the Company undertakes to make the necessary filings of the documents mandated therein with the Registrar of Companies and/or the Stock Exchange within the timelines thereunder to preserve, renew and keep in full force and effect its existence and/or its rights necessary for the operation of its business and/or the legality and validity of any Transaction Documents and/or the transactions contemplated by the Transaction Documents. The Company shall, immediately upon receipt of a signed copy of the certificate of registration of charge from the concerned Registrar of Companies, submit a copy of the same to the Debenture Trustee.

(d) **Minimum Investment**

The Company shall ensure that the minimum investment made in any single Series by any investor is at least Rs.1,00,00,000/- (Rupees One Crore only).

(e) **Compliance with laws**

The Company shall comply with:

(i) all laws, rules, regulations and guidelines as applicable in respect of the Debentures 3, including but not limited, to the following: (i) the Act; (ii) SEBI Debt Listing Regulations; (iii) the provisions of the listing agreement entered into by the Company with the stock exchange in relation to the Debentures 3; (iv) the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), and (v) the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the other notified rules under the Act.

(ii) comply with all the applicable provisions as mentioned in the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 to the extent the same is required to be complied with by the Trustee or is required in order to enable the Trustee to comply with the same, the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, and/or any other notification, circular, press release issued by the SEBI/RBI, from time to time, as may be applicable to the Company.

(f) **Notify the Trustee**

The Company shall provide / cause to be provided information in respect of the following events:

(i) notify the Trustee in writing, of any proposed change in the nature or conduct or scope of the business or operations of the Company, prior to the date on which such action is proposed to be given effect.

(ii) inform the Trustee of any significant change in the composition of the Board of Directors of the Company which may amount to a change in 'control' (as defined under clause (h) of sub-section (2) of Section 11 of the Securities and Exchange Board of India Act, 1992);

(iii) Inform the Trustee promptly of any amalgamation, merger or reconstruction scheme proposed by the Company.

(iv) The Company agrees that it shall forward to the Trustee promptly, whether a request for the same has been made or not:

A. a copy of the Statutory Auditors' and Directors' Annual Report, Balance Sheet and Profit & Loss Account and of all periodical and special reports at the same time as they are issued;

B. a copy of all notices, resolutions and circulars relating to new issue of debt securities at the same time as they are sent to shareholders/ holders of debt securities; and

C. a copy of all the notices, call letters, circulars, etc. of the meetings of debt security holders at the same time as they are sent to the holders of debt securities or advertised in the media including those related to proceedings of the meetings.

(g) **Furnish Information to Trustee**

Give to the Trustee or their nominee(s) (and to the Debenture Holder(s), if so requested), information in respect of the following events:

(i) Furnish quarterly (unless specified otherwise, in which case, reports shall be submitted according to the specified timeline) report to the Trustee (and to the Debenture Holders), containing the following particulars: -

A. Periodical status/performance reports from the Company within 7 (Seven) days of the relevant board meeting or within 45 (Forty-Five) days of the respective quarter, whichever is earlier;

B. Updated list of the names and addresses of the Debenture Holder(s);

C. Details of the principal and the Coupon to be made, but unpaid and reasons for the non-payment thereof;

D. The number and nature of grievances received from the Debenture Holder(s) and (a) resolved by the Company, (b) unresolved by the Company to the satisfaction of the Debenture Holder(s) and the reasons for the same;

E. A statement by the authorized signatory of the Company:

1. that the assets of the Company which are available as Hypothecated Assets is/are sufficient to discharge the claims of the Debenture Holder(s) as and when they become due;

2. that the receivables constituting the Hypothecated Assets have not been charged or hypothecated in favour of any other party except the Trustee and that they are free from any other encumbrances;

F. Statement that the quarterly compliance report on corporate governance (if applicable) has been submitted to the Exchange, in the format prescribed by SEBI, within the timelines prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

G. And any other information as may be required by the Trustee pursuant to requirements of Applicable Law.

(ii) The Company shall provide to the Trustee such information as it may require for any filings, statements, reports that the Trustee is required to provide to any Governmental Authority under Applicable Law.

(h) At the request of any Debenture Holder(s), the Trustee shall, by notice to the Company, call upon the Company to take appropriate steps to redress grievances of the Debenture Holder(s) and shall, if necessary, at the request of the

Debenture Holder(s) representing not less than one-tenth in value of the nominal amount of the Debentures 3 for the time being outstanding, call a meeting of the Debenture Holder(s).

The Company shall also promptly furnish to the Trustee the details of all the grievances received by them and shall comprise the following:

(i) Names of the complainants/Debenture Holders.
(ii) Nature of grievances/complaints.
(iii) Time taken for redressal of complaint/grievances etc.
(iv) The steps taken by the Company to redress the same.

The Company shall promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holder(s). The Company further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Trustee and shall advise the Trustee periodically of its compliance. All grievances relating to the Issue may be addressed to the compliance officer of the Company ("Compliance Officer") giving full details such as name, address of the applicant, date of the application, application number, number of Debentures 3 applied for, amount paid on application and the place where the application was submitted. The Company shall make best efforts to settle investor grievances expeditiously and satisfactorily within 30 (Thirty) days from the date of receipt of such complaint. In case of non-routine complaints and where external agencies are involved, the Company shall make best endeavours to redress these complaints as expeditiously as possible. The Compliance Officer of the Company may also be contacted in case of any pre-issue/post issue related problems.

(i) The Company shall keep the Hypothecated Assets adequately insured and in a proper condition.
(j) The Company shall provide or cause to be provided, a copy of the latest annual report and the latest audited financial statements to the Trustee, as per the timelines provided under SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 and other Applicable Laws, and the Trustee shall be obliged to share the details submitted under this clause with all Debenture Holders within 2 (Two) working days of their specific request;
(k) The Company shall carry out subsequent valuation of the Hypothecated Assets, at the request of the Trustee.
(l) The Company shall submit the following disclosures to the Trustee in electronic form (soft copy) at the time of allotment of the Debentures 3:

(i) Memorandum and Articles of Association and necessary resolution(s) for the allotment of the Debentures 3;
(ii) Copy of last three years' audited Annual Reports;
(iii) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
(iv) Latest un-audited or audited quarterly and year to date standalone financial results on a quarterly basis on the same day as disclosed to the Stock Exchange in the manner as stated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(v) An undertaking to the effect that the Company would, till the redemption of the debt securities, submit the details mentioned in point (iv) above to the Trustee within the timelines as mentioned in Uniform Listing Agreement issued by SEBI vide circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015 as amended from time to time, for furnishing/publishing its half yearly/ annual result. Further, the Company shall submit a copy of the latest annual report to the Trustee, as and when the same is submitted to the Stock Exchange within the timeframe permitted under Applicable Law.

(m) The Company shall submit a half-yearly / quarterly certificate by the statutory auditor, regarding maintenance of Security Cover, including compliance with all the covenants, in respect of the Debentures 3, along with financial results, in the manner and format as specified by SEBI.

(n) The Company shall disclose to the stock exchange in quarterly, half-yearly, year- to-date and annual financial statements, as applicable, the extent and nature of security created and maintained with respect to its secured listed non-convertible debt securities.

(o) The Company shall not declare or pay any dividend to its shareholders during any financial year unless it has paid the Coupon then due and payable on the Debentures 3 or has made provision satisfactory to the Trustee for making such payment. Further, the Company shall not without prior consent of the Trustee, so long as an Event of Default has occurred or is continuing declare or distribute dividend to the shareholders in any year, until the Company has paid or made satisfactory provision for the payment of the principal and interest due on the Debentures 3.

(p) The Company shall promptly submit any information, as required by the Trustee including but not limited to the following: -

(i) such documents and intimations as set out in Regulation 52, 53 and 56 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(ii) by no later than 30 (thirty) days from the relevant Deemed Date of Allotment, a credit letter obtained from the Depository for credit of dematerialized Debentures 3 into the depository accounts of the Debenture Holder(s) within the time lines prescribed by the Applicable Laws;

(iii) intimations regarding:

A. all material events and/or information as disclosed to the Stock Exchange under Regulation 51 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in so far as it relates to the interest, principal, issue and terms of the Debentures 3, rating, creation of charge on the assets, notices, resolutions and meetings of holders of Debentures 3, at the same time as disclosed to the Stock Exchange.
B. any revision in the rating;
C. any default in timely payment of interest or redemption or both in respect of the non-convertible debt securities;
D. failure to create the Security;
E. all covenants of the Issue (including side letters, accelerated payment clause, etc.);
F. a breach of covenants/ terms of the Issue by the Company;
G. any legal proceeding pending or threatened, investigation, regulatory notices or judicial orders against the Company, or any dispute between the Company and/or any Governmental Authority, which could result in a Material Adverse Effect or affecting the Hypothecated Assets;

(iv) The Company shall, to the extent required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and as may be applicable to the Company, submit to the Stock Exchange, along with the quarterly/ annual financial results, the following line items:

A. debt-equity ratio;
B. debt service coverage ratio;
C. interest service coverage ratio;
D. outstanding redeemable preference shares (quantity and value);
E. capital redemption reserve/debenture redemption reserve (if applicable);
F. net worth;
G. net profit after tax;
H. earnings per share;
I. current ratio;

J. long term debt to working capital;
K. bad debts to Account receivable ratio;
L. current liability ratio;
M. total debts to total assets;
N. debtors' turnover;
O. inventory turnover;
P. operating margin (%);
Q. net profit margin (%);

Provided that if the information mentioned in sub-clause (iv) above is not applicable to the Company, it shall disclose such other ratio/equivalent financial information, as may be required to be maintained under Applicable Laws, if any.

(q) **Transfer of Unclaimed Redemption Amounts.**

Comply with the provisions of the Applicable Law relating to transfer of unclaimed redemption and Coupon amounts of the Debentures 3 to Investor Education and Protection Fund ("IEPF"), if applicable to it.

(r) The Company is aware that in terms of Regulation 14 of the SEBI (Debenture Trustees) Regulations, 1993 as amended from time to time, the Debenture Trust Deed 3 has to contain the matters specified in Section 71 of the Companies Act, 2013 and Form No. SH.12 specified under the Companies (Share Capital and Debentures) Rules, 2014. The Company hereby agrees to comply with all the clauses of Form No. SH.12 as specified under the Companies (Share Capital and Debentures) Rules, 2014, to the extent applicable to it and subject to Applicable Law, as if they are actually incorporated in the Debenture Trust Deed 3;

(s) Within 15 (Fifteen) Business Days of receipt of a request from the Trustee, the Company shall authenticate any information relating to the Debentures 3, to be submitted by the Trustee with the Information Utility.

(t) The Company shall submit to the Trustee, such information as may be required by the Trustee from time to time for the effective discharge of its duties and obligations.

(u) The Company shall submit the following reports/ certification to the Trustee within the timelines mentioned below:

Reports/Certificates	Timelines for submission Requirements to Trustee
Security Cover Certificate in the format prescribed under Annexure I of SEBI Circular dated May 19, 2022 and bearing reference number SEBI/ HO/ MIRSD/ MIRSD_CRADT/ CIR/ P/ 2022/67	Quarterly basis within 60 days from end of each quarter except last quarter of financial year or within such timelines as prescribed under Applicable Law. For the last quarter, within 75 days from the end of the financial year.
Valuation report and title search report for the immovable/ movable assets, as applicable	Once in three years within 60 days from the end of the financial year or within such timelines as prescribed under Applicable Law.

(v) On a quarterly basis, the company shall furnish the compliance status with respect to financial covenants of the listed debt securities certified by statutory auditor of listed entity to Trustee pursuant to SEBI circular no. SEBI/HO/MIRSD/MIRSD_CRADT/CIR/P/2022/67 dated May 19, 2022, (including any amendments or restatements thereof).

(w) The Company hereby covenants and undertakes that it shall furnish the documents/ information/ reports/ certificates, as applicable and as may be requested by the Trustee, to enable the Trustee to submit the same to the Stock Exchange(s) within such timelines as prescribed under SEBI circular SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 03, 2020, SEBI circular no. SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/230 dated November 12, 2020, SEBI circular no.

SEBI/HO/MIRSD/MIRSD_CRADT/CIR/P/2022/67 dated May 19, 2022 and SEBI circular no. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/106 dated August 04, 2022 (including any amendments or restatements thereof).

(x) The Company shall cooperate with the Trustee to enable it to make necessary filings in connection with the creation of Security over the Hypothecated Assets with the CERSAI, within 30 (Thirty) calendar days from the date of creation of security over the Hypothecated Assets in respect of any Series.

(y) The Company shall submit a due diligence certificate issued by the Trustee in respect of the Security for each Series, in the applicable format prescribed under Annexure A of the SEBI circular dated November 03, 2020 (bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/218) and necessary certificates/ reports to the Stock Exchange, on or prior to issuing the General Information Document and each of the Key Information Document.

(z) The Company shall carry on and conduct its business with due diligence and efficiency and in accordance with sound operational, technical, managerial and financial standards and business practices with qualified and experienced management and personnel.

(aa) Access and Inspection

The Company shall:

(i) permit the Trustee to examine the relevant books and records of the Company upon reasonable prior notice and at such reasonable times and intervals as the Trustee may reasonably request.

(ii) permit the Trustee and the representatives of the Debenture Holder(s), upon prior written notice, to visit and inspect any of the premises where its business is conducted and to have access to its relevant books of account and records in relation to the Issue and to enter into or upon and to view and inspect the state and condition of all the Hypothecated Assets, together with all records, registers relating to the Hypothecated Assets.

(iii) give to the Trustee such information as they shall require as to all matters relating to the business, property and affairs of the Company and at the time of the issue thereof to the shareholders of the Company furnish to the Trustee, 3 (three) copies of every report, balance sheet, profit and loss account, circulars or notices, issued to the shareholders and the Trustee shall be entitled, if it thinks fit, from time to time, to nominate a firm of chartered accountant to examine the books of account, documents and property of the Company or any part thereof and to investigate the affairs of the Company and the Company shall allow any such accountant to make such examination and investigation and shall furnish them with all such information as they may require and shall pay all costs, charges and expenses of and incidental to such examination and investigation;

(bb) The Company shall keep proper books of account as required by the Act and make true and proper entries of all dealings and transactions of the business of the Company and keep the said books of account and all other books, registers and other documents relating to the affairs of the Company at its registered office or, where permitted by law, at other place or places where the books of account and documents of a similar nature may be kept and the Company will ensure that all entries in the same relating the business of the Company shall at all reasonable times be open for inspection of the Trustee and such Person or Persons as the Trustee shall, from time to time, in writing for the purpose, appoint.

(cc) The Company shall punctually pay all rents, royalties, taxes, rates, levies, cesses, assessments, impositions and outgoings, governmental, municipal or otherwise imposed upon or payable by the Company as and when the same shall become payable including in relation to the Issue and the Hypothecated Assets and when required by the Trustee produce the receipts for such payments and observe, perform and comply with all covenants and obligations which ought to be observed and performed by the Company in respect of or any part of the Hypothecated Assets.

(dd) The Company shall pay all such stamp duty (including any additional stamp duty), other duties, taxes, charges and penalties, if and when the Company may be required to pay in relation to the Debentures 3 issued under the Debenture Trust Deed 3 according to the laws for the time being in force in the State of Maharashtra, and in the event of the Company failing to pay such stamp duty, other duties, taxes and penalties as aforesaid, the Trustee will be at liberty (but shall not be bound) to pay the same and the Company shall reimburse the same to the Trustees on demand.

(ee) The Company shall ensure that the Debentures 3 are rated by the Rating Agencies and continue to be rated by the Rating Agencies until their redemption.

(ff) Notify the Trustee

(i) Promptly inform the Trustee if it has notice of any application for winding up having been made or any statutory notice of winding up under the Act or the Insolvency and Bankruptcy Code, 2016 or any other notice under any other act relation to winding up or otherwise of any suit or other legal process intended to be filed or initiated against the Company and/affecting the title to the Company's properties or if a receiver is appointed in respect of any of its properties or business or undertaking;

(ii) Promptly inform the Trustee on the happening of any event which is likely to cause/ has caused Material Adverse Effect;

(iii) Promptly after the Company obtains knowledge thereof, notice of the occurrence of any event which constitutes an Event of Default specifying the nature of such event and any steps the Company is taking and proposes to take to remedy the same;

(iv) Promptly inform the Trustee of all orders, directions, notices, of court/tribunal affecting or likely to affect the Hypothecated Assets or any part thereof.

(gg) **Preserve Corporate Status**

The Company shall diligently preserve its corporate existence and status and all rights, contracts, privileges, franchises and concessions now held or hereafter acquired by it in the conduct of its business and that it will comply with each and every term of the said franchises and concessions and material Applicable Law applicable to the Hypothecated Assets or any part thereof PROVIDED THAT the Company may contest in good faith the validity of any such acts, rules, regulations, orders and directions and pending the determination of such contest may postpone compliance therewith if the rights enforceable under the Debentures 3 or the Security of the Debentures 3 is not thereby materially endangered or impaired. The Company will not do or voluntarily suffer or permit to be done any act or thing whereby its right to transact its business might or could be terminated or whereby payment of the principal of or interest on the Debentures 3 might or would be hindered or delayed.

(hh) **Further Assurances**

The Company shall:

(i) execute and/or do, at their own expense, all such deeds, assurances, documents, instruments, acts, matters and things, in such form and otherwise as the Trustee may reasonably or by law require or consider necessary in relation to enforcing or exercising any of the rights and authorities of the Trustee;

(ii) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations necessary to enable it lawfully to enter into and perform its obligations under the Debenture Trust Deed 3 or to ensure the legality, validity, enforceability or admissibility in evidence in India of the Debenture Trust Deed 3; and

(iii) comply with all Applicable Laws (including but not limited to environmental, social and taxation related laws), as applicable in respect of the Debentures 3 and obtain such regulatory approvals as may be required from time to time under any Applicable Laws.

5.2 FINANCIAL COVENANTS AND CONDITIONS

5.1.1 DEBENTURES 3 TO RANK *PARI PASSU*

The Debentures 3 under each Tranche/Series shall rank *pari passu*, inter se, without any preference or priority of one over the other or others of them.

5.1.2 COUPON

(a) **INTEREST ON APPLICATION MONEY**

The Company shall be liable to pay the Debenture Holder(s) interest on application money as more particularly specified in the relevant Tranche Placement Memorandum for each Tranche/Series and in accordance with the Shelf Placement Memorandum.

(b) **COUPON RATE**

Coupon shall be payable at the rate as may be specified in the relevant Tranche Placement Memorandum(s), in respect of the relevant Tranche/Series on every Coupon Payment Date.

(c) **COMPUTATION OF COUPON**

All Coupon accruing on the face value of the Debentures 3 shall accrue from day to day at the applicable Coupon Rate and rounded off to the nearest Rupee. The Coupon shall be computed on the Outstanding Principal Amount on the relevant Debentures 3 for the period commencing from the relevant Deemed Date of Allotment (or the previous Coupon Payment Date on which the Coupon has been fully paid) and expiring on the immediately succeeding Coupon Payment Date and such Coupon shall be paid on the said succeeding Coupon Payment Date. The Coupon shall be computed in accordance with the day count basis as more particularly specified in the relevant Tranche Placement Memorandum for each Tranche/Series.

(d) **COUPON PAYMENT DATE(S)**

The Coupon shall be made to the Debenture Holders on such dates as may be specified in the relevant Tranche Placement Memorandum(s) ("**Coupon Payment Dates**"), in respect of the relevant Tranche/Series.

5.1.3 REDEMPTION

(a) As and when the specific Tranche/Series of Debentures 3 are issued, the Company shall inform the Trustee of the Redemption Date(s) for that Tranche/Series of Debentures 3. The tenure of each Series/Tranche of the Debentures 3 shall be as specified in the Tranche Placement Memorandum Issued for that Series/Tranche. It is clarified that the Debentures 3 under a Tranche/Series may be issued with a rollover option as may be agreed upon with prospective investors for such Tranche/Series. The details of such rollover option shall be provided for in the relevant Tranche Placement Memorandum applicable for that Tranche/Series and shall be exercised in accordance with the Applicable Law. It is further clarified that the Company may issue Debentures 3 under a Tranche/Series with a call option and/ or a put option to be exercised at such interval as may be agreed upon with prospective investors for such Tranche/Series. The details of such call option and / or the put option and the manner of exercise of the same shall be provided in the relevant Tranche Placement Memorandum applicable for that Tranche/Series.

(b) Redemption of Debentures 3 under a Tranche/Series will be proportionate to the investment made by each

Debenture Holder for that Tranche/ Series.

(c) The Company shall furnish the details of payments made to the Debenture Holders, containing the following, towards redemption or the payment of the principal amount and Coupon in respect of such Tranche(s)/Series to the Exchange:

(iv) Principal Amount paid;
(v) Coupon paid; and
(vi) Date of payment

5.1.4 PAYMENTS

Payment of the Outstanding Principal Amount and the Coupon will be made to the registered Debenture Holder(s)/Beneficial Owner(s) and in case of joint holders to the one whose name stands first in the in the list of Beneficial Owner(s) provided to the Company by the RTA / Depository (NSDL/ CDSL) on the Record Date. Such payments shall be made by cheque or warrant drawn by the Company on its bankers or by electronic mode viz. RTGS / NECS / NEFT, as the case may be.

5.1.5 BUSINESS DAY CONVENTION

If any Coupon Payment Date in respect of a relevant Tranche/ Series falls on a day which is not a Business Day, then the immediately succeeding Business Day shall be the due date for such payment, however, the dates of the future Coupon payments in respect of such relevant Series/ Tranche would be as per the schedule originally stipulated in the relevant Tranche Placement Memorandum. In other words, the subsequent Coupon payment schedule would not be disturbed merely because the payment date in respect of one particular Coupon payment has been postponed earlier because of it having fallen on non-Business Day.

If the Maturity Date / Redemption Date (including the last Coupon Payment Date) or the due date in respect of liquidated damages (if any) and all other monies payable under a Tranche Placement Memorandum falls on a day which is not a Business Day, then the immediately preceding Business Day shall be the due date for such payment.

5.1.6 TAXATION

(a) As per the existing tax laws, tax will be deducted at source at the time of actual payment of Coupon to the Debenture Holder(s) at the rate for the time being prescribed by the Income Tax Act,1961.

(b) The Company shall deliver to the Debenture Holder(s), evidence or certificate of the taxes deducted at source within the time frame prescribed under the law.

(c) For seeking TDS exemption / lower rate of TDS, relevant certificate / document must be lodged by the Debenture Holder(s) at the corporate office of the Company at least 15 (Fifteen) days before the interest payment becoming due. Tax exemption certificate / declaration of non-deduction of tax at source on interest on application money should be submitted along with the application form.

5.1.7 FURTHER BORROWINGS

The Company shall be entitled to make further issue of debentures and/or raise further loans and/or avail of further deferred payment/guarantee facilities from time to time for such amounts and from such persons/public financial institutions/banks or any other financial corporations or body corporate to be secured on such basis as may be agreed with such lender without the consent of or any notice to the Debenture Holders or the Trustee. Provided that at the time of raising such further issue of Debentures 3 and/or further term loans and/or availing deferred payment credit/guarantee facilities, the Company shall maintain the Security Cover at all times in respect of this Issue.

5.1.8 REPURCHASE, REISSUE AND CONSOLIDATION OF DEBENTURES 3

The Company shall, subject to Applicable Law and the Tranche Placement Memorandum(s) in respect of the relevant Tranche/ Series of the Debentures 3 at any time and from time to time, have the power exercisable at its sole and absolute discretion to purchase some or all of the relevant Tranche/ Series of the Debentures 3 held by the Debenture Holder(s) at any time prior to the specified date(s) of redemption from the open market or otherwise. Such buy-back/purchase of relevant Tranche or Series of the Debentures 3 may be at par or at discount / premium to the face value at the sole discretion of the Company and maybe done either on a pro rata basis or by lot or by any other manner whatsoever, as the Company may deem fit. The Trustee (for and on behalf of the Debenture Holders) hereby irrevocably gives its consent to the Company for such buy back/purchase of the relevant Tranche/ Series of the Debentures 3. The relevant Tranche/ Series of the Debentures 3 so purchased may, at the option of the Company and subject to Applicable Laws, be cancelled, held, consolidated or resold.

Where the Company has repurchased / redeemed any such relevant Tranche or Series of the Debentures 3, if permissible under and subject to the provisions of the Applicable Laws, the Company shall have and shall be deemed always to have had the right to keep such relevant Tranche or Series of the Debentures 3 alive for the purpose of reissue and in exercising such right, the Company shall have and shall be deemed always to have had the power to reissue such relevant Tranche or Series of the Debentures 3, either by reissuing the same relevant Tranche or Series of the Debentures 3 or by issuing other Debentures 3 in their place, in either case, at such a price and on such terms and conditions (including any variations, dropping of or additions to any terms and conditions originally stipulated) as the Company may deem fit.

5.1.9 TRANSFER OF DEBENTURES 3

(a) The Debentures 3 shall be freely transferable and transmittable by the Debenture Holder(s) in whole or in part without the prior consent of the Company when made in accordance with the Transaction Documents. The Debenture Holder(s) shall also have the right to novate, transfer or assign its rights and/or the benefits under the Transaction Documents upon such transfer/transmission of the Debentures.

(b) Transfer and transmission of the Debentures 3 shall be subject to the Depositories Act, 1996, the rules made thereunder, the byelaws, rules and regulations of the Depositories as amended from time to time.

(c) It is clarified that the Company shall not assign any of the rights, duties or obligations under this Debenture Trust Deed or in relation to the Debentures 3 without the prior written consent of the Trustee (acting on the instructions of all the Debenture Holder(s)).

5.1.10 DEBENTURES FREE FROM EQUITIES

The Debenture Holder(s) will be entitled to their Debentures 3 free from equities or cross claims by the Company against the original or any intermediate holders thereof.

5.1.11 DEBENTURE HOLDER NOT ENTITLED TO SHAREHOLDERS' RIGHTS

The Debenture Holder(s) shall not be entitled to any of the rights and privileges available to the shareholders of the Company including right to receive notices of or to attend and vote at general meetings or to receive annual reports of the Company.

If, however, any resolution affecting the rights attached to the Debentures 3 is placed before the shareholders, such resolution will first be placed before the Debenture Holder(s) for their consideration.

5.1.12 VARIATION OF DEBENTURE HOLDER(S)' RIGHTS

The rights, privileges and conditions attached to the Debentures 3 under a particular Tranche/Series may be varied, modified or abrogated with the consent in writing of the Majority Debenture Holder(s) of that particular Tranche/Series.

5.3 NEGATIVE COVENANTS

The Company hereby covenants that, the Company shall not, for so long as any amount remains outstanding under the Debentures 3 (except as may otherwise be intimated to the Trustee in writing or previously agreed to in writing by the Trustee (acting upon the receipt of the prior written approval of the Majority Debenture Holder(s)), as specified below, perform any of the following actions:

(a) declare or pay any dividend to its shareholders during any Financial Year unless it has paid the installment of principal and Coupon then due and payable on the Debentures 3 or has made provision satisfactory to the Trustee for making such payment.

(b) so long as an Event of Default has occurred or is continuing, declare or distribute dividend to the shareholders in any year, until the Company has paid or made satisfactory provision for the payment of the principal and Coupon due on the Debentures 3.

(c) except as provided in the Transaction Documents, the Company shall not sell or dispose of the Hypothecated Assets or any part thereof or create thereon, any mortgage, lien or charge by way of hypothecation, pledge or otherwise howsoever or other encumbrance of any kind; and

(d) undertake or permit any merger, consolidation, reorganization, amalgamation, reconstruction, consolidation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.

5.4 ADDITIONAL COVENANTS

(a) Default in Payment and Other Defaults

In case of default in payment of Coupon and/ or redemption of the principal amount of the Debentures 3 on the respective Due Dates, additional interest of at least 2% (Two Percent) per annum over and above the Coupon Rate shall be payable

by the Company for the defaulting period until the defaulted amount together with the delay penalty is paid, in compliance with the SEBI Debt Listing Regulations as may be updated/ amended from time to time.

(b) Delay in Listing

In accordance with the SEBI Debt Listing Regulations, in case of a delay by the Company in listing the Debentures 3 beyond such days as prescribed under Applicable Law, the Company shall make payment to the Debenture Holders of 1% (One Percent) per annum over the Coupon Rate from the relevant Deemed Date of Allotment till the listing of such Debentures 3.

(c) Delay in execution of Debenture Trust Deed 3

Where the Company fails to execute the Debenture Trust Deed 3 within the period specified by SEBI, then without prejudice to any liability arising on account of violation of the provisions of the Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Company shall also pay interest of at least 2% (Two Percent) per annum or such other rate, as specified by SEBI to the Debenture Holders, over and above the Coupon Rate, till the execution of the Debenture Trust Deed 3.

5.5 **BREACH OF COVENANT BY THE COMPANY MAY BE WAIVED**

The Trustee may, at any time, waive on such terms and conditions as to them shall seem expedient, any breach by the Company of any of the covenants and provisions in these presents contained without prejudice to the rights of the Trustee in respect of any subsequent breach thereof provided however that the prior consent of the Super Majority Debenture Holder(s) or Majority Debenture Holder(s) (in case such breach is in respect of any particular Series) shall have been obtained by the Trustee for any such waiver.

5.6 Notwithstanding anything to the contrary set out herein it is hereby clarified for the avoidance of doubt that the Company shall comply with all Applicable Laws in relation to the Debentures 3 including Applicable Laws as may have been amended, updated, supplemented, modified or superseded pursuant to the execution of the Debenture Trust Deed 3 and all certificates, reports, information and documents to be submitted by the Company under the terms of Part A of Debenture Trust Deed 3 shall be submitted to the relevant authority or the Debenture Trustee, as may be applicable, within the timelines prescribed under such Applicable Law, irrespective of the timeline set out under the relevant covenant in Part A of Debenture Trust Deed 3 (unless the timeline set out under the relevant covenant is shorter than the timeline prescribed under Applicable Law, in which case the timeline set out under the relevant covenant shall be complied with).

5.7 Notwithstanding anything to the contrary contained in the Debenture Trust Deed 3, in case of any inconsistency between the covenants set out in Note 5 under this General Information Document read with the relevant Key Information Document and the covenants as set out in the Debenture Trust Deed 3, the covenants as set out in Note 5 under this General Information Document read with the relevant Key Information Document shall prevail over and override the covenants under the Debenture Trust Deed 3 for all intents and purposes. Provided however, in case of any inconsistencies between the covenants as set out in Note 5 and Applicable Law, the terms of Applicable Law shall prevail over and override the covenants under this General Information Document read with the relevant Key Information Document, for all intents and purposes and the covenants as set out in the Debenture Trust Deed 3 and this General Information Document read with the relevant Key Information Document shall be deemed to have been amended such that the Applicable Law prevails.

Note 6: EVENTS OF DEFAULT AND CONSEQUENCES OF EVENTS OF DEFAULT UNDER DEBENTURE TRUST DEED 3

6.1 Upon the occurrence of an Event of Default in the manner as set out in Clause 6.3 below and as specified in Clause 6.6 (*Events of Default*) happen(s) in respect of any Series, the Trustee and the Company shall adhere to and follow the process set out hereunder:

(e) The Trustee shall (acting upon the instructions of not less than 60% (Sixty) of the Debenture Holders by number at the ISIN level under the Debentures 3 as set out under the SEBI ICA Circular ("**Majority ISIN Debenture Holders**") issue a notice, in writing, to the Company ("**EOD Notice**"), setting out the Event of Default that has occurred (on account of the fact that such event has not been cured within the cure period (if any) provided for such event).

(f) Upon issuance of the EOD Notice, the Trustee (acting upon the instructions of Majority ISIN Debenture Holders) shall take such action and the consequences as specified in the SEBI circular dated October 13, 2020 on "*Standardisation of procedure to be followed by Debenture Trustee(s) in case of 'Default' by Issuers of listed debt securities*" (bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/203) ("**SEBI ICA Circular**") as may be amended, supplemented from time to time and such other circulars / notifications as may be issued by SEBI from time to time, shall apply mutatis mutandis on the occurrence of an Event of Default.

6.2 Subject to the above, the Trustee shall have the following rights:

(a) to appoint a Nominee Director as per Clause 6.5;
(b) initiating any enforcement action including without limitation Insolvency and Bankruptcy Code, 2016 (wherever applicable);
(c) levy additional interest in the manner set out in the Debenture Trust Deed 3;
(d) exercise any other right that the Trustee and / or Debenture Holder(s) may have under the Transaction Documents or under Applicable Law.

6.3 In addition to the events set out in Clause 6.6 (Events of Default) below, the following events may be called by the Trustee as Events of Default in the manner as stated in Clause 6.1 above, after the expiry of the relevant time period:

(a) Non-payment on Due Date of any amount payable pursuant to this Debenture Trust Deed 3, in respect of any Series of Debentures 3;
(b) If not rectified within 30 (Thirty) days from the date of receipt by the Company of a notice from the Trustee in relation thereto or the Company having obtained actual knowledge thereof, whichever is earlier:

(i) other than Clause (a) above, there is a delay in the performance or breach of any covenant, condition or provision contained in these presents and/or the Financial Covenants and Conditions, except where such delay or breach is in the opinion of the Trustee incapable of remedy and no notice shall be given by the Trustee in such a case;
(ii) the Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or the Company is voluntarily or involuntarily dissolved;
(iii) the Company ceases or threatens in writing to cease to carry on its business or any substantial part thereof or gives notice of its intention to do so;
(iv) if, without the prior written approval of the Trustee, the Hypothecated Assets or any part thereof is disposed of, charged, encumbered or alienated;

(v) the value of the Hypothecated Assets is insufficient to maintain the Security Cover and Company fails to maintain the Security Cover within the stipulated timelines in the Deed of Hypothecation;

(vi) in the reasonable opinion of the Trustee, acting on the instructions of the Super Majority Debenture Holder(s), the Security offered for the Debentures 3 is in jeopardy. It is hereby clarified that the Security created to secure the obligations of the Company in relation to the Debentures 3, shall be considered to be in jeopardy, only in the event that any attachment or distraint is levied in respect of the Hypothecated Assets.

(c) The Company admits, in writing, its inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness;

(d) When an order has been made by the tribunal or a special resolution has been passed by the members of the company for winding up of the company;

(e) The Company ceases or threatens in writing to cease to carry on its business or gives notice of its intention to do so.

6.4 If any Event of Default (as set out in Clause 6.3 and/or Clause 6.6 below or any event which, after the notice, or lapse of time, or both, would constitute an Event of Default has happened, the Company shall, forthwith give notice thereof to the Debenture Holders of each Series in which such Event of Default has occurred/Trustee in writing specifying the nature of such Event of Default, or of such event.

6.5 **NOMINEE DIRECTOR**

Subject to Applicable Law, the Trustee shall have a right to appoint a nominee director on the Board of Directors of the Company (hereinafter referred to as "**the Nominee Director**") in accordance with the provisions of the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 in the event of:

(a) 2 (Two) consecutive defaults in payment of Coupon to the Debenture Holder(s) by the Company; or
(b) Any default on the part of the Company in redemption of the Debentures 3;
(c) Any default in the creation of Security;

The Nominee Director so appointed shall not be liable to retire by rotation nor shall be required to hold any qualification shares. The aforementioned Nominee Director shall be appointed by the Company as a director on its Board of Directors not later than 1 (one) month from the date of receipt of such nomination from the Trustee. The Company shall take steps to amend its articles of association for the purpose, in compliance with the requirements of the SEBI Debt Listing Regulations.

6.6 **EVENTS OF DEFAULT**

In addition to the events set out in Clause 6.3 above, the following events may be called by the Trustee as Events of Default in the manner as stated in Clause 6.1, after the expiry of the relevant time period:

If not rectified within 30 (Thirty) days from the date of receipt by the Company of a notice from the Trustee in relation thereto or the Company having obtained actual knowledge thereof, whichever is earlier:

(a) Any information given by the Company in the reports and other information furnished by the Company and the warranties given/deemed to have been given by it to the Trustee is intentionally misleading or incorrect in any material respect;

(b) The Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or the Company is voluntarily or involuntarily dissolved;

(c) A receiver or a liquidator has been appointed or allowed to be appointed for all or any part of the undertaking of the Company;

(d) Any process or petition for expropriation, attachment, sequestration, distress or execution affecting the Hypothecated Assets or any part thereof or certificate proceedings have been taken or commenced for recovery of any dues from the Company which has not been rejected/ discharged/ dismissed/ reversed or settled within 30 (Thirty) calendar days or as given in the said order; or

(e) If any material breach of terms of the relevant Disclosure Document(s) pertaining to any Series of Debentures 3 is committed by the Company.

Note 7: COMPANY'S COVENANTS UNDER DEBENTURE TRUST DEED 4

7.1 **AFFIRMATIVE AND REPORTING COVENANTS**

The Company hereby covenants with the Trustee that the Company shall, (except as may otherwise be previously agreed in writing by the Trustee (acting upon the instructions of the Majority Debenture Holders), comply with the following covenants:

(a) **Utilisation of proceeds of Debentures 4**

(i) The Company shall utilise the monies received upon subscription of the Debentures 4 solely towards the Purpose (as defined below). The Company also agrees to submit to the Trustee an annual 'end-use certificate' from the statutory auditor of the Company certifying the compliance with the same, at the end of each financial year till the monies received towards subscription of the Debentures 4 have been fully utilized towards the Purpose.

(ii) The Company shall, submit to the stock exchange, along with quarterly financial results, a statement indicating utilization of issue proceeds of non-convertible securities, in such format as may be specified by SEBI, which shall be continued to be given till such issue proceeds have been fully utilized or the purpose for which these proceeds were raised has been achieved.

(iii) The Company shall submit to the Stock Exchange, along with the quarterly financial results, a statement disclosing material deviation(s), if any, in the use of issue proceeds of non-convertible securities from the objects of the Issue, in such format as may be specified by SEBI till such proceeds have been fully utilized or the purpose for which the proceeds were raised has been achieved.

(b) **Validity of Transaction Documents**

The Company shall ensure that the Transaction Documents shall be validly executed and delivered and will continue in full force and effect and will constitute valid, enforceable and binding obligations of the Company.

(c) **Make the Relevant filings with the Registrar of Companies**

Pursuant to the Act and the relevant rules thereunder, the applicable guidelines issued by SEBI and RBI, the Company undertakes to make the necessary filings of the documents mandated therein with the Registrar of Companies and/or the Stock Exchange within the timelines thereunder to preserve, renew and keep in full force and effect its existence and/or its rights necessary for the operation of its business and/or the legality and validity of any Transaction Documents and/or the transactions contemplated by the Transaction Documents. The Company shall, immediately upon receipt of a signed copy of the certificate of registration of charge from the concerned Registrar of Companies, submit a copy of the same to the Trustee.

(d) **Minimum Investment**

The Company shall ensure that the minimum investment made in any single series by any investor is at least Rs.1,00,00,000 (Rupees One Crore only).

(e) **Compliance with laws**

The Company shall comply with:

(i) all laws, rules, regulations and guidelines as applicable in respect of the Debentures 4, including but not limited, to the following: (i) the Act; (ii) SEBI Debt Listing Regulations; (iii) the provisions of the listing agreement entered into by the Company with the stock exchange in relation to the Debentures 4; (iv) the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), and (v) the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the other notified rules under the Act.

(ii) comply with all the applicable provisions as mentioned in the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 to the extent the same is required to be complied with by the Trustee or is required in order to enable the Trustee to comply with the same, the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, and/or any other notification, circular, press release issued by the SEBI/RBI, from time to time, as may be applicable to the Company.

(f) **Notify the Trustee**

The Company shall provide / cause to be provided information in respect of the following events:

(i) notify the Trustee in writing, of any proposed change in the nature or conduct or scope of the business or operations of the Company, prior to the date on which such action is proposed to be given effect.

(ii) inform the Trustee of any significant change in the composition of the Board of Directors of the Company which may amount to a change in 'control' (as defined under clause (h) of sub-section (2) of Section 11 of the Securities and Exchange Board of India Act, 1992);

(iii) inform the Trustee promptly of any amalgamation, merger or reconstruction scheme proposed by the Company.

(iv) the Company agrees that it shall forward to the Trustee promptly, whether a request for the same has been made or not:

A. a copy of the Statutory Auditors' and Directors' Annual Report, Balance Sheet and Profit & Loss Account and of all periodical and special reports at the same time as they are issued;
B. a copy of all notices, resolutions and circulars relating to new issue of debt securities at the same time as they are sent to shareholders/ holders of debt securities; and
C. a copy of all the notices, call letters, circulars, etc. of the meetings of debt security holders at the same time as they are sent to the holders of debt securities or advertised in the media including those related to proceedings of the meetings.

(g) **Furnish Information to Trustee**

Give to the Trustee or their nominee(s) (and to the Debenture Holder(s), if so requested), information in respect of the following events:

(i) Furnish quarterly (unless specified otherwise, in which case, reports shall be submitted according to the specified timeline) report to the Trustee (and to the Debenture Holders), containing the following particulars:

A. Periodical status/performance reports from the Company within 7 (Seven) days of the relevant board meeting or within 45 (Forty-Five) days of the respective quarter, whichever is earlier;
B. Updated list of the names and addresses of the Debenture Holder(s);
C. Details of the principal and the Coupon to be made, but unpaid and reasons for the non-payment thereof;
D. The number and nature of grievances received from the Debenture Holder(s) and (a) resolved by the Company, (b) unresolved by the Company to the satisfaction of the Debenture Holder(s) and the reasons for the same;
E. A statement by the authorised signatory of the Company:

1. that the assets of the Company which are available as Hypothecated Assets is/are sufficient to discharge the claims of the Debenture Holder(s) as and when they become due; and

2. that the receivables constituting the Hypothecated Assets have not been charged or hypothecated in favour of any other party except the Trustee and that they are free from any other encumbrances;

F. Statement that the quarterly compliance report on corporate governance (if applicable) has been submitted to the Exchange, in the format prescribed by SEBI, within the timelines prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

G. And any other information as may be required by the Trustee pursuant to requirements of Applicable Law.

(ii) The Company shall provide to the Trustee such information as it may require for any filings, statements, reports that the Trustee is required to provide to any Governmental Authority under Applicable Law.

(h) At the request of any Debenture Holder(s), the Trustee shall, by notice to the Company, call upon the Company to take appropriate steps to redress grievances of the Debenture Holder(s) and shall, if necessary, at the request of the Debenture Holder(s) representing not less than one-tenth in value of the nominal amount of the Debentures 4 for the time being outstanding, call a meeting of the Debenture Holder(s).

The Company shall also promptly furnish to the Debenture Trustee the details of all the grievances received by them and shall comprise the following:

(i) Names of the complainants/Debenture Holders.
(ii) Nature of grievances/complaints.
(iii) Time taken for redressal of complaint/grievances etc.
(iv) The steps taken by the Company to redress the same.

The Company shall promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holder(s). The Company further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Trustee and shall advise the Trustee periodically of its compliance. All grievances relating to the Issue may be addressed to the compliance officer of the Company ("**Compliance Officer**") giving full details such as name, address of the applicant, date of the application, application number, number of Debentures 4 applied for, amount paid on application and the place where the application was submitted. The Company shall make best efforts to settle investor grievances expeditiously and satisfactorily within 30 (Thirty) days from the date of receipt of such complaint. In case of non-routine complaints and where external agencies are involved, the Company shall make best endeavours to redress these complaints as expeditiously as possible. The Compliance Officer of the Company may also be contacted in case of any pre-issue/post issue related problems.

(i) The Company shall keep the Hypothecated Assets adequately insured and in a proper condition.

(j) The Company shall provide or cause to be provided, a copy of the latest annual report and the latest audited financial statements to the Trustee, as per the timelines provided under SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 and other Applicable Laws, and the Trustee shall be obliged to share the details submitted under this clause with all Debenture Holders within 2 (Two) working days of their specific request;

(k) The Company shall carry out subsequent valuation of the Hypothecated Assets, at the request of the Trustee.

(l) The Company shall submit the following disclosures to the Trustee in electronic form (soft copy) at the time of allotment of the Debentures 4:

(i) Memorandum and Articles of Association and necessary resolution(s) for the allotment of the Debentures 4;

(ii) Copy of last three years' audited Annual Reports;

(iii) Statement containing particulars of, dates of, and parties to all material contracts and agreements;

(iv) Latest un-audited or audited quarterly and year to date standalone financial results on a quarterly basis on the same day as disclosed to the Stock Exchange in the manner as stated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(v) An undertaking to the effect that the Company would, till the redemption of the debt securities, submit the details mentioned in point (iv) above to the Trustee within the timelines as mentioned in Uniform Listing Agreement issued by SEBI vide circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015 as amended from time to time, for furnishing/publishing its half yearly/ annual result. Further, the Company shall submit a copy of the latest annual report to the Trustee, as and when the same is submitted to the Stock Exchange within the timeframe permitted under Applicable Law.

(m) The Company shall submit a half-yearly/ quarterly certificate by the statutory auditor, regarding maintenance of Security Cover, including compliance with all the covenants, in respect of the Debentures 4, along with financial results, in the manner and format as specified by SEBI.

(n) The Company shall disclose to the stock exchange in quarterly, half-yearly, year- to-date and annual financial statements, as applicable, the extent and nature of security created and maintained with respect to its secured listed non-convertible debt securities.

(o) The Company shall not declare or pay any dividend to its shareholders during any financial year unless it has paid the Coupon then due and payable on the Debentures 4 or has made provision satisfactory to the Trustee for making such payment. Further, the Company shall not without prior consent of the Trustee, so long as an Event of Default has occurred or is continuing declare or distribute dividend to the shareholders in any year, until the Company has paid or made satisfactory provision for the payment of the principal and interest due on the Debentures 4.

(p) The Company shall promptly submit any information, as required by the Trustee including but not limited to the following:

(i) such documents and intimations as set out in Regulation 52, 53 and 56 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(ii) by no later than 30 (thirty) days from the relevant Deemed Date of Allotment, a credit letter obtained from the Depository for credit of dematerialized Debentures 4 into the depository accounts of the Debenture Holder(s) within the time lines prescribed by the Applicable Laws;

(iii) intimations regarding:

A. all material events and/or information as disclosed to the Stock Exchange under Regulation 51 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in so far as it relates to the interest, principal, issue and terms of the Debentures 4, rating, creation of charge on the assets, notices, resolutions and meetings of holders of Debentures 4, at the same time as disclosed to the Stock Exchange;
B. any revision in the rating;
C. any default in timely payment of interest or redemption or both in respect of the non-convertible debt securities;
D. failure to create the Security;
E. all covenants of the Issue (including side letters, accelerated payment clause, etc.);
F. a breach of covenants/ terms of the Issue by the Company;
G. any legal proceeding pending or threatened, investigation, regulatory notices or judicial orders against the Company, or any dispute between the Company and/or any Governmental Authority, which could result in a Material Adverse Effect or affecting the Hypothecated Assets;

(iv) The Company shall, to the extent required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and as may be applicable to the Company, submit to the Stock Exchange, along with the quarterly/ annual financial results, the following line items:

A. debt-equity ratio;
B. debt service coverage ratio;
C. interest service coverage ratio;
D. outstanding redeemable preference shares (quantity and value);

E. capital redemption reserve/debenture redemption reserve (if applicable);
F. net worth;
G. net profit after tax;
H. earnings per share;
I. current ratio;
J. long term debt to working capital;
K. bad debts to Account receivable ratio;
L. current liability ratio;
M. total debts to total assets;
N. debtors' turnover;
O. inventory turnover;
P. operating margin (%);
Q. net profit margin (%);

Provided that if the information mentioned in sub-clause (iv) above is not applicable to the Company, it shall disclose such other ratio/equivalent financial information, as may be required to be maintained under Applicable Laws, if any.

(q) **Transfer of Unclaimed Redemption Amounts.**

Comply with the provisions of the Act relating to transfer of unclaimed redemption and Coupon amounts of the Debentures 4 to Investor Education and Protection Fund ("**IEPF**"), if applicable to it.

(r) **Financial Covenants and Conditions**

At all times during the term of these presents comply with each of the Financial Covenants and Conditions.

(s) The Company is aware that in terms of Regulation 14 of the SEBI (Debenture Trustees) Regulations, 1993 as amended from time to time, the Trust Deed has to contain the matters specified in Section 71 of the Companies Act, 2013 and Form No. SH.12 specified under the Companies (Share Capital and Debentures) Rules, 2014. The Company hereby agrees to comply with all the clauses of Form No. SH.12 as specified under the Companies (Share Capital and Debentures) Rules, 2014, to the extent applicable to it and subject to Applicable Law, as if they are actually incorporated in the Trust Deed;

(t) Within 15 (Fifteen) Business Days of receipt of a request from the Trustee, the Company shall authenticate any information relating to the Debentures 4, to be submitted by the Trustee with the Information Utility;

(u) The Company shall submit to the Trustee, such information as may be required by the Trustee from time to time for the effective discharge of its duties and obligations;

(v) The Company shall submit the following reports/ certification to the Trustee within the timelines mentioned below:

Reports/Certificates	Timelines for submission Requirements to Trustee
Security Cover Certificate in the format prescribed under Annexure - IIIA of the DT	Quarterly basis within 60 (Sixty) days from end of each quarter except last quarter of financial year when submission is to be made within 90 (Ninety)

Reports/Certificates	Timelines for submission Requirements to Trustee
Operational Circular, as amended from time to time.	days from the end of such financial year, or within such timelines as prescribed under Applicable Law.
Valuation report and title search report for the immovable/ movable assets, as applicable	Once in 3 (Three) years within 60 (Sixty) days from the end of the financial year or within such timelines as prescribed under Applicable Law.

(w) On a quarterly basis, the company shall furnish the compliance status with respect to financial covenants of the listed debt securities certified by statutory auditor of listed entity to Debenture Trustee pursuant to Chapter VI of the DT Operational Circular (including any amendments or restatements thereof).

(x) The Company hereby covenants and undertakes that it shall furnish the documents/ information/ reports/ certificates, as applicable and as may be requested by the Trustee, to enable the Trustee to submit the same to the Stock Exchange(s) within such timelines as prescribed under the DT Operational Circular, (including any amendments or restatements thereof).

(y) The Company shall cooperate with the Trustee to enable it to make necessary filings in connection with the creation of Security over the Hypothecated Assets with the CERSAI, within 30 (Thirty) calendar days from the date of creation of security over the Hypothecated Assets in respect of any Series.

(z) The Company shall submit a due diligence certificate issued by the Trustee in respect of the Security for each Series**,** in the applicable format prescribed under Annexure- IIA under Chapter II of the DT Operational Circular and necessary certificates/ reports to the Stock Exchange, on or prior to issuing the General Information Document and each of the Key Information Document.

(aa) The Company shall carry on and conduct its business with due diligence and efficiency and in accordance with sound operational, technical, managerial and financial standards and business practices with qualified and experienced management and personnel.

(bb) <u>Access and Inspection</u>

The Company shall:

(i) permit the Trustee to examine the relevant books and records of the Company upon reasonable prior notice and at such reasonable times and intervals as the Trustee may reasonably request.

(ii) permit the Trustee and the representatives of the Debenture Holder(s), upon prior written notice, to visit and inspect any of the premises where its business is conducted and to have access to its relevant books of account and records in relation to the Issue and to enter into or upon and to view and inspect the state and condition of all the Hypothecated Assets, together with all records, registers relating to the Hypothecated Assets.

(iii) give to the Trustee such information as they shall require as to all matters relating to the business, property and affairs of the Company and at the time of the issue thereof to the shareholders of the Company furnish to the Trustee, 3 (three) copies of every report, balance sheet, profit and loss account, circulars or notices, issued to the shareholders and the Trustee shall be entitled, if it thinks fit, from time to time, to nominate a firm of chartered accountant to examine the books of account, documents and property of the Company or any part thereof and

to investigate the affairs of the Company and the Company shall allow any such accountant to make such examination and investigation and shall furnish them with all such information as they may require and shall pay all costs, charges and expenses of and incidental to such examination and investigation.

(cc) The Company shall keep proper books of account as required by the Act and make true and proper entries of all dealings and transactions of the business of the Company and keep the said books of account and all other books, registers and other documents relating to the affairs of the Company at its registered office or, where permitted by law, at other place or places where the books of account and documents of a similar nature may be kept and the Company will ensure that all entries in the same relating the business of the Company shall at all reasonable times be open for inspection of the Trustee and such Person or Persons as the Trustee shall, from time to time, in writing for the purpose, appoint.

(dd) The Company shall punctually pay all rents, royalties, taxes, rates, levies, cesses, assessments, impositions and outgoings, governmental, municipal or otherwise imposed upon or payable by the Company as and when the same shall become payable including in relation to the Issue and the Hypothecated Assets and when required by the Trustee produce the receipts for such payments and observe, perform and comply with all covenants and obligations which ought to be observed and performed by the Company in respect of or any part of the Hypothecated Assets.

(ee) The Company shall pay all such stamp duty (including any additional stamp duty), other duties, taxes, charges and penalties, if and when the Company may be required to pay in relation to the Debentures 4 issued under the Trust Deed according to the laws for the time being in force in the State of Maharashtra, and in the event of the Company failing to pay such stamp duty, other duties, taxes and penalties as aforesaid, the Trustee will be at liberty (but shall not be bound) to pay the same and the Company shall reimburse the same to the Trustees on demand.

(ff) The Company shall ensure that the Debentures 4 are rated by the Rating Agencies and continue to be rated by the Rating Agencies until their redemption.

7.2 **NEGATIVE COVENANTS**

The Company hereby covenants that, the Company shall not, for so long as any amount remains outstanding under the Debentures 4 (except as may otherwise be intimated to the Trustee in writing or previously agreed to in writing by the Trustee (acting upon the receipt of the prior written approval of the Majority Debenture Holder(s)), as specified below, perform any of the following actions:

(a) declare or pay any dividend to its shareholders during any Financial Year unless it has paid the installment of principal and Coupon then due and payable on the Debentures 4 or has made provision satisfactory to the Trustee for making such payment.

(b) so long as an Event of Default has occurred or is continuing, declare or distribute dividend to the shareholders in any year, until the Company has paid or made satisfactory provision for the payment of the principal and Coupon due on the Debentures 4.

(c) except as provided in the Transaction Documents, the Company shall not sell or dispose off the Hypothecated Assets or any part thereof or create thereon, any mortgage, lien or charge by way of hypothecation, pledge or otherwise howsoever or other encumbrance of any kind; and

(d) undertake or permit any merger, consolidation, reorganisation, amalgamation, reconstruction, consolidation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.

7.3 **ADDITIONAL COVENANTS**

(a) **Default in Payment and Other Defaults**

In case of default in payment of Coupon and/ or redemption of the principal amount of the Debentures 4 on the respective Due Dates, additional interest of at least 2% (Two Percent) per annum over and above the Coupon Rate shall be payable by the Company for the defaulting period until the defaulted amount together with the delay penalty is paid, in compliance with the SEBI Debt Listing Regulations as may be updated/ amended from time to time.

(b) **Delay in Listing**

In accordance with the SEBI Debt Listing Regulations, in case of a delay by the Company in listing the Debentures 4 beyond such days as prescribed under Applicable Law, the Company shall make payment to the Debenture Holders of 1% (One Percent) per annum over the Coupon Rate from the relevant Deemed Date of Allotment till the listing of such Debentures 4.

(c) **Delay in execution of Debenture Trust Deed 4**

Where the Company fails to execute the Debenture Trust Deed 4 within the period specified by SEBI, then without prejudice to any liability arising on account of violation of the provisions of the Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Company shall also pay interest of at least 2% (Two Percent) per annum or such other rate, as specified by SEBI to the Debenture Holders, over and above the Coupon Rate, till the execution of the Debenture Trust Deed 4.

7.4 **FINANCIAL COVENANTS AND CONDITIONS**

(a) **Debentures 4 to Rank Pari *Passu***

The Debentures 4 under each Series shall rank *pari passu*, inter se, without any preference or priority of one over the other or others of them.

(b) **Redemption**

(i) As and when the specific Series of Debentures 4 are issued, the Company shall inform the Trustee of the Redemption Date(s) for that Series of Debentures 4. The tenure of each Series of the Debentures 4 shall be as specified in the Key Information Document issued for that Series. It is clarified that the Debentures 4 under a Series may be issued with a rollover option as may be agreed upon with prospective investors for such Series. The details of such rollover option shall be provided for in the relevant Key Information Document applicable for that Series. It is further clarified that the Company may issue Debentures 4 under a Series with a call option and/ or a put option to be exercised at such interval as may be agreed upon with prospective investors for such Series. The details of such call option and / or the put option and the manner of exercise of the same shall be provided in the relevant Key Information Document applicable for that Series.

(ii) Redemption of Debentures 4 under a Series will be proportionate to the investment made by each Debenture Holder for that Series.

(iii) The Company shall furnish the details of payments made to the Debenture Holders, containing the following, towards redemption or the payment of the principal amount and Coupon in respect of such Series to the Exchange:

a) Principal Amount paid;
b) Coupon paid; and
c) Date of payment.

(c) **Payments**

Payment of the Outstanding Principal Amount and the Coupon will be made to the registered Debenture Holder(s)/Beneficial Owner(s) and in case of joint holders to the one whose name stands first in the in the list of Beneficial Owner(s) provided to the Company by the RTA / Depository (NSDL/ CDSL) on the Record Date. Such payments shall be made by cheque or warrant drawn by the Company on its bankers or by electronic mode viz. RTGS / NECS / NEFT, as the case may be.

(d) **Business Day Convention**

If any Coupon Payment Date in respect of a relevant Series falls on a day which is not a Business Day, then the immediately succeeding Business Day shall be the due date for such payment, however, the dates of the future Coupon payments in respect of such relevant Series would be as per the schedule originally stipulated in the relevant Key Information Document. In other words, the subsequent Coupon payment schedule would not be disturbed merely because the payment date in respect of one particular Coupon payment has been postponed earlier because of it having fallen on non-Business Day.

If the Maturity Date / Redemption Date (including the last Coupon Payment Date) or the due date in respect of liquidated damages (if any) and all other monies payable under a Key Information Document falls on a day which is not a Business Day, then the immediately preceding Business Day shall be the due date for such payment.

(e) **Taxation**

(i) As per the existing tax laws, tax will be deducted at source at the time of actual payment of Coupon to the Debenture Holder(s) at the rate for the time being prescribed by the Income Tax Act,1961.

(ii) The Company shall deliver to the Debenture Holder(s), evidence or certificate of the taxes deducted at source within the time frame prescribed under the law.

(iii) For seeking TDS exemption / lower rate of TDS, relevant certificate / document must be lodged by the Debenture Holder(s) at the corporate office of the Company at least 15 (Fifteen) days before the interest payment becoming due. Tax exemption certificate / declaration of non-deduction of tax at source on interest on application money should be submitted along with the application form.

(f) **Additional Interest**

(i) In case of default in payment of Coupon and/ or redemption of the principal amount of the Debentures 4 on the respective Due Dates, additional interest of 2% (Two Percent) per annum over and above the Coupon Rate shall be payable by the Company for the defaulting period until the defaulted amount together with the delay penalty is paid, in compliance with SEBI Debt Listing Regulations. Notwithstanding anything contained herein, it is hereby expressly clarified that any non-payment of Coupon or of any other payment payable pursuant to the Trust Deed by the Company, pursuant to the provisions of the RBI guidelines (including any non-payment

of Coupon pursuant to the events identified in Note 1, Part B(b)(ii) (*Rate and Manner of Payment*) above), shall not be construed to be a default in payment and in such events the Company will not be required to pay the additional interest as contemplated in this clause.

(ii) Where the Company fails to execute the trust deed within the period specified by SEBI, then without prejudice to any liability arising on account of violation of the provisions of the Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Company shall also pay interest of 2% (Two Percent) per annum or such other rate, as specified by SEBI to the Debenture Holders, over and above the Coupon Rate, till the execution of the Trust Deed.

(g) **Further Borrowings**

The Company shall be entitled to make further issue of debentures and/or raise further loans and/or avail of further deferred payment/guarantee facilities from time to time for such amounts and from such persons/public financial institutions/banks or any other financial corporations or body corporate to be secured on such basis as may be agreed with such lender without the consent of or any notice to the Debenture Holders or the Debenture Trustee. Provided that at the time of raising such further issue of Debentures 4 and/or further term loans and/or availing deferred payment credit/guarantee facilities, the Company shall maintain the Security Cover at all times in respect of this Issue.

(h) **Repurchase, Reissue and Consolidation of Debentures 4**

The Company shall, subject to Applicable Law and the Key Information Document in respect of the relevant Series of the Debentures 4 at any time and from time to time, have the power exercisable at its sole and absolute discretion to purchase some or all of the relevant Series of the Debentures 4 held by the Debenture Holder(s) at any time prior to the specified date(s) of redemption from the open market or otherwise. Such buy-back/purchase of relevant Series of the Debentures 4 may be at par or at discount / premium to the face value at the sole discretion of the Company and maybe done either on a pro rata basis or by lot or by any other manner whatsoever, as the Company may deem fit. The Trustee (for and on behalf of the Debenture Holders) hereby irrevocably gives its consent to the Company for such buy back/purchase of the relevant Series of the Debentures 4. The relevant Series of the Debentures 4 so purchased may, at the option of the Company and subject to Applicable Laws, be cancelled, held, consolidated or resold.

Where the Company has repurchased / redeemed any such relevant Series of the Debentures 4, if permissible under and subject to the provisions of the Applicable Laws, the Company shall have and shall be deemed always to have had the right to keep such relevant Series of the Debentures 4 alive for the purpose of reissue and in exercising such right, the Company shall have and shall be deemed always to have had the power to reissue such relevant Series of the Debentures 4, either by reissuing the same relevant Series of the Debentures 4 or by issuing other Debentures 4 in their place, in either case, at such a price and on such terms and conditions (including any variations, dropping of or additions to any terms and conditions originally stipulated) as the Company may deem fit.

(i) **Transfer of Debentures 4**

(i) The Debentures 4 shall be freely transferable and transmittable by the Debenture Holder(s) in whole or in part without the prior consent of the Company when made in accordance with the Transaction Documents. The Debenture Holder(s) shall also have the right to novate, transfer or assign its rights and/or the benefits under

the Transaction Documents upon such transfer/transmission of the Debentures 4.

(ii) It is clarified that the Company shall not assign any of the rights, duties or obligations under the Debentures 4 or in relation to the Debentures 4 without the prior written consent of the Trustee (acting on the instructions of all the Debenture Holder(s)).

(j) **Debentures 4 Free from Equities**

The Debenture Holder(s) will be entitled to their Debentures 4 free from equities or cross claims by the Company against the original or any intermediate holders thereof.

(k) **Debenture Holder Not Entitled to Shareholders' Rights**

The Debenture Holder(s) shall not be entitled to any of the rights and privileges available to the shareholders of the Company including right to receive notices of or to attend and vote at general meetings or to receive annual reports of the Company.

If, however, any resolution affecting the rights attached to the Debentures is placed before the shareholders, such resolution will first be placed before the Debenture Holder(s) for their consideration.

(l) **Variation of Debenture Holder(s)' Rights**

The rights, privileges and conditions attached to the Debentures 4 under a particular Series may be varied, modified or abrogated with the consent in writing of the Majority Debenture Holder(s) of that particular Series.

7.5 Notwithstanding anything to the contrary contained in the Debenture Trust Deed 4, in case of any inconsistency between the covenants set out in Note 7 under this General Information Document read with the relevant Key Information Document and the covenants as set out in the Debenture Trust Deed 4, the covenants as set out in Note 7 under this General Information Document read with the relevant Key Information Document shall prevail over and override the covenants under the Debenture Trust Deed 4 for all intents and purposes. Provided however, in case of any inconsistencies between the covenants as set out in Note 7 and Applicable Law, the terms of Applicable Law shall prevail over and override the covenants under this General Information Document read with the relevant Key Information Document, for all intents and purposes and the covenants as set out in the Debenture Trust Deed 4 and this General Information Document read with the relevant Key Information Document shall be deemed to have been amended such that the Applicable Law prevails.

7.6 **The Company hereby covenants with the Trustee that the Company shall, in addition to the covenants set out in Clause 7.1 (Affirmative and Reporting Covenants) above, (except as may otherwise be previously agreed in writing by the Trustee (acting upon the instructions of the Majority Debenture Holders), undertakes to comply with the following covenants during the continuance of the Debenture Trust Deed 4:**

(a) Notify the Trustee

(i) Promptly inform the Trustee if it has notice of any application for winding up having been made or any statutory notice of winding up under the Act or the Insolvency and Bankruptcy Code, 2016 or any other notice under any other act relation to winding up or otherwise of any suit or other legal process intended to be filed or initiated

against the Company and/affecting the title to the Company's properties or if a receiver is appointed in respect of any of its properties or business or undertaking;

(ii) Promptly inform the Trustee on the happening of any event which is likely to cause/ has caused Material Adverse Effect;

(iii) Promptly after the Company obtains knowledge thereof, notice of the occurrence of any event which constitutes an Event of Default specifying the nature of such event and any steps the Company is taking and proposes to take to remedy the same;

(iv) Promptly inform the Trustee of all orders, directions, notices, of court/tribunal affecting or likely to affect the Hypothecated Assets or any part thereof.

(b) **Preserve Corporate Status**

The Company shall diligently preserve its corporate existence and status and all rights, contracts, privileges, franchises and concessions now held or hereafter acquired by it in the conduct of its business and that it will comply with each and every term of the said franchises and concessions and material Applicable Law applicable to the Hypothecated Assets or any part thereof PROVIDED THAT the Company may contest in good faith the validity of any such acts, rules, regulations, orders and directions and pending the determination of such contest may postpone compliance therewith if the rights enforceable under the Debentures 4 or the Security of the Debentures 4 is not thereby materially endangered or impaired. The Company will not do or voluntarily suffer or permit to be done any act or thing whereby its right to transact its business might or could be terminated or whereby payment of the principal of or interest on the Debentures 4 might or would be hindered or delayed.

(c) **Further Assurances**

The Company shall:

(iv) execute and/or do, at their own expense, all such deeds, assurances, documents, instruments, acts, matters and things, in such form and otherwise as the Trustee may reasonably or by law require or consider necessary in relation to enforcing or exercising any of the rights and authorities of the Trustee;

(v) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations necessary to enable it lawfully to enter into and perform its obligations under the Debenture Trust Deed 4 or to ensure the legality, validity, enforceability or admissibility in evidence in India of the Debenture Trust Deed 4; and

(vi) comply with all Applicable Laws (including but not limited to environmental, social and taxation related laws), as applicable in respect of the Debentures 4 and obtain such regulatory approvals as may be required from time to time under any Applicable Laws.

(A). Notwithstanding anything to the contrary set out herein it is hereby clarified for the avoidance of doubt that the Company shall comply with all Applicable Laws in relation to the Debentures 4 including Applicable Laws as may have been amended, updated, supplemented, modified or superseded pursuant to the execution of the Debenture Trust Deed 4 and all certificates, reports, information and documents to be submitted by the Company under the terms of Part A of Debenture Trust Deed 4 shall be submitted to the relevant authority or the Debenture Trustee, as may be applicable, within the timelines prescribed under such Applicable Law, irrespective of the timeline set out under the relevant covenant

in Part A of Debenture Trust Deed 4 (unless the timeline set out under the relevant covenant is shorter than the timeline prescribed under Applicable Law, in which case the timeline set out under the relevant covenant shall be complied with).

Note 8: EVENTS OF DEFAULT AND CONSEQUENCES OF EVENTS OF DEFAULT UNDER DEBENTURE TRUST DEED 4

(i) Upon the occurrence of an Event of Default in the manner as set out in Clause (iii) hereunder, the Trustee and the Company shall adhere to and follow the process set out hereunder:

(a) The Trustee shall (acting upon the instructions of not less than 60% (Sixty) of the Debenture Holders by number at the ISIN level under the Debentures as set out under Chapter X of the DT Operational Circular ("**Majority ISIN Debenture Holders**") issue a notice, in writing, to the Company ("**EOD Notice**"), setting out the Event of Default that has occurred (on account of the fact that such event has not been cured within the cure period (if any) provided for such event).

(b) Upon issuance of the EOD Notice, the Trustee (acting upon the instructions of Majority ISIN Debenture Holders) shall take such action and the consequences as specified under Chapter X of the DT Operational Circular as may be amended, supplemented from time to time and such other circulars / notifications as may be issued by SEBI from time to time, shall apply mutatis mutandis on the occurrence of an Event of Default.

(ii) Subject to the above, the Trustee shall have the following rights:

(a) to appoint a Nominee Director as per Clause (v) below;
(b) initiating any enforcement action including without limitation Insolvency and Bankruptcy Code, 2016 (wherever applicable);
(c) levy additional interest in the manner set out in the 'Additional Interest' section of the Summary Term Sheet;
(d) exercise any other right that the Trustee and / or Debenture Holder(s) may have under the Transaction Documents or under Applicable Law.

(iii) The following events may be called by the Trustee as Events of Default in the manner as stated in Clause (i) above, after the expiry of the relevant time period:

(a) Non-payment on the Due Date of any amount payable pursuant to the Trust Deed, in respect of any Series of Debentures 4;
(b) If not rectified within 30 (Thirty) days from the date of receipt by the Company of a notice from the Trustee in relation thereto or the Company having obtained actual knowledge thereof, whichever is earlier:
    (i) other than Clause (a) above, there is a delay in the performance or breach of any covenant, condition or provision contained in these presents and/or the Financial Covenants and Conditions, except where such delay or breach is in the opinion of the Trustee incapable of remedy and no notice shall be given by the Trustee in such a case;
    (ii) the Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or the Company is voluntarily or involuntarily dissolved;
    (iii) the Company ceases or threatens in writing to cease to carry on its business or any substantial part thereof or gives notice of its intention to do so;
    (iv) except as permitted in the Trust Deed, if, without the prior written approval of the Trustee, the Hypothecated Assets or any part thereof is disposed of, charged, encumbered or alienated;
    (v) the value of the Hypothecated Assets is insufficient to maintain the Security Cover and Company fails to maintain the Security Cover within the stipulated timelines in the Deed of Hypothecation;
    (vi) in the reasonable opinion of the Trustee, acting on the instructions of the Super Majority Debenture Holder(s), the Security offered for the Debentures is in jeopardy. It is hereby clarified that the Security

created to secure the obligations of the Company in relation to the Debentures, shall be considered to be in jeopardy, only in the event that any attachment or distraint is levied in respect of the Hypothecated Assets.

(vii) Any information given by the Company in the reports and other information furnished by the Company and the warranties given/deemed to have been given by it to the Trustee is intentionally misleading or incorrect in any material respect;

(viii) The Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or the Company is voluntarily or involuntarily dissolved;

(ix) A receiver or a liquidator has been appointed or allowed to be appointed for all or any part of the undertaking of the Company;

(x) Any process or petition for expropriation, attachment, sequestration, distress or execution affecting the Hypothecated Assets or any part thereof or certificate proceedings have been taken or commenced for recovery of any dues from the Company which has not been rejected/ discharged/ dismissed/ reversed or settled within 30 (Thirty) calendar days or as given in the said order; or

(xi) If any material breach of terms of the relevant Disclosure Document(s) pertaining to any Series of Debentures is committed by the Company.

(c) The Company admits, in writing, its inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness;

(d) When an order has been made by the tribunal or a special resolution has been passed by the members of the company for winding up of the Company;

(e) The Company ceases or threatens in writing to cease to carry on its business or gives notice of its intention to do so.

(iv) If any Event of Default or any event which, after the notice, or lapse of time, or both, would constitute an Event of Default has happened, the Company shall, forthwith give notice thereof to the Debenture Holders of each Series in which such Event of Default has occurred/Trustee in writing specifying the nature of such Event of Default, or of such event.

(v) The Trustee shall have a right to appoint a nominee director on the Board of Directors of the Company (hereinafter referred to as "**the Nominee Director**") in accordance with the provisions of the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 in the event of:

(a) 2 (Two) consecutive defaults in payment of Coupon to the Debenture Holder(s) by the Company; or
(b) Any default on the part of the Company in redemption of the Debentures;
(c) Any default in the creation of Security;

The Nominee Director so appointed shall not be liable to retire by rotation nor shall be required to hold any qualification shares. The aforementioned Nominee Director shall be appointed by the Company as a director on its Board of Directors not later than 1 (one) month from the date of receipt of such nomination from the Trustee. The Company shall take steps to amend its articles of association for the purpose, in compliance with the requirements of the SEBI Debt Listing Regulations.

Note 9: COMPANY'S COVENANTS UNDER DEBENTURE TRUST DEED 5

9.1 **AFFIRMATIVE AND REPORTING COVENANTS**

The Company hereby covenants with the Trustee that the Company shall undertake to comply with the following covenants:

(a) **Utilisation of proceeds of Debentures 5**

The Company shall utilise the monies received upon subscription of the Debentures 5 solely towards the Purpose. The Company also agrees to submit to the Trustee an annual 'end-use certificate' from the statutory auditor of the Company certifying the compliance with the same, at the end of each financial year till the monies received towards subscription of the Debentures 5 have been fully utilized towards the Purpose.

The Company shall submit to the stock exchange, along with quarterly financial results, a statement indicating utilization of issue proceeds of non-convertible securities, in such format as may be specified by the SEBI which shall be continued to be given till such issue proceeds have been fully utilized or the purpose for which these proceeds were raised has been achieved.

The Company shall submit to the Stock Exchange, along with the quarterly financial results, a statement disclosing material deviation(s), if any, in the use of issue proceeds of non-convertible securities from the objects of the Issue, in such format as may be specified by SEBI till such proceeds have been fully utilized or the purpose for which the proceeds were raised has been achieved.

(b) **Validity of Transaction Documents**

The Company shall ensure that the Transaction Documents shall be validly executed and delivered and will continue in full force and effect and will constitute valid, enforceable and binding obligations of the Company.

(c) **Make the Relevant filings with the Registrar of Companies**

Pursuant to the Act and the relevant rules thereunder, the applicable guidelines issued by SEBI and RBI, the Company undertakes to make the necessary filings of the documents mandated therein with the Registrar of Companies and/or the Stock Exchange within the timelines thereunder to preserve, renew and keep in full force and effect its existence and/or its rights necessary for the operation of its business and/or the legality and validity of any Transaction Documents and/or the transactions contemplated by the Transaction Documents. The Company shall, immediately upon receipt of a signed copy of the certificate of registration of charge from the concerned Registrar of Companies, submit a copy of the same to the Debenture Trustee.

(d) **Minimum Investment**

The Company shall ensure that the minimum investment made in any single Series by any investor is at least Rs.1,00,00,000/- (Rupees One Crore only).

(e) **Compliance with laws**

The Company shall comply with:

(i) all laws, rules, regulations and guidelines as applicable in respect of the Debentures 5, including but not limited, to the following: (i) the Act; (ii) SEBI Debt Listing Regulations; (iii) the provisions of the listing agreement entered into by the Company with the stock exchange in relation to the Debentures 5; (iv) the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), and (v) the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the other notified rules under the Act.

(ii) comply with all the applicable provisions as mentioned in the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 read with the DT Master Circular to the extent the same is required to be complied with by the Trustee or is required in order to enable the Trustee to comply with the same, the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, and/or any other notification, circular, press release issued by the SEBI/RBI, from time to time, as may be applicable to the Company.

(f) **Notify the Trustee**

The Company shall provide / cause to be provided information in respect of the following events:

(i) notify the Trustee in writing, of any proposed change in the nature or conduct or scope of the business or operations of the Company, prior to the date on which such action is proposed to be given effect.

(ii) inform the Trustee of any significant change in the composition of the Board of Directors of the Company which may amount to a change in 'control' (as defined under clause (h) of sub-section (2) of Section 11 of the Securities and Exchange Board of India Act, 1992);

(iii) Inform the Trustee promptly of any amalgamation, merger or reconstruction scheme proposed by the Company.

(iv) The Company agrees that it shall forward to the Trustee promptly, whether a request for the same has been made or not:

A. a copy of the Statutory Auditors' and Directors' Annual Report, Balance Sheet and Profit & Loss Account and of all periodical and special reports at the same time as they are issued;

B. a copy of all notices, resolutions and circulars relating to new issue of debt securities at the same time as they are sent to shareholders/ holders of debt securities; and

C. a copy of all the notices, call letters, circulars, etc. of the meetings of debt security holders at the same time as they are sent to the holders of debt securities or advertised in the media including those related to proceedings of the meetings.

(g) **Furnish Information to Trustee**

Give to the Trustee or their nominee(s) (and to the Debenture Holder(s), if so requested), information in respect of the following events:

(i) Furnish quarterly (unless specified otherwise, in which case, reports shall be submitted according to the specified timeline) report to the Trustee (and to the Debenture Holders), containing the following particulars: -

A. Periodical status/performance reports from the Company within 7 (Seven) days of the relevant board meeting or within 45 (Forty Five) days of the respective quarter, whichever is earlier;

B. Updated list of the names and addresses of the Debenture Holder(s);

C. Details of the principal and the Coupon to be made, but unpaid and reasons for the non-payment thereof;

D. The number and nature of grievances received from the Debenture Holder(s) and (a) resolved by the Company, (b) unresolved by the Company to the satisfaction of the Debenture Holder(s) and the reasons for the same;

E. A statement by the authorized signatory of the Company:

1. that the assets of the Company which are available as Hypothecated Assets is/are sufficient to discharge the claims of the Debenture Holder(s) as and when they become due;

2. that the receivables constituting the Hypothecated Assets have not been charged or hypothecated in favour of any other party except the Trustee and that they are free from any other encumbrances;

F. Statement that the quarterly compliance report on corporate governance (if applicable) has been submitted to the Exchange, in the format prescribed by SEBI, within the timelines prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

G. And any other information as may be required by the Trustee pursuant to requirements of Applicable Law.

(ii) The Company shall provide to the Trustee such information as it may require for any filings, statements, reports that the Trustee is required to provide to any Governmental Authority under Applicable Law.

(h) At the request of any Debenture Holder(s), the Trustee shall, by notice to the Company, call upon the Company to take appropriate steps to redress grievances of the Debenture Holder(s) and shall, if necessary, at the request of the Debenture Holder(s) representing not less than one-tenth in value of the nominal amount of the Debentures 5 for the time being outstanding, call a meeting of the Debenture Holder(s).

The Company shall also promptly furnish to the Trustee the details of all the grievances received by them and shall comprise the following:

(i) Names of the complainants/Debenture Holders.
(ii) Nature of grievances/complaints.
(iii) Time taken for redressal of complaint/grievances etc.
(iv) The steps taken by the Company to redress the same.

The Company shall promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holder(s). The Company further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Trustee and shall advise the Trustee periodically of its compliance. All grievances relating to the Issue may be addressed to the compliance officer of the Company ("**Compliance Officer**") giving full details such as name, address of the applicant, date of the application, application number, number of Debentures 5 applied for, amount paid on application and the place where the application was submitted. The Company shall make best efforts to settle investor grievances expeditiously and satisfactorily within 30 (Thirty) days from the date of receipt of such complaint. In case of non-routine complaints and where external agencies are involved, the Company shall make best endeavours to redress these complaints as expeditiously as possible. The Compliance Officer of the Company may also be contacted in case of any pre-issue/post issue related problems.

(i) The Company shall keep the Hypothecated Assets adequately insured and in a proper condition.

(j) The Company shall provide or cause to be provided, a copy of the latest annual report and the latest audited financial statements to the Trustee, as per the timelines provided under SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 and other Applicable Laws, and the Trustee shall be obliged to share the details submitted under this clause with all Debenture Holders within 2 (Two) working days of their specific request;

(k) The Company shall carry out subsequent valuation of the Hypothecated Assets, at the request of the Trustee.

(l) The Company shall submit the following disclosures to the Trustee in electronic form (soft copy) at the time of allotment of the Debentures 5:

(i) Memorandum and Articles of Association and necessary resolution(s) for the allotment of the Debentures 5;

(ii) Copy of last three years' audited Annual Reports;

(iii) Statement containing particulars of, dates of, and parties to all material contracts and agreements;

(iv) Latest un-audited or audited quarterly and year to date standalone financial results on a quarterly basis on the same day as disclosed to the Stock Exchange in the manner as stated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(v) An undertaking to the effect that the Company would, till the redemption of the debt securities, submit the details mentioned in point (iv) above to the Trustee within the timelines as mentioned in Section I-A under Chapter I (*Uniform Listing Agreement*) of the SEBI 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 dated July 11, 2023 (*bearing reference No. SEBI/HO/CFD/PoD2/CIR/P/2023/120*) as amended from time to time, for furnishing/publishing its half yearly/ annual result. Further, the Company shall submit a copy of the latest annual report to the Trustee, as and when the same is submitted to the Stock Exchange within the timeframe permitted under Applicable Law.

(m) The Company shall submit a half-yearly / quarterly certificate by the statutory auditor, regarding maintenance of Security Cover, including compliance with all the covenants, in respect of the Debentures 5, along with financial results, in the manner and format as specified by SEBI.

(n) The Company shall disclose to the stock exchange in quarterly, half-yearly, year- to-date and annual financial statements, as applicable, the extent and nature of security created and maintained with respect to its secured listed non-convertible debt securities.

(o) The Company shall not declare or pay any dividend to its shareholders during any financial year unless it has paid the Coupon then due and payable on the Debentures 5 or has made provision satisfactory to the Trustee for making such payment. Further, the Company shall not without prior consent of the Trustee, so long as an Event of Default has occurred or is continuing declare or distribute dividend to the shareholders in any year, until the Company has paid or made satisfactory provision for the payment of the principal and interest due on the Debentures 5.

(p) The Company shall promptly submit any information, as required by the Trustee including but not limited to the following: -

(i) such documents and intimations as set out in Regulation 52, 53 and 56 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(ii) by no later than 30 (thirty) days from the relevant Deemed Date of Allotment, a credit letter obtained from the Depository for credit of dematerialized Debentures 5 into the depository accounts of the Debenture Holder(s) within the timelines prescribed by the Applicable Laws;

(iii) intimations regarding:

H. all material events and/or information as disclosed to the Stock Exchange under Regulation 51 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in so far as it relates to the interest, principal, issue and terms of the Debentures 5, rating, creation of charge on the assets, notices, resolutions and meetings of holders of Debentures 5, at the same time as disclosed to the Stock Exchange.

I. any revision in the rating;

J. any default in timely payment of interest or redemption or both in respect of the non-convertible debt securities;

K. failure to create the Security;

L. all covenants of the Issue (including side letters, accelerated payment clause, etc.);

M. breach of covenants/ terms of the Issue by the Company;

N. any legal proceeding pending or threatened, investigation, regulatory notices or judicial orders against the Company, or any dispute between the Company and/or any Governmental Authority, which could result in a Material Adverse Effect or affecting the Hypothecated Assets;

(iv) The Company shall, to the extent required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and as may be applicable to the Company, submit to the Stock Exchange, along with the quarterly/ annual financial results, the following line items:

A. debt-equity ratio;
B. debt service coverage ratio;
C. interest service coverage ratio;
D. outstanding redeemable preference shares (quantity and value);
E. capital redemption reserve/debenture redemption reserve (if applicable);
F. net worth;
G. net profit after tax;
H. earnings per share;
I. current ratio;
J. long term debt to working capital;
K. bad debts to Account receivable ratio;
L. current liability ratio;
M. total debts to total assets;
N. debtors' turnover;
O. inventory turnover;
P. operating margin (%);
Q. net profit margin (%);

Provided that if the information mentioned in sub-clause (iv) above is not applicable to the Company, it shall disclose such other ratio/equivalent financial information, as may be required to be maintained under Applicable Laws, if any.

(q) **Transfer of Unclaimed Redemption Amounts.**
Comply with the provisions of the Applicable Law relating to transfer of unclaimed redemption and Coupon amounts of the Debentures 5 to Investor Education and Protection Fund ("**IEPF"**), if applicable to it.

(r) **Financial Covenants and Conditions**
At all times during the term of these presents comply with each of the Financial Covenants and Conditions.

(s) The Company is aware that in terms of Regulation 14 of the SEBI (Debenture Trustees) Regulations, 1993 as amended from time to time, the Debenture Trust Deed 5 has to contain the matters specified in Section 71 of the Companies Act, 2013 and Form No. SH.12 specified under the Companies (Share Capital and Debentures) Rules, 2014. The Company hereby agrees to comply with all the clauses of Form No. SH.12 as specified under the Companies (Share Capital and Debentures) Rules, 2014, to the extent applicable to it and subject to Applicable Law, as if they are actually incorporated in the Debenture Trust Deed 5;

(t) Within 15 (Fifteen) Business Days of receipt of a request from the Trustee, the Company shall authenticate any information relating to the Debentures 5, to be submitted by the Trustee with the Information Utility.

(u) The Company shall submit to the Trustee, such information as may be required by the Trustee from time to time for the effective discharge of its duties and obligations.

(v) The Company shall submit the following reports/ certification to the Trustee within the timelines mentioned below:

Reports/Certificates	Timelines for submission Requirements to Trustee
Security Cover Certificate in the format prescribed under Annexure VA of the DT Master Circular SEBI/HO/DDHS-PoD1/P/CIR/2023/109, as amended from time to time	Quarterly basis within 60 (Sixty) days from end of each quarter except last quarter of financial year when such submission is to be made within 90 (Ninety) days from the end of such financial year, or within such timelines as prescribed under Applicable Law.
Valuation report and title search report for the immovable/ movable assets, as applicable	Once in 3 (Three years) within 60 (Sixty) days from the end of the financial year or within such timelines as prescribed under Applicable Law.

(w) On a quarterly basis, the company shall furnish the compliance status with respect to financial covenants of the listed debt securities certified by statutory auditor of listed entity to Trustee pursuant to Chapter VI of the DT Master Circular (including any amendments or restatements thereof).

(x) The Company hereby covenants and undertakes that it shall furnish the documents/ information/ reports/ certificates, as applicable and as may be requested by the Trustee, to enable the Trustee to submit the same to the Stock Exchange(s) within such timelines as prescribed under the DT Master Circular (including any amendments or restatements thereof).

(y) The Company shall cooperate with the Trustee to enable it to make necessary filings in connection with the creation of Security over the Hypothecated Assets with the CERSAI, within 30 (Thirty) calendar days from the date of creation of security over the Hypothecated Assets in respect of any Series.

(z) The Company shall submit a due diligence certificate issued by the Trustee in respect of the Security for each Series**,** in the applicable format prescribed under Annexure IIA under Chapter II of the DT Master Circular read with Schedule IV and Schedule IVA of the SEBI Debt Listing Regulations and necessary certificates/ reports to the Stock Exchange, on or prior to issuing the General Information Document(s) and each of the Key Information Document and the Company shall update the same into the 'Security and Covenant Monitoring System' operated by a recognised Depository, which the Trustee shall validate/ confirm on such system as per the provisions of Chapter III of the DT Master Circular.

(aa) The Company shall carry on and conduct its business with due diligence and efficiency and in accordance with sound operational, technical, managerial and financial standards and business practices with qualified and experienced management and personnel.

(bb) <u>Access and Inspection</u>

The Company shall:

(i) permit the Trustee to examine the relevant books and records of the Company upon reasonable prior notice and at such reasonable times and intervals as the Trustee may reasonably request.
(ii) permit the Trustee and the representatives of the Debenture Holder(s), upon prior written notice, to visit and inspect any of the premises where its business is conducted and to have access to its relevant books of account and records in relation to the Issue and to enter into or upon and to view and inspect the state and condition of all the Hypothecated Assets, together with all records, registers relating to the Hypothecated Assets.
(iii) give to the Trustee such information as they shall require as to all matters relating to the business, property and affairs of the Company and at the time of the issue thereof to the shareholders of the Company furnish to the Trustee, 3 (three) copies of every report, balance sheet, profit and loss account, circulars or notices, issued to

the shareholders and the Trustee shall be entitled, if it thinks fit, from time to time, to nominate a firm of chartered accountant to examine the books of account, documents and property of the Company or any part thereof and to investigate the affairs of the Company and the Company shall allow any such accountant to make such examination and investigation and shall furnish them with all such information as they may require and shall pay all costs, charges and expenses of and incidental to such examination and investigation;

(cc) The Company shall keep proper books of account as required by the Act and make true and proper entries of all dealings and transactions of the business of the Company and keep the said books of account and all other books, registers and other documents relating to the affairs of the Company at its registered office or, where permitted by law, at other place or places where the books of account and documents of a similar nature may be kept and the Company will ensure that all entries in the same relating the business of the Company shall at all reasonable times be open for inspection of the Trustee and such Person or Persons as the Trustee shall, from time to time, in writing for the purpose, appoint.

(dd) The Company shall punctually pay all rents, royalties, taxes, rates, levies, cesses, assessments, impositions and outgoings, governmental, municipal or otherwise imposed upon or payable by the Company as and when the same shall become payable including in relation to the Issue and the Hypothecated Assets and when required by the Trustee produce the receipts for such payments and observe, perform and comply with all covenants and obligations which ought to be observed and performed by the Company in respect of or any part of the Hypothecated Assets.

(ee) The Company shall pay all such stamp duty (including any additional stamp duty), other duties, taxes, charges and penalties, if and when the Company may be required to pay in relation to the Debentures 5 issued under the Debenture Trust Deed 5 according to the laws for the time being in force in the State of Maharashtra, and in the event of the Company failing to pay such stamp duty, other duties, taxes and penalties as aforesaid, the Trustee will be at liberty (but shall not be bound) to pay the same and the Company shall reimburse the same to the Trustees on demand.

(ff) The Company shall ensure that the Debentures 5 are rated by the Rating Agencies and continue to be rated by the Rating Agencies until their redemption.

9.2 **NEGATIVE COVENANTS**

The Company hereby covenants that, the Company shall not, for so long as any amount remains outstanding under the Debentures 5 (except as may otherwise be intimated to the Trustee in writing or previously agreed to in writing by the Trustee (acting upon the receipt of the prior written approval of the Majority Debenture Holder(s)), as specified below, perform any of the following actions:

(a) declare or pay any dividend to its shareholders during any Financial Year unless it has paid the installment of principal and Coupon then due and payable on the Debentures 5 or has made provision satisfactory to the Trustee for making such payment.

(b) so long as an Event of Default has occurred or is continuing, declare or distribute dividend to the shareholders in any year, until the Company has paid or made satisfactory provision for the payment of the principal and Coupon due on the Debentures 5.

(c) except as provided in the Transaction Documents, the Company shall not sell or dispose of the Hypothecated Assets or any part thereof or create thereon, any mortgage, lien or charge by way of hypothecation, pledge or otherwise howsoever or other encumbrance of any kind; and

(d) undertake or permit any merger, consolidation, reorganization, amalgamation, reconstruction, consolidation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.

9.3 ADDITIONAL COVENANTS:

(a) Default in Payment and Other Defaults

In case of default in payment of Coupon and/ or redemption of the principal amount of the Debentures 5 on the respective Due Dates, additional interest of at least 2% (Two Percent) per annum over and above the Coupon Rate shall be payable by the Company for the defaulting period until the defaulted amount together with the delay penalty is paid, in compliance with the SEBI Debt Listing Regulations as may be updated/ amended from time to time.

(b) Delay in Listing

In accordance with the SEBI Debt Listing Regulations, in case of a delay by the Company in listing the Debentures 5 beyond such days as prescribed under Applicable Law, the Company shall make payment to the Debenture Holders of 1% (One Percent) per annum over the Coupon Rate from the relevant Deemed Date of Allotment till the listing of such Debentures 5.

(c) Delay in execution of Debenture Trust Deed 5

Where the Company fails to execute the Debenture Trust Deed 5 within the period specified by SEBI, then without prejudice to any liability arising on account of violation of the provisions of the Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Company shall also pay interest of at least 2% (Two Percent) per annum or such other rate, as specified by SEBI to the Debenture Holders, over and above the Coupon Rate, till the execution of the Debenture Trust Deed 5.

9.4 FINANCIAL COVENANTS AND CONDITIONS

9.4.1 DEBENTURES 5 TO RANK *PARI PASSU*

The Debentures 5 under each Series shall rank *pari passu*, inter se, without any preference or priority of one over the other or others of them.

9.4.2 COUPON

(a) INTEREST ON APPLICATION MONEY

The Company shall be liable to pay the Debenture Holder(s) interest on application money as more particularly specified in the relevant Key Information Document for each Series and in accordance with the General Information Document.

(b) **COUPON RATE**

Coupon shall be payable at the rate as may be specified in the relevant Key Information Document(s), in respect of the relevant Series on every Coupon Payment Date.

(c) **COMPUTATION OF COUPON**

All Coupon accruing on the face value of the Debentures 5 shall accrue from day to day at the applicable Coupon Rate and rounded off to the nearest Rupee. The Coupon shall be computed on the Outstanding Principal Amount on the relevant Debentures 5 for the period commencing from the relevant Deemed Date of Allotment (or the previous Coupon Payment Date on which the Coupon has been fully paid) and expiring on the immediately succeeding Coupon Payment Date and such Coupon shall be paid on the said succeeding Coupon Payment Date. The Coupon shall be computed in accordance with the day count basis as more particularly specified in the relevant Key Information Document for each Series.

(d) **COUPON PAYMENT DATE(S)**

The Coupon shall be made to the Debenture Holders on such dates as may be specified in the relevant Key Information Document(s) ("**Coupon Payment Dates**"), in respect of the relevant Series.

9.4.3 REDEMPTION

(a) As and when the specific Series of Debentures 5 are issued, the Company shall inform the Trustee of the Redemption Date(s) for that Series of Debentures 5. The tenure of each Series of the Debentures 5 shall be as specified in the Key Information Document Issued for that Series. It is clarified that the Debentures 5 under a Series may be issued with a rollover option as may be agreed upon with prospective investors for such Series. The details of such rollover option shall be provided for in the relevant Key Information Document applicable for that Series and shall be exercised in accordance with the Applicable Law. It is further clarified that the Company may issue Debentures 5 under a Series with a call option and/or a put option to be exercised at such interval as may be agreed upon with prospective investors for such Series. The details of such call option and / or the put option and the manner of exercise of the same shall be provided in the relevant Key Information Document applicable for that Series.

(b) Redemption of Debentures 5 under a Series will be proportionate to the investment made by each Debenture Holder for that Series.

(c) The Company shall furnish the details of payments made to the Debenture Holders, containing the following, towards redemption or the payment of the principal amount and Coupon in respect of such Series to the Exchange:

(vii) Principal Amount paid;
(viii) Coupon paid; and
(ix) Date of payment

9.4.4 PAYMENTS

Payment of the Outstanding Principal Amount and the Coupon will be made to the registered Debenture Holder(s)/Beneficial Owner(s) and in case of joint holders to the one whose name stands first in the in the list of Beneficial Owner(s) provided to the Company by the RTA / Depository (NSDL/ CDSL) on the Record Date. Such payments shall be made by cheque or warrant drawn by the Company on its bankers or by electronic mode viz. RTGS / NECS / NEFT, as the case may be.

9.4.5 BUSINESS DAY CONVENTION

If any Coupon Payment Date in respect of a relevant Series falls on a day which is not a Business Day, then the immediately succeeding Business Day shall be the due date for such payment, however, the dates of the future Coupon payments in respect of such relevant Series would be as per the schedule originally stipulated in the relevant Key Information Document. In other words, the subsequent Coupon payment schedule would not be disturbed merely because the payment date in respect of one particular Coupon payment has been postponed earlier because of it having fallen on non-Business Day.

If the Maturity Date / Redemption Date (including the last Coupon Payment Date) or the due date in respect of liquidated damages (if any) and all other monies payable under a Key Information Document falls on a day which is not a Business Day, then the immediately preceding Business Day shall be the due date for such payment.

9.4.6 TAXATION

(d) As per the existing tax laws, tax will be deducted at source at the time of actual payment of Coupon to the Debenture Holder(s) at the rate for the time being prescribed by the Income Tax Act,1961.

(e) The Company shall deliver to the Debenture Holder(s), evidence or certificate of the taxes deducted at source within the time frame prescribed under the law.

(f) For seeking TDS exemption / lower rate of TDS, relevant certificate / document must be lodged by the Debenture Holder(s) at the corporate office of the Company at least 15 (Fifteen) days before the interest payment becoming due. Tax exemption certificate / declaration of non-deduction of tax at source on interest on application money should be submitted along with the application form.

9.4.7 FURTHER BORROWINGS

The Company shall be entitled to make further issue of debentures and/or raise further loans and/or avail of further deferred payment/guarantee facilities from time to time for such amounts and from such persons/public financial institutions/banks or any other financial corporations or body corporate to be secured on such basis as may be agreed with such lender without the consent of or any notice to the Debenture Holders or the Trustee. Provided that at the time of raising such further issue of Debentures 5 and/or further term loans and/or availing deferred payment credit/guarantee

facilities, the Company shall maintain the Security Cover at all times in respect of this Issue and no Event of Default should be continuing.

9.4.8 REPURCHASE, REISSUE AND CONSOLIDATION OF DEBENTURES

The Company shall, subject to Applicable Law and the Key Information Document(s) in respect of the relevant Series of the Debentures 5 at any time and from time to time, have the power exercisable at its sole and absolute discretion to purchase some or all of the relevant Series of the Debentures 5 held by the Debenture Holder(s) at any time prior to the specified date(s) of redemption from the open market or otherwise. Such buy-back/purchase of relevant Series of the Debentures 5 may be at par or at discount / premium to the face value at the sole discretion of the Company and maybe done either on a pro rata basis or by lot or by any other manner whatsoever, as the Company may deem fit. The Trustee (for and on behalf of Debenture Holders) hereby irrevocably gives its consent to the Company for such buy back/purchase of the relevant Series of the Debentures 5. The relevant Series of the Debentures 5 so purchased may, at the option of the Company and subject to Applicable Laws, be cancelled, held, consolidated or resold.

Where the Company has repurchased / redeemed any such relevant Series of the Debentures 5, if permissible under and subject to the provisions of the Applicable Laws, the Company shall have and shall be deemed always to have had the right to keep such relevant Series of the Debentures 5 alive for the purpose of reissue and in exercising such right, the Company shall have and shall be deemed always to have had the power to reissue such relevant Series of the Debentures 5, either by reissuing the same relevant Series of the Debentures 5 or by issuing other Debentures 5 in their place, in either case, at such a price and on such terms and conditions (including any variations, dropping of or additions to any terms and conditions originally stipulated) as the Company may deem fit.

9.4.9 TRANSFER OF DEBENTURES 5

(a) The Debentures 5 shall be freely transferable and transmittable by the Debenture Holder(s) in whole or in part without the prior consent of the Company when made in accordance with the Transaction Documents. The Debenture Holder(s) shall also have the right to novate, transfer or assign its rights and/or the benefits under the Transaction Documents upon such transfer/transmission of the Debentures 5.

(b) Transfer and transmission of the Debentures 5 shall be subject to the Depositories Act, 1996, the rules made thereunder, the byelaws, rules and regulations of the Depositories as amended from time to time.

(c) It is clarified that the Company shall not assign any of the rights, duties or obligations under this Debenture Trust Deed 5 or in relation to the Debentures 5 without the prior written consent of the Trustee (acting on the instructions of all the Debenture Holder(s)).

9.4.10 DEBENTURES 5 FREE FROM EQUITIES

The Debenture Holder(s) will be entitled to their Debentures 5 free from equities or cross claims by the Company against the original or any intermediate holders thereof.

9.4.11 DEBENTURE HOLDER NOT ENTITLED TO SHAREHOLDERS' RIGHTS

The Debenture Holder(s) shall not be entitled to any of the rights and privileges available to the shareholders of the Company including right to receive notices of or to attend and vote at general meetings or to receive annual reports of the Company.

If, however, any resolution affecting the rights attached to the Debentures 5 is placed before the shareholders, such resolution will first be placed before the Debenture Holder(s) for their consideration.

9.4.12 VARIATION OF DEBENTURE HOLDER(S)' RIGHTS

The rights, privileges and conditions attached to the Debentures 5 under a particular Series may be varied, modified or abrogated with the consent in writing of the Majority Debenture Holder(s) of that particular Series.

9.5 **BREACH OF COVENANT BY THE COMPANY MAY BE WAIVED**

The Trustee may, at any time, waive on such terms and conditions as to them shall seem expedient, any breach by the Company of any of the covenants and provisions in these presents contained without prejudice to the rights of the Trustee in respect of any subsequent breach thereof provided however that the prior consent of the Super Majority Debenture Holder(s) or Majority Debenture Holder(s) (in case such breach is in respect of any particular Series) shall have been obtained by the Trustee for any such waiver.

9.6 The Company hereby covenants with the Trustee that the Company shall, in addition to the covenants set out in Clause 9.1 above (except as may otherwise be previously agreed in writing by the Trustee (acting upon the instructions of the Majority Debenture Holders), undertakes to comply with the following covenants during the continuance of this Debenture Trust Deed 5:

(a) **Notify the Trustee**

(i) Promptly inform the Trustee if it has notice of any application for winding up having been made or any statutory notice of winding up under the Act or the Insolvency and Bankruptcy Code, 2016 or any other notice under any other act relation to winding up or otherwise of any suit or other legal process intended to be filed or initiated against the Company and/affecting the title to the Company's properties or if a receiver is appointed in respect of any of its properties or business or undertaking;

(ii) Promptly inform the Trustee on the happening of any event which is likely to cause/ has caused Material Adverse Effect;

(iii) Promptly after the Company obtains knowledge thereof, notice of the occurrence of any event which constitutes an Event of Default specifying the nature of such event and any steps the Company is taking and proposes to take to remedy the same;

(iv) Promptly inform the Trustee of all orders, directions, notices, of court/tribunal affecting or likely to affect the Hypothecated Assets or any part thereof.

(b) **Preserve Corporate Status**

The Company shall diligently preserve its corporate existence and status and all rights, contracts, privileges, franchises and concessions now held or hereafter acquired by it in the conduct of its business and that it will comply with each and every term of the said franchises and concessions and material Applicable Law applicable to the Hypothecated Assets or any part thereof PROVIDED THAT the Company may contest in good faith the validity of any such acts, rules, regulations, orders and directions and pending the determination of such contest may postpone compliance therewith if the rights enforceable under the Debentures 5 or the Security of the Debentures 5 is not thereby materially endangered or impaired. The Company will not do or voluntarily suffer or permit to be done any act or thing whereby its right to transact its business might or could be terminated or whereby payment of the principal of or interest on the Debentures 5 might or would be hindered or delayed.

(c) **Further Assurances**

The Company shall:

(i) execute and/or do, at their own expense, all such deeds, assurances, documents, instruments, acts, matters and things, in such form and otherwise as the Trustee may reasonably or by law require or consider necessary in relation to enforcing or exercising any of the rights and authorities of the Trustee;

(ii) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations necessary to enable it lawfully to enter into and perform its obligations under the Debenture Trust Deed 5 or to ensure the legality, validity, enforceability or admissibility in evidence in India of the Debenture Trust Deed 5; and

(iii) comply with all Applicable Laws (including but not limited to environmental, social and taxation related laws), as applicable in respect of the Debentures 5 and obtain such regulatory approvals as may be required from time to time under any Applicable Laws.

9.7 Notwithstanding anything to the contrary set out herein it is hereby clarified for the avoidance of doubt that the Company shall comply with all Applicable Laws in relation to the Debentures 5 including Applicable Laws as may have been amended, updated, supplemented, modified or superseded pursuant to the execution of the Debenture Trust Deed 5 and all certificates, reports, information and documents to be submitted by the Company under the terms of Part A of Debenture Trust Deed 5 shall be submitted to the relevant authority or the Debenture Trustee, as may be applicable, within the timelines prescribed under such Applicable Law, irrespective of the timeline set out under the relevant covenant in Part A of Debenture Trust Deed 5 (unless the timeline set out under the relevant covenant is shorter than the timeline prescribed under Applicable Law, in which case the timeline set out under the relevant covenant shall be complied with).

9.8 Notwithstanding anything to the contrary contained in the Debenture Trust Deed 5, in case of any inconsistency between the covenants set out in Note 9 under this General Information Document read with the relevant Key Information Document and the covenants as set out in the Debenture Trust Deed 5, the covenants as set out in Note 9 under this General Information Document read with the relevant Key Information Document shall prevail over and override the covenants under the Debenture Trust Deed 5 for all intents and purposes. Provided however, in case of any inconsistencies between the covenants as set out in Note 9 and Applicable Law, the terms of Applicable Law shall prevail over and override the covenants under this General Information Document read with the relevant Key Information Document, for all intents and purposes and the covenants as set out in the Debenture Trust Deed 5 and this General Information Document read with the relevant Key Information Document shall be deemed to have been amended such that the Applicable Law prevails.

10. Note 10: EVENTS OF DEFAULT AND CONSEQUENCES OF EVENTS OF DEFAULT UNDER DEBENTURE TRUST DEED 5

10.1 Upon the occurrence of an Event of Default in the manner as set out in Clause 10.3 hereinbelow and as specified in Clause 10.6 below in respect of any Series, the Trustee and the Company shall adhere to and follow the process set out hereunder:

(a) The Trustee shall (acting upon the instructions of not less than 60% (Sixty) of the Debenture Holders by number at the ISIN level under the Debentures 5 as set out under Chapter X of the DT Master Circular ("**Majority ISIN Debenture Holders**") issue a notice, in writing, to the Company ("**EOD Notice**"), setting out the Event of Default that has occurred (on account of the fact that such event has not been cured within the cure period (if any) provided for such event).

(b) Upon issuance of the EOD Notice, the Trustee (acting upon the instructions of Majority ISIN Debenture Holders) shall take such action and the consequences as specified under Chapter X of the DT Master Circular as may be amended, supplemented from time to time and such other circulars / notifications as may be issued by SEBI from time to time, shall apply mutatis mutandis on the occurrence of an Event of Default.

10.2 Subject to the above, the Trustee shall have the following rights:

(a) to appoint a Nominee Director as per Clause 10.5 below;
(b) initiating any enforcement action including without limitation Insolvency and Bankruptcy Code, 2016 (wherever applicable);
(c) levy additional interest in the manner set out in Clause 1.12.3(a) (*Additional Interest*) of the Debenture Trust Deed 5;
(d) exercise any other right that the Trustee and / or Debenture Holder(s) may have under the Transaction Documents or under Applicable Law.

10.3 In addition to the events set out in Clause 10.6, the following events may be called by the Trustee as Events of Default in the manner as stated in Clause 10.1 above, after the expiry of the relevant time period:

(a) Non-payment on Due Date of any amount payable pursuant to this Debenture Trust Deed 5, in respect of any Series of Debentures 5;
(b) If not rectified within 30 (Thirty) days from the date of receipt by the Company of a notice from the Trustee in relation thereto or the Company having obtained actual knowledge thereof, whichever is earlier:

(i) other than Clause (a) of the Debenture Trust Deed 5, there is a delay in the performance or breach of any covenant, condition or provision contained in these presents and/or the Financial Covenants and Conditions, except where such delay or breach is in the opinion of the Trustee incapable of remedy and no notice shall be given by the Trustee in such a case;

(ii) the Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or the Company is voluntarily or involuntarily dissolved;

(iii) the Company ceases or threatens in writing to cease to carry on its business or any substantial part thereof or gives notice of its intention to do so;

(iv) if, without the prior written approval of the Trustee, the Hypothecated Assets or any part thereof is disposed of, charged, encumbered or alienated;

(v) the value of the Hypothecated Assets is insufficient to maintain the Security Cover and Company fails to maintain the Security Cover within the stipulated timelines in the Deed(s) of Hypothecation;

(vi) in the reasonable opinion of the Trustee, acting on the instructions of the Super Majority Debenture Holder(s), the Security offered for the Debentures 5 is in jeopardy. It is hereby clarified that the Security created to secure the obligations of the Company in relation to the Debentures 5, shall be considered to be in jeopardy, only in the event that any attachment or distraint is levied in respect of the Hypothecated Assets.

(c) The Company admits, in writing, its inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness;

(d) When an order has been made by the tribunal or a special resolution has been passed by the members of the company for winding up of the company;

(e) The Company ceases or threatens in writing to cease to carry on its business or gives notice of its intention to do so.

10.4 If any Event of Default as per clause 10.3 or 10.6 or any event which, after the notice, or lapse of time, or both, would constitute an Event of Default has happened, the Company shall, forthwith give notice thereof to the Debenture Holders of each Series in which such Event of Default has occurred/Trustee in writing specifying the nature of such Event of Default, or of such event.

10.5 **NOMINEE DIRECTOR**

Subject to Applicable Law, the Trustee shall have a right to appoint a nominee director on the Board of Directors of the Company (hereinafter referred to as "**the Nominee Director**") in accordance with the provisions of the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 in the event of:

(a) 2 (Two) consecutive defaults in payment of Coupon to the Debenture Holder(s) by the Company; or
(b) Any default on the part of the Company in redemption of the Debentures 5;
(c) Any default in the creation of Security;

The Nominee Director so appointed shall not be liable to retire by rotation nor shall be required to hold any qualification shares. The aforementioned Nominee Director shall be appointed by the Company as a director on its Board of Directors not later than 1 (one) month from the date of receipt of such nomination from the Trustee.

10.6 In addition to the events set out in Clause 10.3 above, the following events may be called by the Trustee as Events of Default in the manner as stated in Clause 10.1 above, after the expiry of the relevant time period:

If not rectified within 30 (Thirty) days from the date of receipt by the Company of a notice from the Trustee in relation thereto or the Company having obtained actual knowledge thereof, whichever is earlier:

(f) Any information given by the Company in the reports and other information furnished by the Company and the warranties given/deemed to have been given by it to the Trustee is intentionally misleading or incorrect in any material respect;

(g) The Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or the Company is voluntarily or involuntarily dissolved;

(h) A receiver or a liquidator has been appointed or allowed to be appointed for all or any part of the undertaking of the Company;

(i) Any process or petition for expropriation, attachment, sequestration, distress or execution affecting the Hypothecated Assets or any part thereof or certificate proceedings have been taken or commenced for recovery of any dues from the Company which has not been rejected/ discharged/ dismissed/ reversed or settled within 30 (Thirty) calendar days or as given in the said order; or

(j) If any material breach of terms of the relevant Disclosure Document(s) pertaining to any Series of Debentures 5 is committed by the Company.

NOTE 11: COMPANY'S COVENANTS UNDER SUBORDINATED BOND TRUST DEED

11.1 COVENANTS

11.1.1 **AFFIRMATIVE AND REPORTING COVENANTS**

The Company hereby covenants with the Trustee that the Company shall undertake to comply with the following covenants:

(a) Utilisation of proceeds of Subordinated Bonds

The Company shall utilise the monies received upon subscription of the Subordinated Bonds solely towards the Purpose. The Company also agrees to submit to the Trustee an annual 'end-use certificate' from the statutory auditor of the Company certifying the compliance with the same, within 60 (Sixty) days from the end of each financial year till the monies received towards subscription of the Subordinated Bonds have been fully utilized towards the Purpose.

The Company shall, within forty-five days from the end of every quarter, submit to the stock exchange, a statement indicating utilization of issue proceeds of non-convertible securities, which shall be continued to be given till such time the issue proceeds have been fully utilized or the purpose for which these proceeds were raised has been achieved.

In case of any material deviation in the use of proceeds as compared to the objects of the Issue, the same shall be indicated in the format as specified by SEBI.

(b) Validity of Transaction Documents

The Company shall ensure that the Transaction Documents shall be validly executed and delivered and will continue in full force and effect and will constitute valid, enforceable and binding obligations of the Company.

(c) Make the Relevant filings with the Registrar of Companies

Pursuant to the Act and the relevant rules thereunder, the applicable guidelines issued by SEBI and RBI, the Company undertakes to make the necessary filings of the documents mandated therein with the Registrar of Companies and/or the Stock Exchange within the timelines thereunder to preserve, renew and keep in full force and effect its existence and/or its rights necessary for the operation of its business and/or the legality and validity of any Transaction Documents and/or the transactions contemplated by the Transaction Documents.

(d) The Company shall ensure that the minimum investment made in any single tranche by any investor is at least Rs.1,00,00,000/- (Rupees One Crore only).

(e) Compliance with laws

The Company shall comply with:

(i) all laws, rules, regulations and guidelines (including the Act) as applicable in respect to the Subordinated Bonds, and obtain such regulatory approvals as may be required from time to time, including but not limited, in relation to the following (i) the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as may be in force from time to time during the currency of the Subordinated Bonds; (ii) the provisions of the listing agreement entered into by the Company with the stock exchange in relation to the Subordinated Bonds including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), and (iii) the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the other notified rules under the Act;

(ii) comply with all the applicable provisions as mentioned in the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 to the extent the same is required to be complied with by the Trustee or is required in order to enable the Trustee to comply with the same, the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, and/or any other notification, circular, press release issued by the SEBI/RBI, from time to time, as may be applicable to the Company.

(iii) the Company shall forward the details of Subordinated Bond Holders to the Trustee at the time of allotment and/or cause the registrar to the Issue and share transfer agent to forward the details of Subordinated Bond Holders to the Trustee by the 7th (Seventh) working day of every next month in order to enable Trustee to keep its records updated and to communicate effectively with the Subordinated Bond Holders.

(f) Notify the Trustee

The Company shall provide / cause to be provided information in respect of the following events:

(i) notify the Trustee in writing, of any proposed change in the nature or conduct or scope of the business or operations of the Company, prior to the date on which such action is proposed to be given effect.

(ii) inform the Trustee of any major change in the composition of the Board of Directors of the Company which may amount to a change in control (as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011);

(iii) Inform the Trustee promptly of any amalgamation, merger or reconstruction scheme proposed by the Company.

(iv) The Company agrees that it shall forward to the Trustee promptly, whether a request for the same has been made or not:

A. a copy of the Statutory Auditors' and Directors' Annual Report, Balance Sheet and Profit & Loss Account and of all periodical and special reports at the same time as they are issued;
B. a copy of all notices, resolutions and circulars relating to new issue of debt securities at the same time as they are sent to shareholders/ holders of debt securities; and
C. a copy of all the notices, call letters, circulars, etc. of the meetings of debt security holders at the same time as they are sent to the holders of debt securities or advertised in the media.

(g) Furnish Information to Trustee

Give to the Trustee or their nominee(s) (and to the Subordinated Bond Holder(s), if so requested), information in respect of the following events:

(i) Furnish quarterly (unless specified otherwise, in which case, reports shall be submitted according to the specified timeline) report to the Trustee (and to the Subordinated Bond Holders), containing the following particulars: -

A. Periodical status/performance reports from the Company within 7 (Seven) days of the relevant board meeting or within 45 (Forty Five) days of the respective quarter, whichever is earlier;
B. Updated list of the names and addresses of the Subordinated Bond Holder(s);
C. Details of the principal and the Coupon to be made, but unpaid and reasons for the non-payment thereof;
D. The number and nature of grievances received from the Subordinated Bond Holder(s) and (a) resolved by the Company, (b) unresolved by the Company to the satisfaction of the Subordinate Bond Holder(s) and the reasons for the same;
E. Promptly and expeditiously attend to and redress the grievances, if any, of the Subordinated Bond Holder(s). The Company further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Trustee and shall advise the Trustee periodically of its compliance;
F. Statement that the quarterly compliance report on corporate governance (if applicable) has been submitted to the Stock Exchange, in the format prescribed by SEBI, within the time lines prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(ii) The Company shall provide to the Trustee such information as it may require for any filings, statements, reports that the Trustee is required to provide to any governmental authority under Applicable Law.

(h) The Company shall provide or cause to be provided, within 180 (One Hundred and Eighty) days from the end of the financial year, a copy of the latest annual report and the latest audited financial statements to the Trustee and the Trustee shall be obliged to share the details submitted under this clause with all Subordinated Bond Holders within 2 (Two) working days of their specific request.

(i) The Company shall also promptly furnish to the Subordinated Bond Trustee the details of all the grievances received by them and shall comprise the following:

(i) Names of the complainants/Subordinated Bond Holders.
(ii) Nature of grievances/complaints.
(iii) Time taken for redressal of complaint/grievances etc.
(iv) The steps taken by the Company to redress the same.

The Company shall promptly and expeditiously attend to and redress the grievances, if any, of the Subordinated Bond Holder(s). The Company further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Trustee and shall advise the Trustee periodically of its compliance. All grievances relating to the Issue may be addressed to the compliance officer of the Company ("**Compliance Officer**") giving full details such as name, address of the applicant, date of the application, application number, number of Subordinated Bonds applied for, amount paid on application and the place where the application was submitted. The Company shall make best efforts to settle investor grievances expeditiously and satisfactorily within 30 (Thirty) days from the date of receipt of such complaint. In case of non-routine complaints and where external agencies are involved, the Company shall make best endeavours to redress these complaints as expeditiously as possible. The Compliance Officer of the Company may also be contacted in case of any pre-issue/post issue related problems.

(j) The Company shall submit the following disclosures to the Trustee in electronic form (soft copy) at the time of allotment of the Subordinated Bonds:

(i) Memorandum and Articles of Association and necessary resolution(s) for the allotment of the Subordinated Bonds;

(ii) Copy of last three years' audited Annual Reports;

(iii) Statement containing particulars of, dates of, and parties to all material contracts and agreements;

(iv) Latest un-audited or audited quarterly and year to year standalone financial results on a quarterly basis on the same day as disclosed to the Stock Exchange in the manner as stated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.;

(v) An undertaking to the effect that the Company would, till the redemption of the Subordinated bonds, submit the details mentioned in point (iv) above to the Trustee within the timelines as mentioned in Uniform Listing Agreement issued by SEBI vide circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015 as amended from time to time, for furnishing/publishing its half yearly/ annual result. Further, the Company shall submit a copy of the latest annual report to the Trustee, as and when the same is submitted to the Stock Exchange within the timeframe permitted under Applicable Law.

(k) The Company shall not declare or pay any dividend to its shareholders during any financial year unless it has paid the Coupon then due and payable on the Subordinated Bonds or has made provision satisfactory to the Trustee for making such payment. Further, the Company shall not without prior consent of the Trustee, so long as an Event of Default has occurred or is continuing declare or distribute dividend to the shareholders in any year, until the Company has paid or made satisfactory provision for the payment of the principal and interest due on the Subordinated Bonds.

(l) The Company shall submit a half-yearly certificate by the statutory auditor, regarding maintenance of hundred percent asset cover, including compliance with all the covenants, in respect of the Subordinated Bonds, along with the financial results.

(m) The Company hereby covenants and undertakes that it shall furnish the following documents/information/reports/certification, as applicable, to the Debenture Trustee to enable the Debenture Trustee to submit the same to the Stock Exchange(s) within the timelines mentioned below:

Reports/Certificate	Periodicity	Format
Asset Cover Certificate	Quarterly basis within 60 days from end of each quarter	Annexure A as per SEBI Circular dated 12.11.2020

(n) The Company shall promptly submit any information, as required by the Trustee including but not limited to the following:-

(i) such documents and intimations as set out in Regulation 56 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(ii) by no later than 30 (thirty) days from the relevant Deemed Date of Allotment, a certificate signed by an authorised officer of the Company confirming credit of dematerialized Subordinated Bonds into the depository accounts of the Subordinated Bond Holder(s) within the time-lines prescribed by the Applicable Laws

(iii) intimations regarding:

A. all material events and/or information as disclosed to the Stock Exchange under Regulation 51 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in so far as it relates to the interest, principal, issue and terms of the Subordinated Bonds, rating, creation of charge on the assets, notices, resolutions and meetings of holders of Subordinated Bonds, at the same time as disclosed to the Stock Exchange.

B. any revision in the rating;

C. any default in timely payment of interest or redemption or both in respect of the non-convertible Subordinated Bonds;

D. all covenants of the Issue (including side letters, accelerated payment clause, etc.);

E. a breach of covenants/ terms of the Issue by the Company;

F. any legal proceeding pending or threatened, investigation, regulatory notices or judicial orders against the Company, or any dispute between the Company and/or any Governmental Authority, which could result in a Material Adverse Effect;

(o) Notify the Trustee:

(i) Promptly inform the Trustee if it has notice of any application for winding up having been made or any statutory notice of winding up under the Act or the Insolvency and Bankruptcy Code, 2016 or any other notice under any other act relation to winding up or otherwise of any suit or other legal process intended to be filed or initiated against the Company and/affecting the title to the Company's properties or if a receiver is appointed in respect of any of its properties or business or undertaking;

(ii) Promptly inform the Trustee on the happening of any event which is likely to cause/ has caused Material Adverse Effect;

(iii) Promptly after the Company obtains knowledge thereof, notice of the occurrence of any event which constitutes an Event of Default specifying the nature of such event and any steps the Company is taking and proposes to take to remedy the same.

(p) Preserve Corporate Status

The Company shall diligently preserve its corporate existence and status and all rights, contracts, privileges, franchises and concessions now held or hereafter acquired by it in the conduct of its business and that it will comply with the said privileges and concessions and all material Applicable Law applicable to its assets or any part thereof PROVIDED THAT the Company may contest in good faith the validity of any such acts, rules, regulations, orders and directions and pending the determination of such contest may postpone compliance therewith if the rights enforceable under the Subordinated Bonds are not thereby materially endangered or impaired. The Company will not do or voluntarily suffer or permit to be done any act or thing whereby its right to transact its business might or could be terminated or whereby payment of the principal of or interest on the Subordinated Bonds might or would be hindered or delayed.

(q) Further Assurances

The Company shall:

(i) execute and/or do, at their own expense, all such deeds, assurances, documents, instruments, acts, matters and things, in such form and otherwise as the Trustee may reasonably or by law require or consider necessary in relation to enforcing or exercising any of the rights and authorities of the Trustee;

(ii) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations necessary to enable it lawfully to enter into and perform its obligations under the Subordinated Bond Trust Deed or to ensure the legality, validity, enforceability or admissibility in evidence in India of the Subordinated Bond Trust Deed;

(iii) comply with all Applicable Laws (including but not limited to environmental, social and taxation related laws), as applicable in respect of the Subordinated Bonds and obtain such regulatory approvals as may be required from time to time under any Applicable Laws;

(iv) on receiving appropriate notice from the Trustee, permit the Trustee to inspect the registers maintained by the Company and to take necessary extracts of the same;

(r) Transfer of Unclaimed Redemption Amounts.

Comply with the provisions of the Act relating to transfer of unclaimed redemption and Coupon amounts of the Subordinated Bonds to Investor Education and Protection Fund ("**IEPF"**), if applicable to it.

(s) The Company is aware that in terms of Regulation 14 of the SEBI (Debenture Trustees) Regulations, 1993 as amended from time to time, the Subordinated Bond Trust Deed has to contain the matters specified in Section 71 of the Companies Act, 2013 and Form No. SH.12 specified under the Companies (Share Capital and Debentures) Rules, 2014. The Company hereby agrees to comply with all the clauses of Form No. SH.12 as specified under the Companies (Share Capital and Debentures) Rules, 2014, to the extent applicable to it, as if they are actually incorporated in the Subordinated Bond Trust Deed;

(t) Within 15 (Fifteen) Business Days of receipt of a request from the Trustee, the Company shall authenticate any information relating to the Subordinated Bonds, to be submitted by the Trustee with the Information Utility.

(u) The Company shall submit to the Trustee, such information as may be required by the Trustee from time to time for the effective discharge of its duties and obligations.

(v) The Company shall keep proper books of account as required by the Act and make true and proper entries of all dealings and transactions of the business of the Company and keep the said books of account and all other books, registers and

other documents relating to the affairs of the Company at its registered office or, where permitted by law, at other place or places where the books of account and documents of a similar nature may be kept.

(w) The Company shall pay all such stamp duty taxes, charges and penalties, if and when the Company may be required to pay in relation to the Subordinated Bonds issued under the Subordinated Trust Deed according to the laws for the time being in force in the State of Maharashtra, and in the event of the Company failing to pay such stamp duty, other duties, taxes and penalties as aforesaid, the Trustee will be at liberty (but shall not be bound) to pay the same and the Company shall reimburse the same to the Trustees on demand.

(x) The Company shall ensure that the Subordinated Bonds are rated by the Rating Agencies and continue to be rated by the Rating Agencies until their redemption.

FINANCIAL COVENANTS AND CONDITIONS

11.1.2 **SUBORDINATED BONDS TO RANK *PARI PASSU***

The Subordinated Bonds under each Tranche/Series shall rank *pari passu*, inter se, without any preference or priority of one over the other or others of them.

11.1.3 **COUPON**

(a) INTEREST ON APPLICATION MONEY

The Company shall be liable to pay the Subordinated Bond Holder(s) interest on application money as more particularly specified in the relevant Information Memorandum Document for each Tranche/Series and in accordance with the relevant Information Memorandum.

(b) COUPON RATE

(i) Coupon shall be payable at the rate as may be specified in the relevant Information Memorandum , in respect of the relevant Tranche/Series on every Coupon Payment Date.

(ii) In the event the Subordinated Bonds under a Tranche/Series are issued with zero interest, such Subordinated Bonds shall carry a yield at the rate as may be agreed upon with the Subordinated Bond Holder(s) for such Tranche/Series based on which the discount on which the Subordinated Bonds are to be issued or the redemption premium or cumulative interests amount payable by the Company at maturity shall be calculated. The details of such yield, discount, the redemption premium or the cumulative interest amounts, as the case may be, shall be provided in the relevant Information Memorandum applicable for that Tranche/Series.

(c) COMPUTATION OF COUPON

All Coupon accruing on the face value of the Subordinated Bonds shall accrue from day to day at the applicable Coupon Rate and rounded off to the nearest Rupee. The Coupon shall be computed on the Outstanding Principal Amount on the relevant Subordinated Bonds for the period commencing from the relevant Deemed Date of Allotment (or the previous Coupon Payment Date on which the Coupon has been fully paid) and expiring on the immediately succeeding Coupon Payment Date and such Coupon shall be paid on the said succeeding Coupon Payment Date. The Coupon shall be computed in accordance with the day count basis as

more particularly specified in the relevant Information Memorandum for each Tranche/Series.

(d) COUPON PAYMENT DATE(S)

The Coupon shall be made to the Subordinated Bond Holders on such dates as may be specified in the relevant Information Memorandum ("**Coupon Payment Dates**"), in respect of the relevant Tranche/Series.

11.1.4 **SUBORDINATED DEBT**

(a) The claims of the investors in Subordinated Bonds shall be (a) superior to the claims of investors in instruments eligible for inclusion in Tier I capital, and (b) subordinate to the claims of all other creditors. The Subordinated Debentures shall be free from restrictive clauses and are not redeemable at the instance of the Subordinated Bond Holder(s) or without the consent of the supervisory authority of the Company being the RBI.

(b) Without limiting the generality of the foregoing, in the event of any distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the Assets of the Company or the proceeds thereof to the creditors of the Company or upon any indebtedness of the Company, by reason of the liquidation, dissolution or other winding up of the Company or the Company's business, or in the event of any sale, receivership, insolvency or bankruptcy proceeding, or assignment for the benefit of creditors, or any proceeding by or against the Company for any relief under any bankruptcy or insolvency law or laws relating to the relief of the Company, readjustment of indebtedness, reorganization, compositions or extensions, then and in any such event any payment or distribution of any kind or character, either in cash, securities or other property, which may be payable or deliverable to the Subordinated Bond Holder(s), shall:

(i) not be payable and deliverable until all of the other creditors of the Company have been fully paid and discharged; and

(ii) be *pari passu* with all other subordinated debt of the Company which qualify as Tier II Capital of the Company under Applicable law.

11.1.5 **TIER II CAPITAL**

(a) The Subordinated Bonds are being issued by the Company for raising funds towards its Tier II Capital and accordingly the Subordinated Bonds will constitute "subordinated debt" of the Company as understood under the relevant rules and regulations issued by the RBI in this regard.

(b) As the bonds being issued shall be the subordinated debt of the Company, any clause in this Deed which is not in compliance with the regulations of RBI for permitting a subordinated debt to be treated as Tier II Capital will be deemed to have no force or effect unless prior consent of the RBI is obtained in this regard.

11.1.6 **REDEMPTION**

(a) As and when the specific Tranche/Series of Subordinated Bonds are issued, the Company shall inform the Trustee of the Redemption Date(s) for that Tranche/Series of Subordinated Bonds. The tenure of each Series/Tranche of the Subordinated Bonds shall be as specified in the relevant Information Memorandum issued for that Series/Tranche. It is clarified that the Subordinated Bonds under a Tranche/Series may be issued with a rollover option as may be agreed upon with prospective investors for such Tranche/Series and

as permitted under Applicable Law. The details of such rollover option shall be provided for in the relevant Information Memorandum applicable for that Tranche/Series. Such rollover shall be exercised with the permission of RBI.

(b) Redemption of Subordinated Bonds under a Tranche/Series will be proportionate to the investment made by each Subordinated Bond Holder for that Tranche/ Series.

(c) The Company shall furnish the details of payments made to the Subordinated Bond Holders, containing the following, towards redemption or the payment of the principal amount and Coupon in respect of such Tranche(s)/Series to the Exchange:

(i) Principal Amount paid;

(ii) Coupon paid; and

(iii) Date of payment

11.1.7 **PREMATURE REDEMPTION**

(a) The Company shall not redeem the outstanding principal amounts of the Subordinated Bonds before the applicable due date as per the relevant Information Memorandum.

(b) In the event that the Company is required to redeem the outstanding principal amount of the Subordinated Bonds in full or in part, or pay any monies in respect thereof including accrued interest, before the applicable due date as per the relevant Information Memorandum, due to change in Applicable Laws or under the terms of this Deed including on the occurrence of an Event of Default, the Company shall ensure that it shall obtain all requisite approvals, if any, of the RBI or any other applicable authorities and such redemption and payment shall be subject to receipt of such approvals, as applicable.

11.1.8 **PAYMENTS**

Payment of the Outstanding Principal Amount and the Coupon will be made to the registered Subordinated Bond Holder(s)/Beneficial Owner(s) and in case of joint holders to the one whose name stands first in the in the list of Beneficial Owner(s) provided to the Company by the RTA / Depository (NSDL/ CDSL) on the Record Date. Such payments shall be made by cheque or warrant drawn by the Company on its bankers or by electronic mode viz. RTGS / NECS / NEFT, as the case may be.

11.1.9 **BUSINESS DAY CONVENTION**

If any Coupon Payment Date in respect of a relevant Tranche/ Series falls on a day which is not a Business Day, then the immediately succeeding Business Day shall be the due date for such payment, however, the dates of the future Coupon payments in respect of such relevant Series/ Tranche would be as per the schedule originally stipulated in the relevant Information Memorandum. In other words, the subsequent Coupon payment schedule would not be disturbed merely because the payment date in respect of one particular Coupon payment has been postponed earlier because of it having fallen on non-Business Day.

If the Maturity Date / Redemption Date (including the last Coupon Payment Date) or the due date in respect of liquidated

damages (if any) and all other monies payable under an Information Memorandum falls on a day which is not a Business Day, then the immediately preceding Business Day shall be the due date for such payment.

11.1.10 **TAXATION**

(a) As per the existing tax laws, tax will be deducted at source at the time of actual payment of Coupon to the Subordinated Bond Holder(s) at the rate for the time being prescribed by the Income Tax Act,1961.

(b) The Company shall deliver to the Subordinated Bond Holder(s), evidence or certificate of the taxes deducted at source within the time frame prescribed under the law.

(c) For seeking TDS exemption / lower rate of TDS, relevant certificate / document must be lodged by the Subordinated Bond Holder(s) at the corporate office of the Company at least 15 (Fifteen) days before the interest payment becoming due. Tax exemption certificate / declaration of non-deduction of tax at source on interest on application money should be submitted along with the application form.

11.1.11 **ADDITIONAL INTEREST**

(i) In case of default in payment of Coupon and/ or redemption of the principal amount of the Subordinated Bonds on the respective Due Dates, additional interest of at least 2% (Two Percent) per annum over and above the Coupon Rate shall be payable by the Company for the defaulting period until the defaulted amount together with the delay penalty is paid, in compliance with SEBI Debt Listing Regulations, as may be updated/ amended from time to time.

(ii) Where the Company fails to execute the trust deed within the period specified by SEBI, then without prejudice to any liability arising on account of violation of the provisions of the Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Company shall also pay interest of at least 2% (Two Percent) per annum or such other rate, as specified by SEBI to the Subordinated Bond Holders, over and above the Coupon Rate, till the execution of the Trust Deed.

11.1.12 **FURTHER BORROWINGS**

The Company shall be entitled to make further issue of Subordinated Bonds and/or raise further loans and/or avail of further deferred payment/guarantee facilities from time to time for such amounts and from such persons/public financial institutions/banks or any other financial corporations or body corporate on such basis as may be agreed with such lender.

11.1.13 **TRANSFER OF SUBORDINATED BONDS**

(a) The Subordinated Bonds shall be freely transferable and transmittable by the Subordinated Bond Holder(s) in whole or in part without the prior consent of the Company when made in accordance with the Transaction

Documents. The Subordinated Bond Holder(s) shall also have the right to novate, transfer or assign its rights and/or the benefits under the Transaction Documents upon such transfer/transmission of the Subordinated Bonds.

(b) It is clarified that the Company shall not assign any of the rights, duties or obligations under this Trust Deed or in relation to the Subordinated Bonds without the prior written consent of the Trustee (acting on the instructions of all the Subordinated Bond Holder(s)).

11.1.14 **SUBORDINATED BONDS FREE FROM EQUITIES**

The Subordinated Bond Holder(s) will be entitled to their Subordinated Bonds free from equities or cross claims by the Company against the original or any intermediate holders thereof.

11.1.15 **SUBORDINATED BOND HOLDER NOT ENTITLED TO SHAREHOLDERS' RIGHTS**

The Subordinated Bond Holder(s) shall not be entitled to any of the rights and privileges available to the shareholders of the Company including right to receive notices of or to attend and vote at general meetings or to receive annual reports of the Company.

If, however, any resolution affecting the rights attached to the Subordinated Bonds is placed before the shareholders, such resolution will first be placed before the Subordinated Bond Holder(s) for their consideration.

11.1.16 **VARIATION OF SUBORDINATED BOND HOLDER(S)' RIGHTS**

The rights, privileges and conditions attached to the Subordinated Bonds under a particular Tranche/Series may be varied, modified or abrogated with the consent in writing of the Majority Subordinated Bond Holder(s) of that particular Tranche/Series.

11.1.17 **BREACH OF COVENANT BY THE COMPANY MAY BE WAIVED**

The Trustee may, at any time, waive on such terms and conditions as to them shall seem expedient, any breach by the Company of any of the covenants and provisions in these presents contained without prejudice to the rights of the Trustee in respect of any subsequent breach thereof provided however that the prior consent of the Super Majority Subordinated Bond Holder(s) or Majority Subordinated Bond Holder(s) (in case such breach is in respect of any particular Series/Tranche) shall have been obtained by the Trustee for any such waiver.

11.1.18 Notwithstanding anything to the contrary set out herein it is hereby clarified for the avoidance of doubt that the Company shall comply with all Applicable Laws in relation to the Subordinated Bonds including Applicable Laws as may have been amended, updated, supplemented, modified or superseded pursuant to the execution of the Subordinated Bond Trust Deed and all certificates, reports, information and documents to be submitted by the Company under the terms of Part A of Subordinated Bond Trust Deed shall be submitted to the relevant authority or the Trustee, as may be applicable, within the timelines prescribed under such Applicable Law, irrespective of the timeline set out under the relevant covenant in Part A of Subordinated Bond Trust Deed (unless the timeline set out under the relevant covenant is shorter than the

timeline prescribed under Applicable Law, in which case the timeline set out under the relevant covenant shall be complied with).

11.2 Notwithstanding anything to the contrary contained in the Subordinated Bond Trust Deed, in case of any inconsistency between the covenants set out in Note 11 under this General Information Document read with the relevant Key Information Document and the covenants as set out in the Subordinated Bond Trust Deed, the covenants as set out in Note 11 under this General Information Document read with the relevant Key Information Document shall prevail over and override the covenants under the Subordinated Bond Trust Deed for all intents and purposes. Provided however, in case of any inconsistencies between the covenants as set out in Note 11 and Applicable Law, the terms of Applicable Law shall prevail over and override the covenants under this General Information Document read with the relevant Key Information Document, for all intents and purposes and the covenants as set out in the Subordinated Bond Trust Deed and this General Information Document read with the relevant Key Information Document shall be deemed to have been amended such that the Applicable Law prevails.

NOTE 12: EVENTS OF DEFAULT AND CONSEQUENCES OF EVENTS OF DEFAULT UNDER SUBORDINATED BOND TRUST DEED

12.1 EVENTS OF DEFAULT AND CONSEQUENCES

12.1.1 If any one or more of the events specified in this clause or clause 12.1.6 below or as otherwise specified in the respective Information Memorandum happen(s), (hereinafter called the "**Event(s) of Default**"), the Trustee may, in their discretion, and shall, upon request in writing of the Super Majority Subordinated Bond Holders or by a Special Resolution duly passed at the meeting of the Subordinated Bond Holders convened in accordance with the provisions set out in the Schedule II (*Provisions for the Meetings of the Subordinated Bond Holders*) of the Subordinated Bond Trust Deed, give notice in writing to the Company and take all such action, expressly or impliedly permitted under the Transaction Documents or under Applicable Law:

(a) the Company does not pay on the due date any amount payable pursuant to this Subordinated Bond Trust Deed and/or the relevant Information Memorandum and such non-payment has not been cured by the Company within 30 (thirty) calendar days from the date of such non-payment; or

(b) any breach in the performance of any of its covenants, representations and warranties provided for under this Subordinated Bond Trust Deed or any other Transaction Document and such default continues for 30 (Thirty) calendar days from the date the Company has obtained actual knowledge thereof or the Trustee has notified the Company of such breach; or

(c) the Company has voluntarily become the subject of proceedings under any bankruptcy, insolvency or other similar law now or hereafter in effect, or the Company is voluntarily or involuntarily dissolved and a court having jurisdiction shall enter a decree or order for relief in respect of the Company and such decree or order shall remain unstayed and in effect for a period of 180 (One Hundred and Eighty) calendar days or the Company has consented to the entry of an order for relief in an involuntary case under any such laws, or shall consent to the appointment of or taking possession by a receiver, liquidator, trustee, custodian, or similar official of the Company or for any substantial part of its property or has made any general assignment for the benefit of the creditors, or has failed generally to pay its debts as they become due or shall take any corporate action in furtherance of any of the above; or

(d) the Company ceases to carry on its business.

12.1.2 In the event the Company is unable to remedy the default within the aforesaid cure period(s), where applicable, or where no cure period has been provided and the Parties mutually agree to provide for a cure period, upon the expiry of such mutually agreed cure period and the Event of Default continues, or in the event that an Event of Default cannot be remedied, and unless the said Event of Default is expressly waived by the Trustee the same shall amount to an

"**Acceleration Event**". Upon occurrence of an Acceleration Event, the Trustee shall be entitled, (i) upon request in writing of the Super Majority Subordinated Bond Holders; or (ii) by a Special Resolution duly passed at the meeting of the Subordinated Bond Holder(s) held in accordance with the provisions set out in Schedule II of the Subordinated Bond Trust Deed, by a notice in writing to the Company, to declare by written notice the principal and all accrued interest on the Subordinated Bonds to be due and payable and the Company shall forthwith, subject to Applicable Law and receipt of requisite approval from the RBI or any other statutory or regulatory authority, make such payment to the Subordinated Bond Holder(s) in accordance with the terms of this Subordinated Bond Trust Deed and exercise any other right that the Trustee and/or the Subordinated Bond Holders may have under the Transaction Documents and/or Applicable Law.

12.1.3 If any Event of Default which, after the notice, or lapse of time, or both, would constitute an Event of Default has happened, the Company shall, forthwith give notice thereof to the Subordinated Bond Holders of each Series/Tranches in which such Event of Default has occurred/Trustee in writing specifying the nature of such Event of Default, or of such event.

12.1.4 Notwithstanding anything to the contrary contained herein and if applicable with respect to the Subordinated Bonds, upon the occurrence of an Event of Default, the Debenture Trustee shall follow the standard operating procedure for the purposes of execution of an inter-creditor agreement as may be stipulated by SEBI from time to time (as presently set out in the SEBI circular (SEBI/HO/MIRSD/CRADT/CIR/P/2020/203) titled "*Standardisation of procedure to be followed by Debenture Trustee(s) in case of 'Default' by Issuers of listed debt securities*" dated October 13, 2020).

12.1.5 **NOMINEE DIRECTOR**

The Trustee shall have a right to appoint a Nominee on the Board of Directors of the Company (hereinafter referred to as the "**Nominee Director**") in terms of the SEBI guidelines in the event of:

(a) 2 (two) consecutive defaults in payment of interest to the Subordinated Bond Holder(s); or
(b) Any default in redemption of Subordinated Bonds.

The Nominee Director so appointed shall not be liable to retire by rotation nor shall be required to hold any qualification shares. The Company shall take steps to amend its Articles of Association for the purpose if necessary.

12.1.6 **EVENTS OF DEFAULT**

If any one or more of the events specified in clause 12.1.1 above or this clause or as otherwise specified in the respective Information Memorandum happen(s), (hereinafter called the "**Event(s) of Default**"), the Trustee may, in their discretion, and shall, upon request in writing of the Super Majority Subordinated Bond Holders or by a Special Resolution duly passed at the meeting of the Subordinated Bond Holders convened in accordance with the provisions set out in the Schedule II (*Provisions for the Meetings of the Subordinated Bond Holders*) of the Subordinated Bond Trust Deed, give notice in writing to the Company and take all such action, expressly or impliedly permitted under the Transaction Documents or under Applicable Law:

(i) any expropriation, attachment, distress or execution affects any material part of the Company's assets and the same is not discharged within 60 (Sixty) calendar days;

(ii) any material representation or material statement made by the Company in the Transaction Documents is or proves to have been incorrect and misleading in any material respect when made or deemed to be made and such misrepresentation adversely affects the interest of the Subordinate Bond Holders in the reasonable opinion of the Trustee (acting on the instructions of the Majority Subordinate Bond Holder(s);

(iii) other than on account of change in Applicable Law, it is or becomes unlawful for the Company to perform any of its obligations under the Transaction Documents and/or any obligation or obligations of the Company under any Transaction Document are not or cease to be valid, binding or enforceable;

(iv) the Company repudiates any of the Transaction Documents or evidences an intention to repudiate any of the Transaction Documents;

NOTE 13: COMPANY'S COVENANTS UNDER PDI TRUST DEED

13.1 **COVENANTS**

13.1.1 **AFFIRMATIVE AND REPORTING COVENANTS**

The Company hereby covenants with the Trustee that the Company shall, in addition to the affirmative covenants set out in **Clause** 13.1.4 (*Affirmative and Reporting Covenants*) below, (except as may otherwise be previously agreed in writing by the Trustee (acting upon the instructions of the Majority PDI Holders), undertakes to comply with the following covenants:

(a) **Utilisation of proceeds of PDIs**

The Company shall utilise the monies received upon subscription of the PDIs solely towards the Purpose (as defined below). The Company also agrees to submit to the Trustee an annual 'end-use certificate' from the statutory auditor of the Company certifying the compliance with the same, within 60 (Sixty) days from the end of each financial year till the monies received towards subscription of the PDIs have been fully utilized towards the Purpose.

The Company shall, within forty-five days from the end of every quarter, submit to the stock exchange, a statement indicating utilization of issue proceeds of non-convertible securities, which shall be continued to be given till such time the issue proceeds have been fully utilized or the purpose for which these proceeds were raised has been achieved.

In case of any material deviation in the use of proceeds as compared to the objects of the Issue, the same shall be indicated in the format as specified by SEBI.

(b) **Validity of Transaction Documents**

Ensure that the Transaction Documents shall be validly executed and delivered and will continue in full force and effect and will constitute valid, enforceable and binding obligations of the Company.

(c) **Make the Relevant filings with the Registrar of Companies/SEBI**

Pursuant to the Act and the relevant rules thereunder, the applicable guidelines issued by SEBI and RBI, the Company undertakes to make the necessary filings of the documents mandated therein with the Registrar of Companies and/or SEBI and/or RBI and/or the Exchange within the timelines thereunder to preserve, renew and keep in full force and effect its existence and/or its rights necessary for the operation of its business and/or

the legality and validity of any Transaction Documents and/or the transactions contemplated by the Transaction Documents.

(d) The Company shall ensure that the minimum investment made in any single tranche by any investor is at least Rs.1,00,00,000/- (Rupees One Crore only).

(e) **Compliance with laws**

The Company shall comply with:

(i) all laws, rules, regulations and guidelines (including the Act) as applicable in respect to the PDIs, and obtain such regulatory approvals as may be required from time to time, including but not limited, in relation to the following (i) the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as may be in force from time to time during the currency of the PDIs; (ii) the provisions of the listing agreement entered into by the Company with the stock exchange in relation to the PDIs including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), and (iii) the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the other notified rules under the Act;

(ii) comply with all the applicable provisions as mentioned in the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993, the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Act, the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, and/or any other notification, circular, press release issued by the SEBI/RBI, from time to time.

(iii) The Company shall forward the details of PDI Holders to the Trustee at the time of allotment and/or cause the registrar to the Issue and share transfer agent to forward the details of PDI Holders to the Trustee by the 7th (Seventh) working day of every next month in order to enable Trustee to keep its records updated and to communicate effectively with the PDI Holders, especially in situations where Events of Default are triggered.

(f) **Notify the Trustee**

The Company shall provide / cause to be provided information in respect of the following events:

(i) notify the Trustee in writing, of any proposed change in the nature or conduct or scope of the business or operations of the Company, prior to the date on which such action is proposed to be given effect.

(ii) inform the Trustee of any major change in the composition of its Board of Directors.

(iii) Inform the Trustee promptly of any amalgamation, merger or reconstruction scheme proposed by the Company.

(iv) The Company agrees that it shall forward to the Trustee promptly, whether a request for the same has been made or not:

A. a copy of the Statutory Auditors' and Directors' Annual Report, Balance Sheet and Profit & Loss Account and of all periodical and special reports at the same time as they are issued;

B. a copy of all notices, resolutions and circulars relating to new issue of debt securities at the same time as they are sent to shareholders/ holders of debt securities; and

C. a copy of all the notices, call letters, circulars, etc. of the meetings of debt security holders at the same time as they are sent to the holders of debt securities or advertised in the media.

(g) **Furnish Information to Trustee**

Give to the Trustee or their nominee(s) (and to the PDI Holder(s), if so requested), information in respect of the following events:

(i) Furnish quarterly (unless specified otherwise, in which case, reports shall be submitted according to the specified timeline) reports to the Trustee (and to the PDI Holders), containing the following particulars: -

A. Periodical status/performance reports from the Company within 7 (Seven) days of the relevant board meeting or within 45 (Forty Five) days of the respective quarter, whichever is earlier;
B. Updated list of the names and addresses of the PDI Holder(s);
C. Details of the Coupon to be made, but unpaid and reasons for the non-payment thereof;
D. The number and nature of grievances received from the PDI Holder(s) and (a) resolved by the Company, (b) unresolved by the Company to the satisfaction of the PDI Holder(s) and the reasons for the same;
E. Promptly and expeditiously attend to and redress the grievances, if any, of the PDI Holder(s). The Company further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Trustee and shall advise the Trustee periodically of its compliance.
F. Statement that the quarterly compliance report on corporate governance (if applicable) has been submitted to the Stock exchange, in the format prescribed by SEBI, within the timelines prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(ii) The Company shall provide to the Trustee such information as it may require for any filings, statements, reports that the Trustee is required to provide to any governmental authority under Applicable Law.

(h) The Company shall provide or cause to be provided the latest audited / limited review half yearly consolidated (wherever available) and standalone financial information (profit & loss statement, balance sheet and cash flow statement) and auditor qualifications, if any to the Trustee within the timelines as mentioned in the Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009/ Uniform Listing Agreement as prescribed in SEBI's circular no. CFD/CMD/6/2015 dated October 13, 2015 as amended from time to time, for furnishing / publishing its half yearly/ annual results;

(i) The Company shall provide or cause to be provided, within 180 (One Hundred and Eighty) days from the end of the financial year, a copy of the latest annual report and the latest audited financial statements to the Trustee and the Trustee shall be obliged to share the details submitted under this clause with all PDI Holders within 2 (Two) working days of their specific request;

(j) The Company shall submit the following disclosures to the Trustee in electronic form (soft copy) at the time of allotment of the PDIs:
(i) Memorandum and Articles of Association and necessary resolution(s) for the allotment of the PDIs;
(ii) Copy of last three years' audited Annual Reports;
(iii) Statement containing particulars of, dates of, and parties to all material contracts and agreements;

(iv) Latest un-audited or audited quarterly and year to year standalone financial results on a quarterly basis on the same day as disclosed to the Stock Exchange in the manner as stated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.;

(v) An undertaking to the effect that the Company would, till the redemption of the debt securities, submit the details mentioned in point (iv) above to the Trustee within the timelines as mentioned in Uniform Listing Agreement issued by SEBI vide circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015 as amended from time to time, for furnishing/publishing its half yearly/ annual result. Further, the Company shall submit a copy of the latest annual report to the Trustee, as and when the same is submitted to the BSE within the timeframe permitted under Applicable Law.

(k) The Company shall not declare or pay any dividend to its shareholders during any financial year unless it has paid the Coupon then due and payable on the PDIs, or has made provision satisfactory to the Trustee for making such payment. Further, the Company shall not without prior consent of the Trustee, so long as an Event of Default has occurred or is continuing declare or distribute dividend to the shareholders in any year, until the Company has paid or made satisfactory provision for the payment of the principal and interest due on the PDIs.

(l) The Company shall submit a half-yearly certificate by the statutory auditor, regarding maintenance of hundred percent asset cover, including compliance with all the covenants, in respect of the PDIs, along with the financial results.

(m) The Company shall promptly submit any information, as required by the Trustee including but not limited to the following:-

(i) such documents and intimations as set out in Regulation 56 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(ii) by no later than 30 (thirty) days from the relevant Deemed Date of Allotment, a certificate signed by an authorised officer of the Company confirming credit of dematerialized PDIs into the depository accounts of the PDI Holder(s) within the time-lines prescribed by the Applicable Laws

(iii) intimations regarding:

A. all material events and/or information as disclosed to the Stock Exchange under Regulation 51 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in so far as it relates to the interest, principal, issue and terms of the PDIs, rating, creation of charge on the assets, notices, resolutions and meetings of holders of PDIs, at the same time as disclosed to the Stock Exchange.

B. any revision in the rating;

C. any default in timely payment of interest or redemption or both in respect of the non-convertible PDIs;

D. all covenants of the Issue (including side letters, accelerated payment clause, etc.);

E. a breach of covenants/ terms of the Issue by the Company;

any legal proceeding pending or threatened, investigation, regulatory notices or judicial orders against the Company, or any dispute between the Company and/or any Governmental Authority, which could result in a Material Adverse Effect;

(n) **Transfer of unclaimed Redemption Amounts.**

Comply with the provisions of the Act relating to transfer of unclaimed redemption and Coupon amounts of the PDIs to Investor Education and Protection Fund ("**IEPF**"), if applicable to it.

(o) **Financial Covenants and Conditions**

At all times during the term of these presents comply with each of the Financial Covenants and Conditions.

(p) The Company is aware that in terms of Regulation 14 of the SEBI (Debenture Trustees) Regulations, 1993 as amended from time to time, the PDI Trust Deed has to contain the matters specified in Section 71 of the Companies Act, 2013 and Form No. SH.12 specified under the Companies (Share Capital and Debentures) Rules, 2014. The Company hereby agrees to comply with all the clauses of Form No. SH.12 as specified under the Companies (Share Capital and Debentures) Rules, 2014 to the extent applicable to it as if they are actually and physically incorporated herein in the PDI Trust Deed;

(q) Within 15 (Fifteen) Business Days of receipt of a request from the Trustee, the Company shall authenticate any information relating to the PDIs, to be submitted by the Trustee with the Information Utility.

(r) The Company shall submit to the Trustee, such information as may be required by the Trustee from time to time for the effective discharge of its duties and obligations.

13.1.2 **BREACH OF COVENANT BY THE COMPANY MAY BE WAIVED**

The Trustee may, at any time, waive on such terms and conditions as to them shall seem expedient, any breach by the Company of any of the covenants and provisions in these presents contained without prejudice to the rights of the Trustee in respect of any subsequent breach thereof provided however that the prior consent of the Super Majority PDI Holder(s) or Majority PDI Holder(s) (in case such breach is in respect of any particular Series/Tranche) shall have been obtained by the Trustee for any such waiver.

13.1.3 **FINANCIAL COVENANTS AND CONDITIONS**

(i) PDIs TO RANK *PARI PASSU*

The PDIs under each Tranche/Series shall rank *pari passu*, inter se, without any preference or priority of one over the other or others of them.

(ii) COUPON

(a) **INTEREST ON APPLICATION MONEY**

The Company shall be liable to pay the PDI Holder(s) interest on application money as more particularly specified in the relevant Supplemental Disclosure Document for each Tranche/Series and in accordance with the Shelf Disclosure Document.

(b) **RATE AND MANNER OF PAYMENT**

(i) If the PDIs (under a Tranche/Series) carry any Coupon, such Coupon shall be at such Coupon Rate and after such Coupon Period as may be agreed upon with prospective investors for such Tranche/Series and shall be

payable in the manner and at such intervals as may be agreed upon with the prospective investors for that Tranche/Series until the PDIs are repaid in full. The details of such Coupon and the manner of payment of the Coupon shall be provided for in the relevant Supplemental Disclosure Document applicable for that Tranche/Series.

(ii) Upon the occurrence and during the continuance of any of the following events and to the extent restricted from doing so in accordance with extant RBI directions, guidelines or regulations, the Company shall not make payment of the Coupon accrued during such period:

A. the Company fails to maintain the Capital to Risk-weighted Assets Ratio; or

B. payment of the Coupon would result in the Company's failure to maintain the Capital to Risk-weighted Assets Ratio.

The accrued Coupon shall be payable by the Company, with the prior approval of the RBI only, when the impact of payment of such Coupon results in net loss or increase in net loss but provided that the Company's capital to risk assets ratio remains above the Capital to Risk-weighted Assets Ratio or in accordance with the then prevailing RBI guidelines in this regard. Further, all instances of deferred payment of accrued Coupon as above shall be notified by the Company to the Regional Office of the Department of Non-Banking Supervision of the RBI in whose jurisdiction the Company is registered.

(iii) The Coupon shall not be cumulative i.e., the Coupon missed in a year will not be paid in the future years. However, the Company may be allowed to pay the Coupon amount due and remaining unpaid in the subsequent financial years in the events specified in Clause 2.1.2(b)(ii) (A) and (B) (*Rate and manner of Payment*) above, provided that the same is paid in compliance with the provisions of RBI regulations.

(iv) It is clarified that subject to Applicable Law, the Company may issue PDIs (under any Tranche/Series) where the Coupon payable on such PDIs is linked to a benchmark. The details of such benchmark and the manner of payment of the Coupon applicable for such Tranche/Series shall be provided for in the relevant Supplemental Disclosure Document applicable for that Tranche/Series.

(v) The PDIs may have a step-up option of Coupon Rate not exceeding 100 bps, which may be exercised by the Company only once during the tenor of the PDIs and in any event after the expiry of 10 years from the Deemed Date of Allotment. In effect, the Coupon Rate in respect of any Series/Tranche may be stepped up by such bps as would be decided at the time of issuance of each tranche, but not exceeding 100 bps at any point in time) for subsequent years from the expiry of 10 years from the Deemed Date of Allotment till the redemption of the PDIs of that Series/Tranche. The details of such step up option shall be as specified in the relevant Supplemental Disclosure Document(s) issued in respect of that Series/Tranche.

(iii) COMPUTATION OF COUPON

All Coupon accruing on the face value of the PDIs shall accrue from day to day at the applicable Coupon Rate and rounded off to the nearest Rupee. The Coupon shall be computed on the Outstanding Principal Amount on the relevant PDIs for the period commencing from the relevant Deemed Date of Allotment (or the previous Coupon Payment Date on which the Coupon has been fully paid) and expiring on the immediately succeeding Coupon Payment Date and such Coupon shall be paid on the said succeeding Coupon Payment Date. The Coupon shall be computed in accordance with

the day count basis as more particularly specified in the relevant Supplemental Disclosure Document for each Tranche/Series.

(iv) REDEMPTION

The Outstanding Principal Amount of the PDIs, together with accrued but unpaid Coupon and additional interest, if any, may be redeemed by the Company only on a Call Option Date by exercising Call Option or upon the acceleration of the PDIs pursuant to occurrence of any Event of Default, subject however to the prior approval in writing of the RBI. The PDIs will not carry any obligation, for Coupon or otherwise, after redemption has occurred and all amounts due have been paid.

(v) CALL OPTION

(a) The date of payment of the Redemption Amount or the relevant proportion of the Redemption Amount as specified in the Tranche Placement Memorandum pursuant to the exercise of the Call Option shall be at the expiry of such months from the Deemed Date of Allotment as specified in the relevant Tranche Placement Memorandum ("Call Option Date").

(b) The Company shall send a notice to the Debenture Holder(s) with respect to a particular Series in writing (with a copy marked to the Debenture Trustee) at least 21 (Twenty One) calendar days prior to the relevant Call Option Date, communicating either (a) the intent of the Company to exercise the Call Option on the Call Option Date or (b) the intent of the Company not to exercise the Call Option on the Call Option Date ("Call Option Notice"). Provided however that prior to the issue of such Call Option Notice, the Company shall have obtained the approval in writing of the RBI for the exercise of such Call Option.

(c) The Company shall also provide a copy of the Call Option Notice to the Stock Exchange and shall publish the Call Option Notice in an English national daily and regional daily having wide circulation at the place where the registered office of the Company is situated, indicating the details of such rights, including the Call Option Date, and whether the Company intends to or does not intend to, exercise the Call Option on the Call Option Date.

(d) Upon the issuance of the Call Option Notice by the Company and if the Company has in the Call Option Notice indicated its intention to exercise the Call Option on the Call Option Date, the Company shall on the Call Option Date, redeem the PDIs by crediting to the beneficiary account of the Debenture Holder(s), the Redemption Amount or the relevant proportion of the Redemption Amount as specified in the Tranche Placement Memorandum, in respect of the PDIs.

(e) The Company shall also pay interest at the rate of 15% (Fifteen Percent) per annum for the period of delay in making payment of the Redemption Amount or the relevant proportion of the Redemption Amount as specified in the Tranche Placement Memorandum on the Call Option Date if the Company has exercised its Call Option and any other period of delay, if any, as per the terms of and in accordance with the SEBI Debt Listing Regulations.

(f) If the Company has exercised its Call Option right, then after the completion of such exercise of the right of Call Option, the Company shall submit the report to the Stock Exchange and inform the Debenture Trustee and the Depositories, in the manner and upon the terms and conditions as set out in the SEBI Debt Listing Regulations.

(vi) PREMATURE REDEMPTION

(a) The Company shall not redeem the Outstanding Principal Amount of the PDIs in full or in part, before the Call Option Date.

(b) It is hereby clarified that, in the event the Company is required to redeem/ repay the Outstanding Principal Amount of the PDIs in full or in part, before the Call Option Date, due to change in Applicable Laws or under the terms of this Trust Deed including on the occurrence of an Event of Default, the Company shall ensure that it shall obtain all requisite approvals, if any, of the RBI and such redemption and payment shall be subject to receipt of such approvals, as applicable.

(vii) APPLICATION OF PAYMENTS

The Trustee shall hold UPON TRUST the monies, received by it from the Company for the benefit of the PDI Holders and unless otherwise agreed to by the PDI Holders, any payments due and payable to the PDI Holders and made by the Company shall be applied towards such dues in the following order, *viz*.-

(a) Firstly, towards costs, charges and expenses incurred by the Trustee in accordance with the terms of this Trust Deed;

(b) Secondly, towards additional interest (if any, in terms of this Trust Deed);

(c) Thirdly, towards Coupon; and

(d) Lastly, towards redemption of the PDIs, due and payable under this Trust Deed.

(viii) PAYMENTS

(a) Payment of the Outstanding Principal Amount and the Coupon will be made to the registered PDI Holder(s)/Beneficial Owner(s) and in case of joint holders to the one whose name stands first in the in the list of Beneficial Owner(s) provided to the Company by the RTA / Depository (NSDL/ CDSL) on the Record Date. Such payments shall be made by cheque or warrant drawn by the Company on its bankers or by electronic mode viz. RTGS / NECS, as the case may be.

(b) If the Due Date for payment of Coupon in respect of a relevant Series/Tranche falls on a day that is not a Business Day, then the Due Date in respect of such payment shall be on the immediately succeeding Business Day; however, the dates of the future Coupon payments in respect of such relevant Series would be as per the schedule originally stipulated in the relevant Supplemental Disclosure Document. In other words, the subsequent Coupon payment schedule would not be disturbed merely because the payment date in respect of one particular Coupon payment has been postponed earlier because of it having fallen on non-Business Day.

(c) If any other Due Date for all other monies payable under this Trust Deed falls on a day that is not a Business Day then the immediately preceding Business Day shall be the Due Date for such payment.

(ix) TAXATION

(a) As per the existing tax laws, tax will be deducted at source at the time of actual payment of Coupon to the PDI Holder(s) at the rate for the time being prescribed by the Income-tax Act,1961.

(b) The Company shall deliver to the PDI Holder(s), evidence or certificate of the taxes deducted at source within the time frame prescribed under the law.

(c) For seeking TDS exemption / lower rate of TDS, relevant certificate / document must be lodged by the PDI Holder(s) at the corporate office of the Company at least 15 (Fifteen) days before the interest payment becoming due. Tax exemption certificate / declaration of non-deduction of tax at source on interest on application money should be submitted along with the application form.

(x) ADDITIONAL INTEREST

(i) In case of default in payment of Coupon and/ or redemption of the principal amount of the PDIs on the respective Due Dates, additional interest of at least 2% (Two Percent) per annum over and above the Coupon Rate shall be payable by the Company for the defaulting period until the defaulted amount together with the delay penalty is paid, in compliance with the SEBI Debt Listing Regulations, notwithstanding anything contained herein, it is hereby expressly clarified that any non-payment of Coupon or of any other payment payable pursuant to this Trust Deed by the Company, pursuant to the provisions of the RBI guidelines (including any non-payment of Coupon pursuant to the events identified in Clause 2.1.2(b)(ii) (Rate and Manner of Payment) below), shall not be construed to be a default in payment and in such events the Company will not be required to pay the additional interest as contemplated in this clause.

(ii) Where the Company fails to execute the trust deed within the period specified by SEBI, then without prejudice to any liability arising on account of violation of the provisions of the Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Company shall also pay interest of at least 2% (Two Percent) per annum or such other rate, as specified by SEBI to the PDI Holders, over and above the Coupon Rate, till the execution of the Trust Deed.

(xi) TRANSFER OF PDIs

(a) The PDIs shall be freely transferable and transmittable by the PDI Holder(s) in whole or in part without the prior consent of the Company when made in accordance with the Transaction Documents. The PDI Holder(s) shall also have the right to novate, transfer or assign its rights and/or the benefits under the Transaction Documents upon such transfer/transmission of the PDIs.

(b) It is clarified that the Company shall not assign any of the rights, duties or obligations under this Trust Deed or in relation to the PDIs without the prior written consent of the Trustee (acting on the instructions of all the PDI Holder(s)).

(xii) PDIs FREE FROM EQUITIES

The PDI Holder(s) will be entitled to their PDIs free from equities or cross claims by the Company against the original or any intermediate holders thereof.

(xiii) PDI HOLDER NOT ENTITLED TO SHAREHOLDERS' RIGHTS

The PDI Holder(s) shall not be entitled to any of the rights and privileges available to the shareholders of the Company including right to receive notices of or to attend and vote at general meetings or to receive annual reports of the Company.

If, however, any resolution affecting the rights attached to the PDIs is placed before the shareholders, such resolution will first be placed before the PDI Holder(s) for their consideration.

(xiv) VARIATION OF PDI HOLDER(S)' RIGHTS

The rights, privileges and conditions attached to the PDIs under a particular Tranche/Series may be varied, modified or abrogated with the consent in writing of the Majority PDI Holder(s) of that particular Tranche/Series.

13.1.4 **AFFIRMATIVE AND REPORTING COVENANTS**

The Company hereby covenants with the Trustee that the Company shall, in addition to the covenants set out in 13.1.1 above, (except as may otherwise be previously agreed in writing by the Trustee (acting upon the instructions of the Majority PDI Holders), undertakes to comply with the following covenants during the continuance of this PDI Trust Deed:

(a) The Company shall carry on and conduct its business with due diligence and efficiency and in accordance with sound operational, technical, managerial and financial standards and business practices with qualified and experienced management and personnel;

(b) The Company shall keep proper books of account as required by the Act and make true and proper entries of all dealings and transactions of the business of the Company and keep the said books of account and all other books, registers and other documents relating to the affairs of the Company at its registered office or, where permitted by law, at other place or places where the books of account and documents of a similar nature may be kept and the Company will ensure that all entries in the same relating the business of the Company shall at all reasonable times be open for inspection of the Trustee and such Person or Persons as the Trustee shall, from time to time, in writing for the purpose, appoint;

(c) The Company shall pay all such stamp duty (including any additional stamp duty), other duties, taxes, charges and penalties, if and when the Company may be required to pay in relation to the PDIs issued under this PDI Trust Deed according to the laws for the time being in force in the State of Maharashtra, and in the event of the Company failing to pay such stamp duty, other duties, taxes and penalties as aforesaid, the Trustee will be at liberty (but shall not be bound) to pay the same and the Company shall reimburse the same to the Trustees on demand;

(d) The Company shall reimburse all sums paid or expenses incurred by the Trustees or any receiver, attorney, manager, agent or other Person appointed by the Trustees for all or any of the purposes mentioned in these presents within 15 (Fifteen) days of receipt of a notice of demand from them in this behalf;

(e) The Company shall ensure that the PDIs are rated by the Rating Agencies and continue to be rated by the Rating Agencies until their redemption;

(f) **Notify the Trustee**

(i) Promptly inform the Trustee if it has notice of any application for winding up having been made or any statutory notice of winding up under the Act or the Insolvency and Bankruptcy Code, 2016 or any other notice under any other act relation to winding up or otherwise of any suit or other legal process intended to be filed or initiated against the Company and/affecting the title to the Company's properties or if a receiver is appointed in respect of any of its properties or business or undertaking;

(ii) Promptly inform the Trustee on the happening of any event which is likely to cause/ has caused Material Adverse Effect.

(iii) Promptly after the Company obtains knowledge thereof, notice of the occurrence of any event which constitutes an Event of Default specifying the nature of such event and any steps the Company is taking and proposes to take to remedy the same;

(iv) The Company shall, on receiving appropriate notice from the Trustee permit the Trustee to inspect the registers maintained by the Company and to take necessary extracts of the same;

(v) The Company hereby undertakes that it shall make suitable disclosures in its annual reports about:

(vi) Amount of funds raised through PDIs during the year and outstanding at the close of the financial year;

(vii) Percentage of the amount of PDIs of the amount of its Tier I Capital;

(viii) the financial year in which Coupon on PDIs have not been paid in accordance with Clause 0(ii) (Rate and Manner of Payment) of Part B of the PDI Trust Deed;

(a) **Preserve Corporate Status**

The Company shall diligently preserve its corporate existence and status and all rights, contracts, privileges, franchises and concessions now held or hereafter acquired by it in the conduct of its business PROVIDED THAT the Company may contest in good faith the validity of any such acts, rules, regulations, orders and directions and pending the determination of such contest may postpone compliance therewith if the rights enforceable under the PDIs is not thereby materially endangered or impaired. The Company will not do or voluntarily suffer or permit to be done any act or thing whereby its right to transact its business might or could be terminated or whereby payment of the Coupon on the PDIs might or would be hindered or delayed;

(b) **Further Assurances**

The Company shall:

(i) execute and/or do, at their own expense, all such deeds, assurances, documents, instruments, acts, matters and things, in such form and otherwise as the Trustee may reasonably or by law require or consider necessary in relation to enforcing or exercising any of the rights and authorities of the Trustee;

(ii) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations necessary to enable it lawfully to enter into and perform its obligations under this PDI Trust Deed or to ensure the legality, validity, enforceability or admissibility in evidence in India of this PDI Trust Deed; and

(iii) comply with all Applicable Laws (including but not limited to environmental, social and taxation related laws), as applicable in respect of the PDIs and obtain such regulatory approvals as may be required from time to time under any Applicable Laws.

13.1.5 Notwithstanding anything to the contrary set out herein it is hereby clarified for the avoidance of doubt that the Company shall comply with all Applicable Laws in relation to the PDIs including Applicable Laws as may have been amended,

updated, supplemented, modified or superseded pursuant to the execution of the PDI Trust Deed and all certificates, reports, information and documents to be submitted by the Company under the terms of Part A of PDI Trust Deed shall be submitted to the relevant authority or the Trustee, as may be applicable, within the timelines prescribed under such Applicable Law, irrespective of the timeline set out under the relevant covenant in Part A of PDI Trust Deed (unless the timeline set out under the relevant covenant is shorter than the timeline prescribed under Applicable Law, in which case the timeline set out under the relevant covenant shall be complied with).

NOTE 14: EVENTS OF DEFAULT AND CONSEQUENCES OF EVENTS OF DEFAULT UNDER PDI TRUST DEED

14.1 EVENTS OF DEFAULT AND CONSEQUENCES

14.1.1 If one or more of the events specified in Clause 14.1.8 and as specified in Clause 14.1.11 below happen(s) in respect of any Series/Tranches, the Trustee shall, upon request in writing of the Majority PDI Holders or by a Special Resolution duly passed at the meeting of the PDI Holder(s), convened in accordance with the provisions set out in the **Schedule II** (*Provisions for the Meetings of the PDI Holder(s)*) of the PDI Trust Deed, give a notice of such number of days as specified in Clause 14.1.8 and Clause 14.1.11 in writing to the Company to remedy the relevant event, provided that no such notice will be given in case of occurrence of the event specified in Clause 14.1.8(a) of the PDI Trust Deed.

14.1.2 The Trustee may send a notice to the PDI Holders calling an event of default ("**Event of Default**") in accordance with Clause 14.1.8 and Clause 14.1.11, by registered post/acknowledgement due or speed post/acknowledgement due or courier or hand delivery with proof of delivery as also through email as a text or as an attachment to email, followed by a written notice, with a notification including a read receipt, and proof of dispatch of such notice or email, shall be maintained.

14.1.3 The notice to be sent by the Trustee (as specified in Clause 14.1.2) shall contain the following:

(a) positive consent for signing the ICA;

(b) the time period within which the consent needs to be provided by the PDI Holders, which consent is required to be given by the PDI Holders within 15 (Fifteen) days from the date of notice; and

(c) the date of meeting to be convened (which meeting shall be convened within 30 (Thirty) days from the notice of the Trustee calling an Event of Default as referred to in Clause 14.1.2 of the PDI Trust Deed).

Provided that in case the Event of Default is remedied between the date of notice and the date of meeting, then the convening of such a meeting may be dispensed with.

14.1.4 If the Event of Default is still continuing, then the Trustee shall take necessary action of entering into the ICA or take action as decided in the meeting of PDI Holders, subject to the following:

(a) In case(s) where majority of PDI Holders expressed their consent to enter into ICA, the Trustee(s) shall enter into the ICA, subject to the conditions set out in Clause14.1.5;

(b) The Trustee may form a representative committee of the PDI Holders to participate in the ICA or as may be decided in the meeting of the PDI Holders. Such a committee may comprise of the designated members representing the interest of the ISIN level PDI Holders under the PDIs. The Representative Committee shall be responsible to take decisions which shall be binding on the specific ISIN level PDI Holders relating to ICA matters, or take any other action as may be decided by the PDI Holders, from time to time.

For the purpose of this Clause14.1.4, the consent of the majority of PDI Holders shall mean the approval of not less than 75% of the PDI Holders by value of the outstanding PDIs and 60% of the PDI Holders by number at the ISIN level.

14.1.5 The Trustee may sign the ICA and consider the resolution plan on behalf of the PDI Holders upon compliance with the following conditions:

(a) The signing of the ICA and agreeing to the resolution plan is in the interest of PDI and in compliance with the Act and the rules made thereunder, the Securities Contracts (Regulations) Act, 1956 and the Securities and

Exchange Board of India Act, 1992 and the rules, regulations and circulars issued thereunder from time to time.

(b) If the resolution plan imposes condition(s) on the Trustee that are not in accordance with the provisions of Companies Act, 2013 and the rules made thereunder, the Securities Contracts (Regulations) Act, 1956 and the Securities and Exchange Board of India Act, 1992 and the rules, regulations and circulars issued thereunder from time to time, then the Trustee shall be free to exit the ICA altogether with the same rights as if it had never signed the ICA. Under these circumstances, the resolution plan shall not be binding on the Trustee.

(c) The resolution plan shall be finalized within 180 (One Hundred and Eighty) days from the end of the review period. If the resolution plan is not finalized within 180 (One Hundred and Eighty) days from the end of the review period, then the Trustee shall be free to exit the ICA altogether with the same rights as if it had never signed the ICA and the resolution plan shall not be binding on the Trustee. However, if the finalization of the resolution plan extends beyond 180 (One Hundred and Eighty) days, the Trustee may consent to an extension beyond 180 (One Hundred and Eighty) days subject to the approval of the investors regarding the total timeline. The total timeline shall not exceed 365 (Three Hundred and Sixty Five) days from the date of commencement of the review period.

(d) If any of the terms of the approved resolution plan are contravened by any of the signatories to the ICA, the Trustee shall be free to exit the ICA and seek appropriate legal recourse or any other action as deemed fit in the interest of the PDI Holders.

14.1.6 Subject to the above, the Trustee shall have the following rights:

(a) to appoint a Nominee Director as per Clause 0;
(b) initiating any enforcement action including without limitation Insolvency and Bankruptcy Code, 2016 (wherever applicable);
(c) levy additional interest in the manner set out in the PDI Trust Deed;
(d) exercise any other right that the Trustee and / or PDI Holder(s) may have under the Transaction Documents or under Applicable Law.

14.1.7 Notwithstanding anything contained in the Transaction Documents, any payments to be made by the Company pursuant to this clause shall be made only with prior approval of the RBI as per the extant RBI directions, guidelines and regulations in respect of PDIs.

14.1.8 In addition to the events set out in Clause 14.1.11, the following events may be called by the Trustee as **Events of Default** in the manner as stated in Clause 14.1.2, after the expiry of the relevant time period:

(a) Non-payment on Due Date of any amount payable pursuant to this PDI Trust Deed, in respect of any Series/Tranche of PDIs.

Notwithstanding anything contained herein, it is hereby expressly clarified that any event of non-payment of Coupon or any other payment payable pursuant to this PDI Trust Deed by the Company pursuant to the provisions of the RBI guidelines (including but not limited to non-payment of Coupon pursuant to the events identified in the PDI Trust Deed, shall not be construed to be an Event of Default under Clause 14.1.8(a) (*Events of Default and Consequences*).

(b) if not rectified within 30 (Thirty) days from the date of receipt by the Company of a notice from the Trustee in relation thereto or the Company having obtained actual knowledge thereof, whichever is earlier:

(i) other than Clause 14.1.8(a), there is a delay in the performance or breach of any covenant, condition or provision contained in these presents and/or the Financial Covenants and Conditions, except where such delay or breach is in the opinion of the Trustee incapable of remedy and no notice shall be given by the Trustee in such a case;

(ii) the Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or the Company is voluntarily or involuntarily dissolved.

(iii) the Company ceases or threatens in writing to cease to carry on its business or any substantial part thereof or gives notice of its intention to do so.

14.1.9 If any Event of Default or any event which, after the notice, or lapse of time, or both, would constitute an Event of Default has happened, the Company shall, forthwith give notice thereof to the PDI Holders of each Series/Tranches in which such Event of Default has occurred/Trustee in writing specifying the nature of such Event of Default, or of such event.

14.1.10 **NOMINEE DIRECTOR**

The Trustee shall have a right to appoint a nominee Director on the Board of Directors of the Company (hereinafter referred to as "**the Nominee Director**") in accordance with the provisions of the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 in the event of:

(a) 2 (Two) consecutive defaults in payment of Coupon to the PDI Holder(s) by the Company; or
(b) Any default on the part of the Company in redemption of the PDIs on the Call Option Date, if the Company has exercised the Call Option;

Provided that for the purposes of (a) and (b), non-payment of Coupon or any other payment payable pursuant to this PDI Trust Deed by the Company pursuant to the provisions of the RBI guidelines (including but not limited to non-payment of Coupon pursuant to the events identified in the PDI Trust Deed, shall not be considered as Events of Default or any other breach warranting appointment of a Nominee Director.

The Nominee Director so appointed shall not be liable to retire by rotation nor shall be required to hold any qualification shares. The Company shall take steps to amend its Articles of Association for the purpose, if necessary.

14.1.11 **EVENTS OF DEFAULT**

In addition to the events set out in Clause 14.1.8 above, the following events may be called by the Trustee as Events of Default in the manner as stated above, after the expiry of the relevant time period:

If not rectified within 30 (Thirty) days from the date of receipt by the Company of a notice from the Trustee in relation thereto or the Company having obtained actual knowledge thereof, whichever is earlier:

(i) this PDI Trust Deed or any other Transaction Document in whole or in part, becomes invalid or ceases to be a legally valid, binding and enforceable obligation of the Company.
(ii) the Company is unable to or has admitted in writing its inability to pay its debts as they mature, or suspends making payments on any of its debts or, by reason of actual financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling/restructuring any of its Financial Indebtedness;
(iii) any expropriation, attachment, sequestration, distress or execution (or analogous process) is levied, enforced upon or issued or otherwise affects a substantial part of the Assets or property of the Company;
(iv) a receiver or a liquidator has been appointed or allowed to be appointed for all or any part of the undertaking of the Company;
(v) other than Clause 14.1.8(a), any material breach of terms of the relevant Disclosure Document(s) pertaining to any Series/Tranche of PDIs is committed by the Company;
(vi) it is or becomes unlawful for the Company to perform any of its obligations under the Transaction Documents and/or any obligation or obligations of the Company under any Transaction Document are not or cease to be valid, binding or enforceable;
(vii) the Company repudiates any of the Transaction Documents or evidences an intention to repudiate any of the Transaction Documents;
(viii) there shall have occurred a change in the business, operations, property, Assets, liabilities, condition (financial or otherwise) or prospects of the Company since the date hereof that has resulted in a Material Adverse Effect.

General Information Document issued in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Master Circular for issue and listing of Non-Convertible Securities dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

ANNEXURE XI

#	FY	Money involved in fraud (Rs. In lakh)	Amount recovered (Rs. In lakh)	Nature of Fraud	Action taken by the Company
1	2020-21	1,146.29	469.97	Misappropriation of Cash, Criminal Breach of Trust, Cheating and Forgery by personnel of the Company	Employees were terminated. FIR / Complaints were filed against employees. An advertisement issued for educating investors / borrowers to be cautious of the fake account number. Insurance claim was filed
2	2021-22	468.55	83.48	Misappropriation of Cash, Criminal Breach of Trust, Cheating and Forgery by personnel of the Company and customers	Employees were terminated. FIR / Complaints were filed against employees and customers. Insurance claim was filed
3	2022-23	58.00	16.33	Misappropriation of Cash, Criminal Breach of Trust, Cheating and Forgery by personnel of the Company and customers	Employees were terminated. FIR / Complaints were filed against employees and customers. Insurance claim was filed
		1,672.84	**569.78**		

Annexure XII

Lending Policy

HDB Financial Services (HDBFS) is a leading Non-Banking Financial Company (NBFC) that caters to the growing needs of an Aspirational India, serving both Individual & Business Clients. HDBFS maintains a strong commitment to ethical conduct. Transparency is ingrained in the structure of our Code of Ethics and our compliance policies to ensure that the highest standards of professional conduct are consistently reinforced and embedded in every corner of the organisation. With this objective in mind, HDBFS has adopted a comprehensive Loan Policy encompassing its overall loaning activities. The Loan Policy is supplemented by various Board approved product policies adopted from time to time.

Products and Services

HDBFS is engaged in the business of Loans, Fee based products and BPO services. HDB's range of product offerings encompasses Consumer Loans, Enterprise Loans, Asset Finance and Micro-Lending.

Consumer Loans Portfolio comprises Consumer Durable Loans, Digital Product Loans, Lifestyle Product Loans, Personal Loans, Auto Loans, Two-Wheeler Loans, Gold Loans.

Various Loans offered to enterprises include Unsecured Business loans, Enterprise Business Loan. HDBFS provides Loan against Property, Loan against Lease Rental, Auto Refinance, Loan against securities.

HDBFS offers loans for the purchase of new and used vehicles and equipment for income generation to its borrowers which includes Commercial Vehicle Loans, Construction Equipment Loans, Tractor Loans.

HDBFS offers micro-loans to borrowers through the Joint Liability Groups (JLGs) framework.

Digital Lending Journey

HDBFS has initiated strategic partnerships with new-age Fintech players in the country to provide best in class, innovative digital solutions, and services. These collaborations have been successful in demonstrating an improved customer experience in conjunction with a convenient digital KYC process, quick application approval and disbursal of funds. These digital offerings include Digital Login, e-NACH & e-Sign, Credit Report.

Customer Service Digital Channels of HDBFS includes HDB on the Go App, WhatsApp Account Management, Customer Service Bot - #Ask Priya, Missed Call Service, Customer Portal.

Key Initiatives of HDBFS includes:

- Digital Pre-Approved Offers
- Fintech Partner Integration
- RM (Relationship Management) and VRM (Virtual Relationship Management)
- Aabhaar Card (Loyalty Card)

Credit Administration

Interest Rate Policy: HDB's interest rate policy is a flexible one and tailor made to particular loan product keeping in mind that usurious rates are not charged to the customers. An appropriate ceiling has been fixed on the interest, including processing and other charges that could be levied on such loans and are suitably publicised for transparency.

Delegation of Power: HDBFS takes suitable precautions to avoid irregular practices such as sanctioning of advances beyond discretionary powers in order to minimise chances of frauds. Credit authorities are assigned and monitored by the central credit team through a credit assignment system – approval authorities have been delegated from the Board as per the authority matrix.

Exposure norms (Concentration of Credit/Investment): As a prudential measure aimed at better risk management and avoidance of concentration of credit risks, the Company introduces exposure limits to single borrower and group of borrowers/ group of connected counterparties.

Scope of counterparties and exemptions: Following the regulatory guidelines, all its counterparties and groups of connected counterparties, are considered for exposure limits except those as mentioned.

Definition of connected counterparties: Two or more natural or legal persons shall be deemed to be a group of connected counterparties if at least one of the following criteria is satisfied:

(a) Control relationship
(b) Economic interdependence

The group definition shall comprise of retail customers as a set of borrowers, either as applicant / co- applicant, who have formed an economic entity.

KYC/ALM

The objective of KYC/AML/CFT guidelines is to prevent banks from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities. The Company has implemented the provisions of the Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, as amended from time to time by the Government of India as notified by the Government of India, including operational instructions issued in pursuance of such amendment(s).

"Digital KYC" means the capturing live photo of the customer and officially valid document or the proof of possession of Aadhaar, where offline verification cannot be carried out, along with the latitude and longitude of the location where such live photo is being taken by an authorised officer of the RE as per the provisions contained in the Act.

Gold Loan

Following safeguards has been observed in case of Advances against pledge of Gold / Silver ornaments:

Ownership of Ornaments - The Company satisfies itself about the ownership of the gold ornaments etc. before accepting them for pledge.

- Appraiser - the company appoints an approved jeweller or shroff as an appraiser for valuation of the gold ornaments.

- Valuation Report - The valuation report is duly signed by the appraiser and kept along with the loan documents by the Company.
- Record of Security - detail are recorded in the gold ornaments register which should be checked/ initialled by the Manager.
- Custody of Ornaments - The ornaments belonging to each borrower together with a list indicating the description of ornaments, gold loan account number, name of party, etc. are kept separately in small cloth bags.
- Period - The period restricted to 6 months or 1 year.
- Margin - Adequate margin on the market value are maintained.
- Return of Ornaments - On repayment, the ornaments are returned to the borrower and his receipt obtained in token of having received the ornaments.
- Default - The borrower fails to repay the loan on the due date.
- Insurance **-** The Company takes insurance policy covering cash, jewels and other valuables and also covering all types of risks.
- Verification **-** Surprise verification of the packets containing gold / silver ornaments by an officer other than the joint custodian are undertaken and is recorded in a separate register.

Monitoring Operations in Loan Accounts

The Company has put in place a mechanism for proper monitoring of the end use of funds.

The Company put in place such arrangements as may be considered necessary to ensure that disbursed funds are used strictly for the purpose for which the credit limits are sanctioned.

NPA Management

On an annual basis, stress testing on the portfolio is carried out using the ECL framework. Regular portfolio asset monitoring is done quarterly and updated to the board as part of the presentation made to the Risk Management Committee (RMC).

Frauds Monitoring in Loan Portfolio

The Company has taken appropriate steps to review and tighten is internal administration and control measures so as to eliminate the scope for misuse/diversion of funds and malpractices.

Valuation of properties-empanelment of valuers

Standard selection criteria are defined

Policy on Sensitive Sector Exposure (SSE)

Exposure to capital market (direct and indirect) and commercial real estate shall be reckoned as sensitive exposure for NBFCs. The Company's capital market exposures would include both their direct exposures and indirect exposures. Exposures to entrepreneurs for acquiring real estate for the purpose of their carrying on business activities, which would be serviced out of the cash flows generated by those business activities. The exposure could be secured by the real estate where the activity is carried out, as would generally be the case, or could even be unsecured.

Sectoral Exposure Norms

The sectoral exposure includes credits to particular segment and/or geography. The Company's credit exposure to geographies are well diversified.

Regulatory Restriction on Loans

- Loans and advances to Directors
- Loans and advances to Senior Officers of the Company
- Large Exposure Framework

Policy on Restructuring of Advances

The Company's loan re-structuring policy is guided by the broad parameters.

LENDING POLICY

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- Default - The borrower fails to repay the loan on the due date.
- Insurance **-** The Company takes insurance policy covering cash, jewels and other valuables and also covering all types of risks.
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Policy on Restructuring of Advances

The Company's loan re-structuring policy is guided by the broad parameters.

IDBI Trusteeship Services Ltd.
CIN : U65991MH2001GOI131154

IDBI trustee

No.23738/ITSL/OPR/CL/2020-21/DEB/U-1306
February 3, 2021

To,
Ms. Amruta Guruji – Manager Treasury
HDB Financial Services Limited
Ground Floor, Zenith House, Keshavrao Khadye Marg, Opposite Race Course,
Mahalaxmi, Mumbai – 400034

Dear Madam,

Umbrella Consent to act as Debenture Trustee for Secured Listed Non - Convertible Debentures (NCDs) of Rs.7,500 crore to be issued through one or more tranches

This is with reference to the email dated 03.02.2021 regarding appointment of IDBI Trusteeship Services Limited (ITSL) as Debenture Trustee for Secured Listed Non - Convertible Debentures (NCDs) of Rs.7,500 crore to be issued through one or more tranches within 30 months from date of Umbrella Consent Letter.

It would indeed be our pleasure to be associated with your esteemed organization as Debenture Trustee for the NCD issuances on trusteeship remuneration as under.

Acceptance fees	Rs.1,70,000/- (plus applicable taxes) onetime payment payable upfront;
Service Charges	Per ISIN/Tranche Rs.18,000/- p.a. plus applicable taxes. First such payment would become payable immediately for pro-rata period from the consent letter i.e. issue closing date till immediately succeeding March 31. There after service charges are payable on annual basis in advance on 1st April each year till full redemption of debentures under each ISIN/Tranche. Service charges are valid for 12 months from the date of Umbrella Consent Letter. Thereafter, ITSL shall review the scope of activities, duties involved and accordingly decide revision of fees as mutually agreed between parties
Delay Payment Charges	In case the payment of service charges not received within a period of 30 days from the date of the bill, ITSL reserves the right to charge "delayed payment charges" @ 12% p.a. on the outstanding amount.
Out of Pocket Expenses & Statutory Dues	Would be reimbursable on actual basis within 30 days of the claim.
Validity:	i) This Consent Letter shall not be construed as giving rise to any obligation on the part of IDBI Trusteeship Services Ltd. to act as Debenture Trustees unless the Company communicates acceptance to IDBI Trusteeship Services Ltd within 3 days from the date of issuance of this letter. ii)This Consent letter is valid for a period of three (3) months from the date of this letter unless the validity of the same is extended by ITSL iii) the Issuer Company executes Trusteeship documents including Security Documents within the stipulated time as per the offer document or as per applicable law.
Reset Clause	Service charges on expiry of 3 years from the date of this consent letter shall be reviewed mutually by the Company and the Trustee for the upward revision in fees
Enforcement Charges	Minimum Rs.5,00,000/- plus taxes excluding litigation/ other expenses which will be on actual basis.

Assure you of our best services at all times.

Yours faithfully,
For IDBI Trusteeship Services Limited

(Authorized Signatory)
NAME: ADITYA KAPIL
DESIGNATION: VICE PRESIDENT

we accept the above terms
for HDB Financial Services Limited

(Authorized Signatory)
NAME: Hamen Parekh
DESIGNATION: Chief Financial Officer

***NOTE:** As per recent GST guidelines, ITSL would be required to pay the applicable GST on the amounts / charges payable to us as indicated above. Please note that the Company would be liable to pay all such charges even in the event of cancellation of the aforesaid transaction. Therefore, no refund of any statutory dues already paid would be made*

IDBI Trusteeship Services Ltd.
CIN : U65991MH2001GOI131154

IDBI trustee

No.23738/ITSL/OPR/CL/2020-21/DEB/U-1306
February 3, 2021

To,
Ms. Amruta Guruji – Manager Treasury
HDB Financial Services Limited
Ground Floor, Zenith House,
Keshavrao Khadye Marg, Opposite Race Course,
Mahalaxmi, Mumbai – 400034

Dear Madam,

Umbrella Consent to act as Debenture Trustee for Secured Listed Non - Convertible Debentures (NCDs) of Rs.7,500 crore to be issued through one or more tranches

This is with reference to the email dated 03.02.2021 regarding appointment of IDBI Trusteeship Services Limited (ITSL) as Debenture Trustee for Secured Listed Non - Convertible Debentures (NCDs) of Rs.7,500 crore to be issued through one or more tranches within 30 months from date of Umbrella Consent Letter.

In this connection, we confirm our acceptance to act as Debenture Trustee for the same, subject to the company agreeing the conditions as set out in annexure A.

We are also agreeable for inclusion of our name as trustees in the Company's offer document / disclosure document / listing application / any other document to be filed with SEBI / ROC / the Stock Exchange(s) or any other authority as required.

HDB Financial Services Limited shall enter into Debenture Trustee Agreement for the said issue of the NCDs.

Thanking you,

Yours faithfully,
For **IDBI Trusteeship Services Limited**

Aditya Kapil
Vice President

Regd. Office : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001.
Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : itsl@idbitrustee.com • response@idbitrustee.com
Website : www.idbitrustee.com

Annexure A

1. The Company agrees and undertakes to create the securities wherever applicable over such of its immovable and moveable properties and on such terms and conditions as agreed by the Debenture holders and disclose in the Information Memorandum or Disclosure Document and execute, the Debenture Trust Deed and other necessary security documents for each series of debentures as approved by the Debenture Trustee, within a period as agreed by us in the Information Memorandum or Disclosure Document in any case not exceeding 3 months from the date of closure of the issuance.

2. The Company agrees & undertakes to pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration as stated above for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other Documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.

3. The Company agrees & undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 1956 to the extent not repealed and The Companies Act, 2013 to the extent notified and other applicable provisions as amended from time to time and agrees to furnish to Trustees such information in terms of the same on regular basis.

For IDBI Trusteeship Services Limited

IDBI Trusteeship Services Ltd. ITSL

Aditya Kapil
Vice President

IDBI Trusteeship Services Ltd.
CIN : U65991MH2001GOI131154

IDBI trustee

No.23738/ITSL/OPR/CL/2021-22/DEB/U-814
October 05, 2021

To,
Ms. Amruta Guruji – Manager Treasury
HDB Financial Services Limited
Ground Floor, Zenith House, Keshavrao Khadye Marg, Opposite Race Course,
Mahalaxmi, Mumbai – 400034

Dear Madam,

Umbrella Consent to act as Debenture Trustee for Secured Listed Non - Convertible Debentures (NCDs) of Rs.10,000 crore to be issued through one or more tranches

This is with reference to the email dated 05.10.2021 regarding appointment of IDBI Trusteeship Services Limited (ITSL) as Debenture Trustee for Secured Listed Non - Convertible Debentures (NCDs) of Rs.10,000 crore to be issued through one or more tranches within 30 months from date of Umbrella Consent Letter.

It would indeed be our pleasure to be associated with your esteemed organization as Debenture Trustee for the NCD issuances on trusteeship remuneration as under.

Acceptance fees	Rs.15,00,000/- (plus applicable taxes) onetime payment payable upfront;
Service Charges	Rs.22,50,000/- (plus applicable taxes) onetime payment payable upfront;
Delay Payment Charges	In case the payment of service charges not received within a period of 30 days from the date of the bill, ITSL reserves the right to charge "delayed payment charges" @ 12% p.a. on the outstanding amount.
Out of Pocket Expenses & Statutory Dues	Would be reimbursable on actual basis within 30 days of the claim.
Enforcement Charges	Minimum Rs.5,00,000/- plus taxes excluding litigation/ other expenses which will be on actual basis.

Assure you of our best services at all times.

Yours faithfully,
For IDBI Trusteeship Services Limited

(Authorized Signatory)
NAME: ADITYA KAPIL
DESIGNATION: VICE PRESIDENT

we accept the above terms
for HDB Financial Services Limited

HDB Financial Services Limited

(Authorized Signatory)
NAME: HAREN PAREKH
DESIGNATION: CHIEF FINANCIAL OFFICER

NOTE: *As per recent GST guidelines, ITSL would be required to pay the applicable GST on the amounts / charges payable to us as indicated above. Please note that the Company would be liable to pay all such charges even in the event of cancellation of the aforesaid transaction. Therefore, no refund of any statutory dues already paid would be made*

IDBI Trusteeship Services Ltd.
CIN : U65991MH2001GOI131154

IDBI trustee

No.23738/ITSL/OPR/CL/2021-22/DEB/U-814
October 05, 2021

To,
Ms. Amruta Guruji – Manager Treasury
HDB Financial Services Limited
Ground Floor, Zenith House, Keshavrao Khadye Marg, Opposite Race Course,
Mahalaxmi, Mumbai – 400034

Dear Madam,

Umbrella Consent to act as Debenture Trustee for Secured Listed Non - Convertible Debentures (NCDs) of Rs.10,000 crore to be issued through one or more tranches

This is with reference to the email dated 05.10.2021 regarding appointment of IDBI Trusteeship Services Limited (ITSL) as Debenture Trustee for Secured Listed Non - Convertible Debentures (NCDs) of Rs.10,000 crore to be issued through one or more tranches within 30 months from date of Umbrella Consent Letter.

In this connection, we confirm our acceptance to act as Debenture Trustee for the same, subject to the company agreeing the conditions as set out in annexure A.

We are also agreeable for inclusion of our name as trustees in the Company's offer document / disclosure document / listing application / any other document to be filed with SEBI / ROC / the Stock Exchange(s) or any other authority as required.

HDB Financial Services Limited shall enter into Debenture Trustee Agreement for the said issue of the NCDs.

Thanking you,

Yours faithfully,
For **IDBI Trusteeship Services Limited**

Aditya Kapil
Vice President

Regd. Office : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001.
Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : itsl@idbitrustee.com • response@idbitrustee.com
Website : www.idbitrustee.com

Annexure A

1. The Company agrees and undertakes to create the securities wherever applicable over such of its immovable and moveable properties and on such terms and conditions as agreed by the Debenture holders and disclose in the Information Memorandum or Disclosure Document and execute, the Debenture Trust Deed and other necessary security documents for each series of debentures as approved by the Debenture Trustee, within a period as agreed by us in the Information Memorandum or Disclosure Document in any case not exceeding 3 months from the date of closure of the issuance.

2. The Company agrees & undertakes to pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration as stated above for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other Documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.

3. The Company agrees & undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 1956 to the extent not repealed and The Companies Act, 2013 to the extent notified and other applicable provisions as amended from time to time and agrees to furnish to Trustees such information in terms of the same on regular basis.

For **IDBI Trusteeship Services Limited**

Aditya Kapil
Vice President

IDBI Trusteeship Services Ltd
CIN : U65991MH2001GOI131154

IDBI trustee

No. 55484/ ITSL/OPR/CL/2022-23/DEB/ 1325
March 16, 2023

To,
Ms. Dipti Khandelwal – Company Secretary
HDB Financial Services Limited
Ground Floor, Zenith House, Keshavrao Khadye Marg, Opposite Race Course,
Mahalaxmi, Mumbai – 400034

Dear Madam,

Umbrella Consent to act as Debenture Trustee for Secured, Rated, Listed, Redeemable, Non-Convertible Debentures (NCDs) of Rs. 5000 crore to be issued in one or more tranches.

This is with reference to the e-mail dated 24.01.2023 from your company on appointment of IDBI Trusteeship Services Limited (ITSL) as Debenture Trustee for Secured, Rated, Listed, Redeemable, Non-Convertible Debentures (NCDs) of Rs. 5000 crores to be issued in one or more tranches.

In this connection, we confirm our acceptance to act as Debenture Trustee for the same, subject to the company agreeing the conditions as set out in Annexure - A.

We are also agreeable for inclusion of our name as trustees in the Company's offer document / disclosure document / listing application / any other document to be filed with SEBI / ROC / the Stock Exchange(s) or any other authority as required.

HDB Financial Services Limited. shall enter into Debenture Trustee Agreement for the said issue of the NCDs.

Thanking you,

Yours faithfully,
For **IDBI Trusteeship Services Limited**

Authorised Signatory

Regd. Office : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001.
Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : itsl@idbitrustee.com • response@idbitrustee.com
Website : www.idbitrustee.com

Annexure A

1. The Company agrees and undertakes to create the securities wherever applicable over such of its immovable and moveable properties and on such terms and conditions as agreed by the Debenture holders and disclose in the Information Memorandum or Disclosure Document and execute, the Debenture Trust Deed and other necessary security documents for each series of debentures as approved by the Debenture Trustee, within the stipulated time as per the offer document or as per applicable law.

2. The Company agrees & undertakes to pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration as stated above for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other Documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.

3. The Company agrees & undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 , SEBI (listing Obligations and Disclosure Requirement) Regulations, 2015, Listing Agreement executed by the Company with the Stock Exchange SEBI Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2020/230 dated 12th November, 2020, the Companies Act, 2013 as amended from time to time and other applicable provisions as amended from time to time and agree to furnish to Debenture/Bond Trustee such information in terms of the same on regular basis.

For **IDBI Trusteeship Services Limited**

Authorised Signatory

IDBI Trusteeship Services Ltd.
CIN : U65991MH2001GOI131154

IDBI trustee

Ref No. 1601/ITSL/OPR/CL/2023-24/DEB/144
May 17, 2023

To,
Ms. Dipti Khandelwal – Company Secretary
HDB Financial Services Limited
Ground Floor, Zenith House, Keshavrao Khadye Marg, Opposite Race Course,
Mahalaxmi, Mumbai – 400034

Dear Madam,

Umbrella Consent to act as Debenture Trustee for Secured, Rated, Listed, Redeemable, Non-Convertible Debentures (NCDs) of Rs. 5000 crores to be issued in one or more tranches.

This is with reference to the e-mail dated 26.04.2023 from your company on appointment of IDBI Trusteeship Services Limited (ITSL) as Debenture Trustee for Secured, Rated, Listed, Redeemable, Non-Convertible Debentures (NCDs) of Rs. 5000 crores to be issued in one or more tranches.

It would indeed be our pleasure to be associated with your esteemed organization as Debenture Trustee for the NCDs issuances on trusteeship remuneration as under.

Acceptance fees	Rs.15,00,000 (plus applicable taxes) onetime payment payable upfront; and non-refundable)
Service charges	NIL
Out of Pocket Expenses & Statutory Dues	Would be reimbursable on actual basis within 30 days of the claim.
Validity:	i) This Consent Letter shall not be construed as giving rise to any obligation on the part of IDBI Trusteeship Services Ltd. to act as Debenture Trustees unless the Company communicates acceptance to IDBI Trusteeship Services Ltd within 3 days from the date of issuance of this letter. ii) This Consent letter is valid for a period of three (3) months from the date of this letter unless the validity of the same is extended by ITSL iii) the Issuer Company executes Trusteeship documents including Security Documents within the stipulated time as per the offer document or as per applicable law.
External agencies fees	Expenses relating to valuation reports, title search reports, asset cover certificates, RoC search reports etc. arranged through external agencies for the purpose of independent due diligence shall be payable on actual basis over and above the aforementioned fees.
Any enforcement consequent to the event of default ("EOD") would attract separate charges.	

Assure you of our best services at all times.

Yours faithfully,
For IDBI Trusteeship Services Limited

(Authorized Signatory)
NAME: Nayana Taware
DESIGNATION: Manager

we accept the above terms
for HDB Financial Services Limited

(Authorized Signatory)
NAME:
DESIGNATION:

HDB Financial Services Limited

NOTE: ***As per recent GST guidelines, ITSL would be required to pay the applicable Tax on the amounts / charges payable to us as indicated above. Please note that the Company would be liable to pay all such charges even in the event of cancellation of the aforesaid transaction. Therefore, no refund of any statutory dues already paid would be made.***

IDBI Trusteeship Services Ltd.
CIN : U65991MH2001GOI131154

IDBI trustee

Ref No. 1601/ ITSL/OPR/CL/2023-24/DEB/144
May 17, 2023

To,
Ms. Dipti Khandelwal – Company Secretary
HDB Financial Services Limited
Ground Floor, Zenith House, Keshavrao Khadye Marg, Opposite Race Course,
Mahalaxmi, Mumbai – 400034

Dear Madam,

Umbrella Consent to act as Debenture Trustee for Secured, Rated, Listed, Redeemable, Non-Convertible Debentures (NCDs) of Rs. 5000 crore to be issued in one or more tranches.

This is with reference to the e-mail dated 26.04.2023 from your company on appointment of IDBI Trusteeship Services Limited (ITSL) as Debenture Trustee for Secured, Rated, Listed, Redeemable, Non-Convertible Debentures (NCDs) of Rs. 5000 crores to be issued in one or more tranches.

In this connection, we confirm our acceptance to act as Debenture Trustee for the same, subject to the company agreeing the conditions as set out in Annexure - A.

We are also agreeable for inclusion of our name as trustees in the Company's offer document / disclosure document / listing application / any other document to be filed with SEBI / ROC / the Stock Exchange(s) or any other authority as required.

HDB Financial Services Limited. shall enter into Debenture Trustee Agreement for the said issue of the NCDs.

Thanking you,

Yours faithfully,
For **IDBI Trusteeship Services Limited**

Authorised Signatory

HDB Financial Services Limited

Regd. Office : Universal Insurance Building, Ground Floor, Sir P. M. Road, Fort, Mumbai - 400 001.
Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : itsl@idbitrustee.com • response@idbitrustee.com
Website : www.idbitrustee.com

Annexure A

1. The Company agrees and undertakes to create the securities wherever applicable over such of its immovable and moveable properties and on such terms and conditions as agreed by the Debenture holders and disclose in the Information Memorandum or Disclosure Document and execute, the Debenture Trust Deed and other necessary security documents for each series of debentures as approved by the Debenture Trustee, within the stipulated time as per the offer document or as per applicable law.

2. The Company agrees & undertakes to pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration as stated above for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other Documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.

3. The Company agrees & undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 , SEBI (listing Obligations and Disclosure Requirement) Regulations, 2015, Listing Agreement executed by the Company with the Stock Exchange SEBI Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2020/230 dated 12th November, 2020, the Companies Act, 2013 as amended from time to time and other applicable provisions as amended from time to time and agree to furnish to Debenture/Bond Trustee such information in terms of the same on regular basis.

For **IDBI Trusteeship Services Limited**

Authorised Signatory

IDBI Financial Services Limited

IDBI Trusteeship Services Ltd.
CIN : U65991MH2001GOI131154

IDBI trustee

Ref No. 57318 /ITSL/OPR/CL/2023-24/DEB/556
September 01, 2023

To,
Ms. Dipti Khandelwal – Company Secretary
HDB Financial Services Limited
Ground Floor, Zenith House, Keshavrao Khadye Marg, Opposite Race Course,
Mahalaxmi, Mumbai – 400034

Dear Madam,

Umbrella Consent to act as Debenture Trustee for Secured, Rated, Listed, Redeemable, Non-Convertible Debentures (NCDs) of Rs. 20,000 crores to be issued in one or more tranches.

This is with reference to the e-mail dated 18.08.2023 from your company on appointment of IDBI Trusteeship Services Limited (ITSL) as Debenture Trustee for Secured, Rated, Listed, Redeemable, Non-Convertible Debentures (NCDs) of Rs. 20,000 crores to be issued in one or more tranches within 30 months from the date of Umbrella Consent Letter.

It would indeed be our pleasure to be associated with your esteemed organization as Debenture Trustee for the NCDs issuances on trusteeship remuneration as under.

Acceptance fees	Rs.22,50,000/- (plus applicable taxes) onetime payment payable upfront;
Service charges	Rs.15,00,000/- (plus applicable taxes) onetime payment payable upfront
Delay Payment Charges	In case the payment of service charges not received within a period of 30 days from the date of the bill, ITSL reserves the right to charge "delayed payment charges" @ 12% p.a. on the outstanding amount.
Out of Pocket Expenses & Statutory Dues	Would be reimbursable on actual basis within 30 days of the claim.
Validity:	i) This Consent Letter shall not be construed as giving rise to any obligation on the part of IDBI Trusteeship Services Ltd. to act as Debenture Trustees unless the Company communicates acceptance to IDBI Trusteeship Services Ltd within 3 days from the date of issuance of this letter. ii) This Consent letter is valid for a period of three (3) months from the date of this letter unless the validity of the same is extended by ITSL iii) the Issuer Company executes Trusteeship documents including Security Documents within the stipulated time as per the offer document or as per applicable law.
External agencies fees	Expenses relating to valuation reports, title search reports, asset cover certificates, RoC search reports etc. arranged through external agencies for the purpose of independent due diligence shall be payable on actual basis over and above the aforementioned fees.
Any enforcement consequent to the event of default ("EOD") would attract separate charges.	

Assure you of our best services at all times

Yours faithfully,
For IDBI Trusteeship Services Limited

P. D. Tembe

(Authorized Signatory)
NAME: Priyanka Tembe
DESIGNATION: Asst Manager

we accept the above terms
for HDB Financial Services Limited

(Authorized Signatory)
NAME:
DESIGNATION:

NOTE: ***As per recent GST guidelines, ITSL would be required to pay the applicable Tax on the amounts / charges payable to us as indicated above. Please note that the Company would be liable to pay all such charges even in the event of cancellation of the aforesaid transaction. Therefore, no refund of any statutory dues already paid would be made.***

IDBI Trusteeship Services Ltd.
CIN : U65991MH2001GOI131154

Ref No. 57318/ ITSL/OPR/CL/2023-24/DEB/556
September 01, 2023

To,
Ms. Dipti Khandelwal – Company Secretary
HDB Financial Services Limited
Ground Floor, Zenith House, Keshavrao Khadye Marg, Opposite Race Course,
Mahalaxmi, Mumbai – 400034

Dear Madam,

Umbrella Consent to act as Debenture Trustee for Secured, Rated, Listed, Redeemable, Non-Convertible Debentures (NCDs) of Rs. 20,000 crores to be issued in one or more tranches.

This is with reference to the e-mail dated 18.08.2023 from your company on appointment of IDBI Trusteeship Services Limited (ITSL) as Debenture Trustee for Secured, Rated, Listed, Redeemable, Non-Convertible Debentures (NCDs) of Rs. 20,000 crores to be issued in one or more tranches within 30 months from the date of Umbrella Consent Letter.

In this connection, we confirm our acceptance to act as Debenture Trustee for the same, subject to the company agreeing the conditions as set out in Annexure - A.

We are also agreeable for inclusion of our name as trustees in the Company's offer document / disclosure document / listing application / any other document to be filed with SEBI / ROC / the Stock Exchange(s) or any other authority as required.

HDB Financial Services Limited. shall enter into Debenture Trustee Agreement for the said issue of the NCDs.

Thanking you,

Yours faithfully,
For **IDBI Trusteeship Services Limited**

P.D. Tembe

Authorised Signatory

Annexure A

1. The Company agrees and undertakes to create the securities wherever applicable over such of its immovable and moveable properties and on such terms and conditions as agreed by the Debenture holders and disclose in the Information Memorandum or Disclosure Document and execute, the Debenture Trust Deed and other necessary security documents for each series of debentures as approved by the Debenture Trustee, within the stipulated time as per the offer document or as per applicable law.

2. The Company agrees & undertakes to pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration as stated above for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other Documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.

3. The Company agrees & undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 , SEBI (listing Obligations and Disclosure Requirement) Regulations, 2015, Listing Agreement executed by the Company with the Stock Exchange SEBI Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2020/230 dated 12th November, 2020 and SEBI/HO/DDHS/P/CIR/2023/50, the Companies Act, 2013 as amended from time to time and other applicable provisions as amended from time to time and agree to furnish to Debenture/Bond Trustee such information in terms of the same on regular basis.

For **IDBI Trusteeship Services Limited**

P.D. Tembe

Authorized Signatory

ATSL/CO/2020-2021/297
January 19, 2021

HDB Financial Services Limited
Zenith House, ground Floor
Dr Keshav Khadye Marg,
Opp. Mahalaxmi Racecourse – 400013

Kind Attn.:- Amrutua Guruji

Dear Sir/Ma'am,

Sub.: Offer to act as Debenture Trustee for listed unsecured perpetual non-convertible debentures (NCDs) aggregating up to Rs.500 crores proposed to be issued by HDB Financial Services Limited ("Company")

Axis Trustee Services Ltd. ("**ATSL**"/ "**We**") is pleased to offer its services to act as "Debenture Trustee" for the captioned NCDs on the following terms and conditions and those attached to this Letter ("**Offer Letter**"):-

1) Fee Schedule
   i. As Debenture Trustee

Type & Particulars of Fees	Amount and Currency	Terms Of Payment
Initial Acceptance Fee	Rs.25,000/- (Rupees Twenty Five Thousand only) plus all applicable taxes	Refer Sr. no.3.
Annual Fee	Rs.45,000/- (Rupees Forty Five Thousand only) plus all applicable taxes	Refer Sr. no.4.

2) GST Registration Number and Billing Address:

   Kindly provide Company's GST registration number (provisional / final) and the billing address (if the billing address is different from the address in this offer letter) alongwith your acceptance of the offer.

   Please note that in absence of any advice from you for raising of invoices on a specific address, ATSL shall be issuing all the invoices on the address mentioned in the offer letter and shall not be liable or responsible for any additional tax levies or claims arising on account of change in billing address.

3) The Initial Fee plus all applicable taxes shall be payable within 15 days from the date of issuance of invoice. The initial fee is non-refundable. The Initial Fee shall not be subject to execution of finance and security documents/transaction documents or completion of the transaction.

4) The Annual Fee plus all applicable taxes shall be payable within 30 days from the first date of allotment of NCDs. The first annual fee will cover the period from the date of acceptance of the offer till end of the Financial Year. The subsequent annual fee shall be payable Financial Year wise until cessation of our services and/or satisfaction of charges, if any, on the security (ies) to the transaction and issuance of No Dues Certificate/ No Objection Certificate by us. The Annual Fee may be revised as per the mutually agreed terms between the Company and ATSL, from time to time.

HDB Financial Services

AXIS TRUSTEE SERVICES LTD. MUMBAI

5) All out of pocket expenses (excluding those set out in Sr.no.6) like documentation execution related expenses to the extent of Rs.10,000/- per instance shall be borne by the Company.

6) The legal counsel fees, traveling expenses, inspection charges, audit expenses etc. in connection with the transaction will be paid by the Company on an actual basis alongwith all applicable taxes and reimbursed to ATSL within a period of 30 days from the date of issuance of invoice.

7) The CERSAI filing charges shall be borne by the Company on actual basis. Further, CERSAI entries over and above 50 in number, shall be chargeable with an additional cost of Rs. 100/- per entry plus all applicable taxes or as may be agreed mutually.

8) All payments shall be made within the timelines specified in the Offer Letter, failing which the Company shall be liable to pay interest as per the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.

9) In the event the Lenders/Investors declare an event of default and instruct ATSL to initiate, commence or assist in any enforcement proceedings/action on their behalf, then additional fees, as may be determined at ATSL's sole discretion shall be chargeable for such enforcement services. This clause shall be considered to form an integral part of the finance and security documents/transaction documents executed in connection with the facility by the lenders/investors.

10) This Offer is valid for a period of 15 days from the date of the letter.

We shall be glad to provide clarifications required, if any and shall be pleased to receive your acceptance at an early date. We look forward to working with your organization and building a long standing, mutually beneficial relationship.

Yours truly,
For **Axis Trustee Services Limited**

Jaydeep Bhattacharya
Deputy General Manager

Sameer Kabra
Assistant General Manager

Accepted By
For HDB Financial Services Limited

Authorised Signatory

GST Registration no: 27AABCH8761M1Z1

Address for Billing:*

**(if the billing address is different from the address of the offer letter)*

OTHER TERMS AND CONDITIONS

1. The terms of this Offer Letter shall be applicable to the captioned NCDs aggregating to Rs. 500 Crores extended by the current set of investors and the documentation entered into in relation thereto. Any enhancement in facility/facilities, further/additional issuance of debentures, additional documentation over and above contemplated under this Offer Letter shall be charged separately.

2. This letter may be amended, revised, modified (and the provisions hereof may only be waived) by agreement in writing by the parties hereto.

3. The draft of the documents shall be provided by the Company at least 2 working days prior to the proposed date of execution. The Company shall execute all the requisite documents, as may be necessary, as per the agreed drafts.

4. ATSL, its officers, employees, directors, and agents as a Service Provider shall have no liability, save and except in case of gross negligence and wilful misconduct, as may be finally determined by a court of competent jurisdiction.

5. The Offer Letter shall form an integral part of the finance and security/transaction documents and the terms & conditions hereunder shall be construed to form part and parcel of the transaction documents to be executed. In the event of any conflict or contradicting terms & conditions, the terms of this Offer Letter shall prevail.

6. This offer is subject to the acceptance of the terms enumerated herein and KYC clearance as per the ATSL's policy.

7. ATSL shall commence the provision of its services, upon receipt of the duly accepted offer letter and due diligence documents as per Annexure hereto.

Accepted By
For HDB Financial Services Limited

Authorised Signatory

ATSL/CO/20-21/0137
January 14, 2021

HDB FINANCIAL SERVICES LIMITED
Ground Floor, Zenith House, Opp. Race Course,
Gate No-6, KK Marg, Mahalaxmi,
Mumbai- 400034

Kind Attn.:- Amruta Guruji

Dear Sir /Ma'am,

Sub: Consent to act as Debenture Trustee for listed unsecured perpetual non-convertible debentures (NCDs) aggregating up to Rs.500 Crores proposed to be issued by HDB Financial Services Limited ("Issuer Company")

We, Axis Trustee Services Limited, hereby give our consent to act as the Debenture Trustee for the above mentioned issue of Debentures having a tenure of more than one year and are agreeable to the inclusion of our name as Debenture Trustee in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum and/or application to be made to the Stock Exchange for the listing of the said Debentures.

Axis Trustee Services Limited (**ATSL**) consenting to act as Debenture Trustees is purely its business decision and not an indication on the Issuer Company's standing or on the Debenture Issue. By consenting to act as Debenture Trustees, ATSL does not make nor deems to have made any representation on the Issuer Company, its Operations, the details and projections about the Issuer Company or the Debentures under Offer made in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document. Applicants / Investors are advised to read carefully the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document and make their own enquiry, carry out due diligence and analysis about the Issuer Company, its performance and profitability and details in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document before taking their investment decision. ATSL shall not be responsible for the investment decision and its consequence.

We also confirm that we are not disqualified to be appointed as Debentures Trustee within the meaning of Rule 18(2)(c) of the Companies (Share Capital and Debentures) Rules, 2014.

Yours truly,
For Axis Trustee Services Limited
RAHUL RAMCHANDRA VAISHYA
Digitally signed by RAHUL RAMCHANDRA VAISHYA
Date: 2021.01.14 19:11:34 +05'30'
Rahul Vaishya
Assistant General Manager

IDBI Trusteeship Services Ltd
CIN : U65991MH2001GOI131154

IDBI trustee

No.23738/ITSL/OPR/CL/2021-22/DEB/U-380
July 2, 2021

To,
Ms. Amruta Guruji – Manager Treasury
HDB Financial Services Limited
Ground Floor, Zenith House, Keshavrao Khadye Marg, Opposite Race Course,
Mahalaxmi, Mumbai – 400034

Dear Madam,

Umbrella Consent to act as Debenture Trustee for Unsecured Listed Subordinated Bonds of Rs.500 crore to be issued through one or more tranches

This is with reference to the email dated 01.07.2021 regarding appointment of IDBI Trusteeship Services Limited (ITSL) as Debenture Trustee for Unsecured Listed Subordinated Bonds of Rs.500 crore to be issued through one or more tranches.

It would indeed be our pleasure to be associated with your esteemed organization as Debenture Trustee for the NCD issuances on trusteeship remuneration as under.

Acceptance fees	Rs.2,50,000/- (plus applicable taxes) onetime payment payable upfront;
Service Charges	Rs.3,75,000/- (plus applicable taxes) p.a. First such payment would become payable immediately for pro-rata period from date of execution of document till immediately succeeding March 31, thereafter the Service Charges are payable on an annual basis in advance on 1st April every year till full redemption of NCDs under each ISIN/ Tranche.
Delay Payment Charges	In case the payment of service charges not received within a period of 30 days from the date of the bill, ITSL reserves the right to charge "delayed payment charges" @ 12% p.a. on the outstanding amount.
Out of Pocket Expenses & Statutory Dues	Would be reimbursable on actual basis within 30 days of the claim.
Enforcement Charges	Minimum Rs.5,00,000/- plus taxes excluding litigation/ other expenses which will be on actual basis.

Assure you of our best services at all times.

Yours faithfully,
For IDBI Trusteeship Services Limited

(Authorized Signatory)
NAME: ADITYA KAPIL
DESIGNATION: VICE PRESIDENT

we accept the above terms
for HDB Financial Services Limited

Digitally signed by HAREN PAREKH
Date: 2021.07.05 15:52:58 +05'30'

(Authorized Signatory)
NAME: HAREN PAREKH
DESIGNATION: CHIEF FINANCIAL OFFICER

NOTE: ***As per recent GST guidelines, ITSL would be required to pay the applicable GST on the amounts / charges payable to us as indicated above. Please note that the Company would be liable to pay all such charges even in the event of cancellation of the aforesaid transaction. Therefore, no refund of any statutory dues already paid would be made***

IDBI Trusteeship Services Ltd
CIN : U65991MH2001GOI131154

No.23738/ITSL/OPR/CL/2021-22/DEB/U-380
July 2, 2021

To,
Ms. Amruta Guruji – Manager Treasury
HDB Financial Services Limited
Ground Floor, Zenith House, Keshavrao Khadye Marg, Opposite Race Course,
Mahalaxmi, Mumbai – 400034

Dear Madam,

Umbrella Consent to act as Debenture Trustee for Unsecured Listed Subordinated Bonds of Rs.500 crore to be issued through one or more tranches

This is with reference to the email dated 01.07.2021 regarding appointment of IDBI Trusteeship Services Limited (ITSL) as Debenture Trustee for Unsecured Listed Subordinated Bonds of Rs.500 crore to be issued through one or more tranches.

In this connection, we confirm our acceptance to act as Debenture Trustee for the same, subject to the company agreeing the conditions as set out in annexure A.

We are also agreeable for inclusion of our name as trustees in the Company's offer document / disclosure document / listing application / any other document to be filed with SEBI / ROC / the Stock Exchange(s) or any other authority as required.

HDB Financial Services Limited shall enter into Debenture Trustee Agreement for the said issue of the NCDs.

Thanking you,

Yours faithfully,
For **IDBI Trusteeship Services Limited**

Aditya Kapil
Vice President

Regd. Office : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001.
Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : itsl@idbitrustee.com • response@idbitrustee.com
Website : www.idbitrustee.com

Annexure A

1. The Company agrees & undertakes to pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration as stated above for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other Documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.

2. The Company agrees & undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 1956 to the extent not repealed and The Companies Act, 2013 to the extent notified and other applicable provisions as amended from time to time and agrees to furnish to Trustees such information in terms of the same on regular basis.

For **IDBI Trusteeship Services Limited**

Aditya Kapil
Vice President

HDB Financial Services Limited

August 22, 2023

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	40,000.00 (Enhanced from 30,000.00)	CARE AAA; Stable	Reaffirmed
Long Term Long Term Instruments	3,000.00	CARE AAA; Stable	Reaffirmed
Long Term Long Term Instruments*	900.00 (Reduced from 1,000.00)	CARE AAA; Stable	Reaffirmed
Long Term Long Term Instruments	1,000.00	CARE AAA; Stable	Reaffirmed
Market Linked Debentures*	100.00 (Reduced from 1,000.00)	CARE PP-MLD AAA; Stable	Reaffirmed
Non Convertible Debentures	7,808.00	CARE AAA; Stable	Reaffirmed
Non Convertible Debentures	15,000.00	CARE AAA; Stable	Reaffirmed
Non Convertible Debentures	7,500.00	CARE AAA; Stable	Reaffirmed
Non Convertible Debentures	10,000.00	CARE AAA; Stable	Reaffirmed
Non Convertible Debentures	5,000.00	CARE AAA; Stable	Reaffirmed
Market Linked Debentures*	-	-	Withdrawn
Commercial Paper*	5,000.00 (Reduced from 12,500.00)	CARE A1+	Reaffirmed
Non Convertible Debentures	9,692.00	CARE AAA; Stable	Assigned

Details of instruments/facilities in Annexure-1.

**Withdrawn/reduced on the request from client and maturity of instrument*

Rationale and key rating drivers

The ratings continue to factor in the strength that HDBFS derives from the strategic importance to and expectation of continued support from its parent and majority shareholder, HDFC Bank Ltd (HBL; rated 'CARE AAA; Stable', 'CARE A1+'). By virtue of its strong parentage and shared branding, the company enjoys strong financial flexibility which enables the company to raise funds at competitive rates and across business cycles. The ratings further take into account its established presence in the retail finance segment, experienced management, healthy capitalisation, strong liquidity position and comfortable resources profile. While CARE takes cognizance of company's presence in unsecured and relatively riskier segments, HDBFSL's stringent underwriting and provisioning policies provide comfort.

Rating sensitivities: Factors likely to lead to rating actions

Factors that could, individually or collectively, lead to positive rating action/upgrade:

- Not Applicable

Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Material dilution in the ownership by, expected support from, and strategic importance to HDFC Bank Ltd
- Deterioration in credit profile of HBL
- Moderation in capital buffers of both HDBFS and HBL with considerable fall in capital adequacy ratio close to the regulatory requirement
- Declining business growth and deterioration in profitability parameters on a sustained basis
- Material dilution in asset quality parameters on a sustained basis

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Analytical approach: CARE Ratings has analysed the standalone credit profile of HDBFS Limited along with its strategic importance to and expectation of continued support from its parent HDFC Bank Ltd.

Outlook: Stable

The stable outlook factors in expectations of continued support to HDBFS from HBL. On the business front, CARE expects the company to maintain its position in retail financing space with continue growth momentum in loan portfolio.

Detailed description of the key rating drivers:

Key strengths

Strong linkages with and strategic importance to the parent HDFC Bank

By virtue of being a subsidiary of HDFC Bank Ltd., HDBFS benefits from strategic importance to and expectation of continued support from its parent HDFC Bank Ltd. HDBFS has strong linkages with HBL in terms of sharing of brand name & logo which enables it to raise funds at competitive rates of interest. Given that HDBFS is focused on niche customer segment, the company complements HBL's product portfolio and customer coverage. Furthermore, HDBFS also supports HBL in sourcing and collection of the latter's retail loan portfolio and provides outsourcing services to HBL.

HBL is the largest private sector bank in India with standalone total assets of ₹25,01,693 crore as on June 30, 2023, and has been identified as Domestic Systemically Important Bank (DSIB) by the Reserve Bank of India.

Established presence in the retail segment with healthy share of secured loan portfolio:

HDBFS has emerged as one of the leading players in the retail financing space over the years with diversified loan book. Over the last 5 years, the company's portfolio has grown at CAGR of 8.4%. While the company's portfolio remained range bound during covid-19, the same has rebounded during FY23.

As on March 31, 2023, asset-backed loans (primarily comprising of vehicle loans) continued to account for majority share of AUM at 43.2%, followed by mortgage-backed loans (loans against property) at 26.6%, personal loans - 23.9% and consumer durable loans at - 6.3% respectively. Secured loan portfolio stood at around 75.8% of total portfolio as on March 31, 2023 (March 31, 2022 – 76.1%) with rest being unsecured. The company's portfolio is entirely retail which lends granularity and reduces borrower concentration. The top 20 largest borrowers accounting for 0.53% of the book as on March 31, 2023 (PY: 0.32%).

Over the past five years, the company has developed a strong franchise and geographical reach with presence in 1,054 locations with network of 1,492 branches as on March 31, 2023.

Experienced management and board

The operations of the company are headed by G Ramesh (MD and CEO) who has over two decades of experience across business development, banking, consumer finance and operations. He is assisted by a team of experienced and qualified professionals, most of whom have been associated with the company since its inception. HDBFS's Board comprises of five independent directors and one non-executive director, who have extensive experience in various facets of banking and financial services.

Comfortable capital structure and resources profile

Regular capital infusion by HBL in the past and internal accruals have helped HDBFS to maintain comfortable capital adequacy ratio (CAR) which stood at 19.77% with Tier-I CAR at 15.81% as on June 30, 2023. The company reported tangible net worth and gearing of ₹10,416 crore and 5.38 times as on March 31, 2023. As on June 30, 2023, Net worth and gearing stood at ₹10,873 crore and 5.38 times.

Over the years, it has developed relationships with most of the large banks for borrowings and continues to actively raise funds from capital market at competitive rates, thus keeping its cost of funds low. HDBFS has a treasury department, which manages its funding profile (duration and sources both) depending upon the interest scenario to optimize the cost of borrowings. As on March 31, 2023, borrowings mix was well diversified with money markets (constituting 58.66% of total borrowings), borrowings from banks (41.34% of total borrowings).

Improvement in business volumes & profitability metrics:

HDBFS disbursements grew by 42% y-o-y during FY23. Backed by higher disbursements, AUM of the company increased from ₹61,444 crore for FY22 to ₹70,084 crore for FY23 and further to ₹73,610 crore as on June 30, 2023.

Higher disbursements and broadly range bound portfolio spreads has helped company improve its NIM to 8.33% [P.Y.: 8.20%]. Given the rebound in retail demand post Covid-19 across loan segments, the company expanded its branch network, staff headcount during FY23 thereby resulting into higher opex. Opex/ ATA, as a result, increased from 6.62% during FY22 to 7.42% during FY23. Credit costs moderated from 4.01% during FY22 to 2.05% during FY23, given the improvement in the collection efficiency and dip in slippage ratio. The company has expanded its presence from 27 states and union territories as on March 31, 2022 to 29 states and union territories as on March 31, 2023 and increased branches from 1,374 as on March 31, 2022 to 1,492

as on March 31, 2023. Despite increase in opex cost on account of portfolio growth, the company reported improvement in return metrics with ROTA of 3.01% during FY23 from 1.65% during FY22 led by stable margins and lower credit costs.
With the company's continued thrust on growth, CARE Ratings expects the company's opex to gradually decline in the medium term with the increasing scale of operations.

Key weaknesses

Moderate asset quality and presence in unsecured and relatively riskier segments

Backed by overall improvement in business environment and thereby collection efficiency, the company's NPAs reduced (incl. recoveries & write offs) by ₹4,200 crore [P.Y. ₹3,629 crore] on account of which its GNPA and NNPA as on March 31, 2023, declined to 2.73% and 1.01% as compared to 4.99% and 2.45% as on March 31, 2022. As on June 30, 2023, GNPA and NNPA stood at 2.48% and 0.84%.
HDBFS asset quality was significantly impacted during covid-19 (FY21 and Q1FY22) with GNPA ratio peaking at 7.75% as on June 30, 2021. With a view to mitigate risk, the company has been increasing provision cover mainly for unsecured product categories. As a result, ECL provision cover on stage 2 and stage 3 assets as on March 31, 2023 increased to 28.15% [P.Y.: 24.05%] and 65.10% [P.Y.: 54.14%] respectively.
While CARE takes cognisance of overall improvement in asset quality, the same is prone to asset quality shocks on account its presence in unsecured segments which comprised 24.23% of the AUM as on March 31, 2023 (23.90% - March 31, 2022).

Liquidity: Strong

As on June 30, 2023, liquidity position of HDBFS has remained strong with positive cumulative mismatches in all the buckets. In sync with fixed tenure portfolio wrt segments such as vehicle financing, personal and consumer durable loans, approx. 75% of borrowings are fixed thereby mitigating liquidity risk. Over the next one year, the company has repayments (including interest) of ₹25,609 crore against which the company's inflows in the form of cash & liquid investments and scheduled asset inflows (including interest) stood at of ₹27,558 crore as on June 30, 2023. Additionally, the company's unutilised bank lines of ₹960 crore as on June 30, 2023 as well as its strong financial flexibility provides comfort.

Assumptions/Covenants: Rs. 500 Cr. of Perpetual Debt Instruments has acceleration trigger clause in case of rating downgrade by one or more notches.

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

Policy on default recognition
Factoring Linkages Parent Sub JV Group
Financial Ratios - Financial Sector
Rating Outlook and Credit Watch
Short Term Instruments
Market Linked Notes
Non Banking Financial Companies
Policy on Withdrawal of Ratings

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Finance	Non Banking Financial Company (NBFC)

About HBL:

The Housing Development Finance Corporation Limited was among the first to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector, as part of the RBI's liberalisation of the Indian banking industry in 1994. The bank was incorporated in August 1994 in the name of 'HDFC Bank Limited' (HBL), with its registered office in Mumbai, India. At present, HBL is the largest private sector bank in India. As on March 31,2023, the bank's total balance sheet size stood at ₹24,66,081 crore. HBL continues to be identified as a Domestic Systemically Important Bank (D -SIB) as per the RBI.

About HDBFS Limited:
HDBFS Limited is a subsidiary of HBL with a shareholding of ~94.84% as on March 31, 2023. HDBFS was incorporated in June 2007 and commenced its lending operations in March 2008. HDBFS is a lending company which offers various retail loans like loan against property (LAP), commercial vehicle (CV) and construction equipment (CE) financing, gold loan, consumptions loans, personal loans, etc. The company operates through a network of 1,492 operational branches as on March 31, 2023, located in 1,054 cities across India. The company is also a corporate agent for HDFC Standard Life Insurance Company and HDFC Ergo General Insurance to distribute their insurance products.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	Q1FY24 (UA)
Total operating income	11,306	12,403	3,387
PAT	1,011	1,959	567
Interest coverage (times)	1.41	1.75	1.71
Total Assets*	60,963	69,029	74,245
Net NPA (%)	2.45	1.01	0.84
ROTA (%)	1.65	3.01	3.17

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'; *Net of intangible assets and deferred tax assets

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Commercial Paper	INE756I14CY1	22-05-2023	7.27%	02-08-2023	500.00	CARE A1+
Commercial Paper	INE756I14CZ8	23-05-2023	7.21%	04-08-2023	500.00	CARE A1+
Commercial Paper	INE756I14DA9	29-05-2023	7.13%	28-08-2023	150.00	CARE A1+
Commercial Paper	INE756I14DA9	29-05-2023	7.13%	28-08-2023	200.00	CARE A1+
Commercial Paper	INE756I14DB7	29-05-2023	7.13%	31-07-2023	150.00	CARE A1+
Commercial Paper	INE756I14DB7	01-06-2023	7.13%	31-07-2023	200.00	CARE A1+
Commercial Paper (Proposed)	-	-	-	-	3,300.00	CARE A1+
Fund-based – LT-Term Loan	-	-	-	30-Sep-28	24,608.90	CARE AAA; Stable
Fund-based – LT-Term Loan (Proposed)	-	-	-	-	15,391.10	CARE AAA; Stable

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Debt-Perpetual Debt	INE756I08231	29-10-2021	7.68%	29-10-2031	150.00	CARE AAA; Stable
Debt-Perpetual Debt	INE756I08157	06-08-2018	9.40%	06-08-2028	200.00	CARE AAA; Stable
Debt-Perpetual Debt	INE756I08165	07-09-2018	9.15%	07-09-2028	100.00	CARE AAA; Stable
Debt-Perpetual Debt	INE756I08199	16-08-2019	8.70%	16-08-2029	100.00	CARE AAA; Stable
Debt-Perpetual Debt	INE756I08207	29-11-2019	8.70%	29-11-2029	100.00	CARE AAA; Stable
Debt-Perpetual Debt (Proposed)	-	-	-	-	350.00	CARE AAA; Stable
Debt-Subordinate Debt	INE756I08041	18-Oct-13	10.20%	17-Oct-23	100.00	CARE AAA; Stable
Debt-Subordinate Debt	INE756I08058	20-Dec-13	10.05%	20-Dec-23	50.00	CARE AAA; Stable
Debt-Subordinate Debt	INE756I08066	18-Mar-14	10.19%	18-Mar-24	80.00	CARE AAA; Stable
Debt-Subordinate Debt	INE756I08074	20-Jun-14	9.70%	20-Jun-24	200.00	CARE AAA; Stable
Debt-Subordinate Debt	INE756I08082	13-Nov-14	9.55%	13-Nov-24	100.00	CARE AAA; Stable
Debt-Subordinate Debt	INE756I08090	17-Nov-14	9.55%	15-Nov-24	200.00	CARE AAA; Stable
Debt-Subordinate Debt	INE756I08116	06-Dec-16	8.05%	04-Dec-26	170.00	CARE AAA; Stable
Debt-Subordinate Debt	INE756I08108	22-Jul-16	8.79%	22-Jul-26	220.00	CARE AAA; Stable
Debt-Subordinate Debt	INE756I08124	01-Feb-18	8.42%	01-Feb-28	150.00	CARE AAA; Stable
Debt-Subordinate Debt	INE756I08132	21-Feb-18	8.45%	21-Feb-28	130.00	CARE AAA; Stable
Debt-Subordinate Debt	INE756I08140	27-Jul-18	9.05%	27-Jul-28	250.00	CARE AAA; Stable
Debt-Subordinate Debt	INE756I08173	15-Nov-18	9.70%	15-Nov-28	350.00	CARE AAA; Stable
Debt-Subordinate Debt	INE756I08181	07-Jun-19	8.85%	07-Jun-29	315.00	CARE AAA; Stable
Debt-Subordinate Debt	INE756I08181	24-Jan-20	8.85%	07-Jun-29	228.50	CARE AAA; Stable
Debt-Subordinate Debt	INE756I08215	02-Nov-20	7.35%	01-Nov-30	356.50	CARE AAA; Stable
Debt-Subordinate Debt (Proposed)	-	-	-	-	1,000.00	CARE AAA; Stable
Debentures-Market Linked Debentures	INE756I07DS5	04-Aug-21	Variable - Index Linked	04-Sep-23	100.00	CARE PP-MLD AAA; Stable
Debentures-Market Linked Debentures	INE756I07DF2	02-Jun-20	Variable - Index Linked	09-May-23	0.00	Withdrawn
Debentures-Non Convertible Debentures	INE756I07EH6	08-Aug-19	8.05%	08-Aug-29	1,500.00	CARE AAA; Stable

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Debentures-Non Convertible Debentures	INE756I07CU3	28-Aug-19	8.05%	28-Aug-24	280.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DE5	26-May-20	7.28%	27-Jul-23	1,300.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DD7	26-May-20	7.28%	24-Aug-23	700.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DG0	19-Jun-20	6.68%	26-Oct-23	875.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DL0	15-Dec-20	5.08%	28-Nov-23	950.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DM8	25-Mar-21	6.04%	23-Feb-24	1,200.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DN6	30-Apr-21	Zero Coupon	26-Apr-24	425.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DP1	22-Jun-21	3 Month T-bill Linked	21-Jun-24	693.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DO4	28-May-21	5.75%	28-May-24	1,200.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DQ9	15-Jul-21	Zero Coupon	07-Sep-23	323.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DR7	03-Aug-21	3 Month T-bill Linked	02-Aug-24	750.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DG0	25-Aug-21	6.68%	26-Oct-23	250.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DT3	25-Aug-21	5.70%	25-Oct-24	800.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DV9	13-Sep-21	5.49%	13-Sep-24	150.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DW7	13-Sep-21	Zero Coupon	26-Jun-26	130.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DX5	13-Sep-21	6.35%	11-Sep-26	500.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DX5	22-Sep-21	6.35%	11-Sep-26	560.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DY3	29-Sep-21	Zero Coupon	30-Jul-24	250.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DZ0	10-Nov-21	5.75%	08-Nov-24	500.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DZ0	26-Nov-21	5.75%	08-Nov-24	775.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EA1	07-Dec-21	5.42%	17-Jan-24	100.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EB9	23-Dec-21	6.00%	19-Jun-25	200.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EA1	23-Feb-22	5.42%	17-Jan-24	200.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EC7	23-Feb-22	Zero Coupon	19-Mar-24	120.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07ED5	17-Mar-22	6.30%	17-Mar-25	400.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DN6	27-Apr-22	Zero Coupon	26-Apr-24	523.00	CARE AAA; Stable

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Debentures-Non Convertible Debentures	INE756I07EA1	26-May-22	5.42%	17-Jan-24	750.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EC7	26-May-22	Zero Coupon	19-Mar-24	90.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DT3	03-Jun-22	5.70%	25-Oct-24	130.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EE3	03-Jun-22	7.49%	24-Jan-25	350.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EF0	07-Jul-22	Zero Coupon	07-Jul-25	330.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EG8	07-Jul-22	7.70%	11-Aug-25	125.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EI4	19-Aug-22	7.50%	23-Sep-25	891.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EJ2	12-Sep-22	7.65%	10-Sep-27	325.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EF0	28-Sep-22	Zero Coupon	07-Jul-25	80.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EF0	14-Oct-22	Zero Coupon	07-Jul-25	57.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EI4	14-Oct-22	7.50%	23-Sep-25	45.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EK0	25-Oct-22	Zero Coupon	13-Jan-26	250.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EL8	25-Oct-22	8.04%	25-Feb-26	810.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EK0	17-Nov-22	Zero Coupon	13-Jan-26	200.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EL8	17-Nov-22	8.04%	25-Feb-26	650.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EM6	17-Nov-22	7.96%	17-Nov-25	260.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EK0	21-Dec-22	Zero Coupon	13-Jan-26	85.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EN4	21-Dec-22	7.84%	14-Jul-26	185.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EK0	16-Jan-23	Zero Coupon	13-Jan-26	510.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EO2	16-Jan-23	7.99%	16-Mar-26	1,776.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EP9	23-Feb-23	8.07%	17-Apr-26	244.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07ER5	20-Mar-23	8.38%	24-Apr-26	610.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EQ7	20-Mar-23	Zero Coupon	17-Mar-28	323.18	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EE3	17-Apr-23	7.49%	24-Jan-25	1,300.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07ES3	17-Apr-23	8.20%	30-May-25	1,500.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EG8	11-May-23	7.70%	11-Aug-25	585.00	CARE AAA; Stable

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Debentures-Non Convertible Debentures	INE756I07ED5	30-May-23	6.30%	17-Mar-25	600.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07ER5	30-May-23	8.38%	24-Apr-26	400.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07EB9	23-Jun-23	6.00%	19-Jun-25	615.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07DX5	30-Jun-23	6.35%	11-Sep-26	595.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE756I07ET1	30-Jun-23	8.18%	08-May-26	400.00	CARE AAA; Stable
Debentures-Non Convertible Debentures (Proposed)	-	-	-	-	14,582.82	CARE AAA; Stable
Debentures-Non Convertible Debentures (Proposed)	-	-	-	-	9,692.00	CARE AAA; Stable

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Commercial Paper-Commercial Paper (Standalone)	ST	5000.00	CARE A1+	-	1)CARE A1+ (23-Aug-22)	1)CARE A1+ (23-Sep-21)	1)CARE A1+ (30-Dec-20) 2)CARE A1+ (14-Jul-20)
2	Fund-based - LT-Term Loan	LT	40000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (23-Aug-22)	1)CARE AAA; Stable (23-Sep-21)	1)CARE AAA; Stable (30-Dec-20) 2)CARE AAA; Stable (14-Jul-20)
3	Debt-Subordinate Debt	LT	3000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (23-Aug-22)	1)CARE AAA; Stable (23-Sep-21) 2)CARE AAA; Stable	1)CARE AAA; Stable (30-Dec-20)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
							(02-Jul-21)	2)CARE AAA; Stable (14-Jul-20)
4	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (02-Jul-21)	1)CARE AAA; Stable (30-Dec-20) 2)CARE AAA; Stable (14-Jul-20)
5	Debt-Subordinate Debt	LT	900.00	CARE AAA; Stable	-	1)CARE AAA; Stable (23-Aug-22)	1)CARE AAA; Stable (23-Sep-21) 2)CARE AAA; Stable (02-Jul-21)	1)CARE AAA; Stable (30-Dec-20) 2)CARE AAA; Stable (14-Jul-20)
6	Debt-Perpetual Debt	LT	1000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (23-Aug-22)	1)CARE AAA; Stable (23-Sep-21)	1)CARE AAA; Stable (30-Dec-20) 2)CARE AAA; Stable (14-Jul-20)
7	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (02-Jul-21)	1)CARE AAA; Stable (30-Dec-20) 2)CARE AAA; Stable

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
								(14-Jul-20)
8	Debentures-Non Convertible Debentures	LT	7808.00	CARE AAA; Stable	-	1)CARE AAA; Stable (23-Aug-22)	1)CARE AAA; Stable (23-Sep-21) 2)CARE AAA; Stable (02-Jul-21)	1)CARE AAA; Stable (30-Dec-20) 2)CARE AAA; Stable (14-Jul-20)
9	Debentures-Market Linked Debentures	LT	100.00	CARE PP-MLD AAA; Stable	-	1)CARE PP-MLD AAA; Stable (23-Aug-22)	1)CARE PP-MLD AAA; Stable (23-Sep-21)	1)CARE PP-MLD AAA; Stable (30-Dec-20) 2)CARE PP-MLD AAA; Stable (14-Jul-20)
10	Debentures-Market Linked Debentures	LT	-	-	-	1)CARE PP-MLD AAA; Stable (23-Aug-22)	1)CARE PP-MLD AAA; Stable (23-Sep-21)	1)CARE PP-MLD AAA; Stable (30-Dec-20) 2)CARE PP-MLD AAA; Stable (14-Jul-20)
11	Debentures-Non Convertible Debentures	LT	15000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (23-Aug-22)	1)CARE AAA; Stable (23-Sep-21) 2)CARE AAA; Stable (02-Jul-21)	1)CARE AAA; Stable (30-Dec-20) 2)CARE AAA; Stable

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
								(14-Jul-20)
12	Debentures-Non Convertible Debentures	LT	7500.00	CARE AAA; Stable	-	1)CARE AAA; Stable (23-Aug-22)	1)CARE AAA; Stable (23-Sep-21) 2)CARE AAA; Stable (02-Jul-21)	1)CARE AAA; Stable (30-Dec-20) 2)CARE AAA; Stable (14-Jul-20)
13	Debentures-Non Convertible Debentures	LT	10000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (23-Aug-22)	1)CARE AAA; Stable (23-Sep-21) 2)CARE AAA; Stable (02-Jul-21)	-
14	Debentures-Non Convertible Debentures	LT	5000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (23-Aug-22)	-	-
15	Debentures-Non Convertible Debentures	LT	9692.00	CARE AAA; Stable				

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities

Name of the Instrument	Detailed Explanation
A. Financial covenants	
B. Non financial covenants	
I. Perpetual Debt Instruments	Rs. 500 crore of Perpetual Debt Instruments have an acceleration trigger clause incase of rating downgrade by one or more notches.

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Debentures-Market Linked Debentures	Highly Complex
3	Debentures-Non Convertible Debentures	Simple
4	Debt-Perpetual Debt	Highly Complex
5	Debt-Subordinate Debt	Complex
6	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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CRISIL Ratings

Rating Rationale

September 01, 2023 | Mumbai

HDB Financial Services Limited

'CRISIL AAA/Stable' assigned to Non Convertible Debentures

Rating Action

Total Bank Loan Facilities Rated	**Rs.30000 Crore**
Long Term Rating	**CRISIL AAA/Stable (Reaffirmed)**

Rs 20000 Crore Non Convertible Debentures	**CRISIL AAA/Stable (Assigned)**
Rs.5000 Crore Non Convertible Debentures	**CRISIL AAA/Stable (Reaffirmed)**
Rs.2000 Crore Long Term Principal Protected Market Linked Debentures	**CRISIL PPMLD AAA/Stable (Reaffirmed)**
Rs.12500 Crore Commercial Paper	**CRISIL A1+ (Reaffirmed)**
Non Convertible Debentures Aggregating Rs. 28684.82 Crore (Reduced from Rs.31884.82 crore)	**CRISIL AAA/Stable (Reaffirmed)**
Perpetual Bonds Aggregating Rs.1000 Crore	**CRISIL AAA/Stable (Reaffirmed)**
Subordinated Debt Aggregating Rs.3400 Crore	**CRISIL AAA/Stable (Reaffirmed)**

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its **'CRISIL AAA/Stable'** ratings to Rs 20,000 crore Non-convertible Debentures of HDB Financial Services Limited (HDBFS) and reaffirmed its ratings on the bank loan facilities and other debt instruments at 'CRISIL AAA/CRISIL PP-MLD AAA/Stable/CRISIL A1+'.

CRISIL Ratings has also **withdrawn** its rating on the non-convertible debentures of Rs 3200 crore of NCDs (See Annexure 'Details of Rating Withdrawn' for details) in-line with its withdrawal policy. CRISIL Ratings has received independent verification that these instruments are fully redeemed.

The ratings of Debt Instruments of HDBFS continue to reflect strategic importance to and expectation of continued support from its parent and majority owner HDFC Bank Ltd (HDFC Bank; rated 'CRISIL AAA/CRISIL AA+*/Stable'). The shared logo also enhances the moral obligation of HDFC Bank towards this entity. The ratings are also underpinned by the company's established presence in the retail finance space, and its healthy capitalisation.

HDBFS's overall credit profile remains supported by healthy capitalisation with networth of Rs 11,437 crore and gearing of 4.8 times as on March 31, 2023. This has supported the company in demonstrating healthy year on year growth of 14% in Asset under management (AUM) to Rs 70,084 crore as on March 31, 2023, from Rs 61,444 crore as on March 31, 2022. AUM grew to Rs 73,568 crore as on June 30,2023.

The company's gross stage III assets reduced to 2.48% (Rs 1826 crore). Gross stage III assets stood at 2.73% (Rs 1915 crore) as on March 31, 2023, from 4.99% (Rs 3059 crore) as on March 31, 2022, led by write offs and lower slippages. Healthy collection efficiency levels and improved early buckets stage 1 and stage 2 levels, indicate steady asset quality going forward.

Further, the company's profitability has also improved with ROA improving to 3.4% for in first quarter of fiscal 2024 and 3% in fiscal 2023 from 1.6% in fiscal 2022, supported by reduced credit costs to 1.6% from 2% in fiscal 2023 from 4% in fiscal 2022. However, the company's ability to maintain asset quality and profitability at around current levels will be monitorable.

**Tier I Bonds*

Analytical Approach

For arriving at the ratings, CRISIL Ratings has analysed the business and financial risk profiles of HDBFS. CRISIL Ratings has factored in the strong support that HDBFS is expected to receive from its parent, HDFC Bank, on an ongoing basis and in times of distress.

Key Rating Drivers & Detailed Description

Strengths:

- **Majority ownership by, and strategic importance to HDFC Bank:**
  HDBFS is of strategic importance to the bank (HDFC Bank) as it complements the latter's product portfolio, distribution network, and also supports the collection activities for the retail portfolio of HDFC Bank. The shared logo also enhances the moral obligation of HDFC Bank towards this entity. The company also benefits from regular funding support from HDFC Bank, in the form of equity and debt.

- **Established presence in the retail finance segment:**
  HDBFS has emerged as one of the larger players in the retail financing space, over the past few years. The Asset under Management stood at Rs 73,568 crore as on June 30, 2023 against Rs 70,084 crore as on March 30, 2023 (Rs 61,444 crore, as on March 31, 2022).

  HDBFS has a diversified product base with commercial vehicle/construction equipment (CV/CE) financing comprising 43% of the AUM as on June 30, 2023, loan against property comprising 25%, business loans being 24%. HDBFS has now expanded into consumer durable financing, gold loans, digital products loans and other related segments and its share has increased to 7% of the AUM as on June 30, 2023, from 3% as on March 31, 2019. Apart from its traditional focus on the self-employed segment in non-metros, the company has now widened its reach to the metros as well.

- **Healthy capital position:**
  Capitalisation remains healthy, as reflected in Tier-1 capital adequacy ratio (CAR) and overall CAR of 15.91% and 20.05% respectively as on March 31, 2023 (15.22% and 20.22% as on March 31, 2022). As on June 30, 2023, overall capital adequacy stood at Reported Net worth stood at around Rs 11,437 crore as on March 31, 2023, as against Rs 9,540 crore as on March 31, 2022, while gearing stood stable at 4.8 times and 5.1 times during similar period. Capital position is supported by healthy internal accruals. Cushion for asset side risks was adequate, as reflected in net worth coverage for net non-performing assets (NPAs) at around 17 times as on March 31, 2023.

  While capital generation remains comfortable, the capital profile is also aided by ability to raise capital from the parent (HDFC Bank) as and when required.

Weakness:

- **Ability to maintain asset quality and profitability remains monitorable:**
  HDBFS's gross stage III assets reduced to 2.48% as on June 30, 2023 and 2.7% as on March 31, 2023, as against 5% as on March 31, 2022 (4.5% as on March 31, 2022). The reduction is supported by writeoffs and lower slippages. The company has maintained stage III provision cover of 66% as on June 30, 2023. Further, Healthy collection efficiency levels and improved early buckets stage 1 and stage 2 asset levels, indicate steady asset quality going forward.

  Improved trajectory in asset quality would limit credit costs and therefore support overall profitability going forward. The company's Return on assets (RoA) improved to 3.4% for in first quarter of fiscal 2024 and 3% for FY23 from 1.6% in fiscal 2022. This was driven by reduction in overall credit costs to 1.6% in first quarter of fiscal 2024 and 2% in fiscal 2023 from 4% in fiscal 2022 (5% in FY21).

Liquidity: Superior

HDBFS's asset–liability management profile had positive cumulative mismatch across buckets as on June 30, 2023. As on July 31, 2023, liquidity is adequate with liquidity in the form of cash bank balance, investments, MF and government securities of Rs 2881 crore and unutilised bank lines of Rs 800 crore aggregating to Rs 3681 crore which is sufficient to meet over a month's debt obligations. The company's liquidity is further cushioned by healthy inflows from assets, option to securitise loans and funding support from HDFC Bank, if required.

Outlook; Stable

CRISIL Ratings factors strong financial support for HDBFS, from HDFC Bank. On a standalone basis, HDBFS should maintain its strong position in the retail finance space.

The rating on perpetual bonds remains sensitive to the capital buffer maintained by HDBFS, over regulatory capital requirements, and rating transition on these instruments could potentially be sharper than those on other debt instruments and bank facilities.

Rating Sensitivity factors

Downward Factors:

- Downward change in the credit risk profile of HDFC Bank by 1 notch could have a similar rating change on HDBFS.
- Diminution in expected support from HDFC Bank, caused by a significant decline in the bank's ownership, or in strategic importance of HDBFS to HDFC Bank.

About the Company

HDBFS was set up as a non-banking finance company by HDFC Bank in June 2007. The company began operations in fiscal 2008. As on June 30, 2023, HDFC Bank owned 94.84% of HDBFS's equity shares. On the same date, the company had 1492 branches across 1054; cities in India. Apart from the lending business, HDBFS is also engaged in the distribution of general and life insurance products for HDFC Ergo General Insurance Company and HDFC Standard Life Insurance Company, respectively. The company also runs BPO services that undertake collection services, back office and sales support functions under a contract with HDFC Bank.

HDBFS reported a profit after tax of Rs 1959 crore on total income (net of interest expenses) of Rs 8891 crore for fiscal 2023, against Rs 1,011 crore on Rs 7,981 crore for fiscal 2022, respectively, in previous fiscal.

The company reported PAT of Rs 567 crore on total income (Net off interest expenses) of Rs 2314 crore for the quarter ended June 2023, against Rs 441 crore on Rs 2194 crore for corresponding period in previous fiscal.

Key Financial Indicators

As on /for the year ended March 31,		June 2023	2023	2022
Total assets	Rs crore	74245	70050	62026
Profit after tax	Rs crore	567	1959	1011
Gross NPA	%	2.5	2.7	5.0
Overall capital adequacy ratio	%	19.7	20.1	20.2
Return on average assets	%	3.4	3.0	1.6

Any other information: Not applicable

Note on complexity levels of the rated instrument:
CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of the instrument	Date of issuance	Coupon rate (%)	Maturity date	Issue Size (In Cr)	Complexity Levels	Rating assigned with Outlook
NA	Commercial Paper Programme	NA	NA	7 to 365 Days	12500	Simple	CRISIL A1+
INE756I08223	Subordinate Debt	13-Aug-21	7.30%	13-Aug-31	300	Complex	CRISIL AAA/Stable
INE756I07DG0	Debentures	19-Jun-20	6.68%	26-Oct-23	875	Simple	CRISIL AAA/Stable
INE756I07DL0	Debentures	15-Dec-20	5.08%	28-Nov-23	950	Simple	CRISIL AAA/Stable
INE756I07DM8	Debentures	25-Mar-21	6.05%	23-Feb-24	1200	Simple	CRISIL AAA/Stable
INE756I07DN6	Debentures	30-Apr-21	Zero Coupon	26-Apr-24	425	Simple	CRISIL AAA/Stable
INE756I07DO4	Debentures	28-May-21	5.75%	28-May-24	1200	Simple	CRISIL AAA/Stable
INE756I07DP1	Debentures	22-Jun-21	Linked to 3 Months TBILL (FBIL) rate plus spread of 135 bps	21-Jun-24	693	Simple	CRISIL AAA/Stable
INE756I07DQ9	Debentures	15-Jul-21	Zero Coupon	7-Sep-23	323	Simple	CRISIL AAA/Stable
INE756I07DI6	Debentures	8-Aug-19	8.05%	8-Aug-29	1500	Simple	CRISIL AAA/Stable
INE756I07CU3	Debentures	28-Aug-19	8.05%	28-Aug-24	280	Simple	CRISIL AAA/Stable
INE756I07DU1	Debentures	8-Aug-19	8.05%	8-Aug-29	1500	Simple	CRISIL AAA/Stable
INE756I07DR7	Debentures	3-Aug-21	3 MONTH T-BILL LINKED	2-Aug-24	750	Simple	CRISIL AAA/Stable
INE756I07DS5	Long Term Principal Protected	4-Aug-21	NIFTY 50 INDEX LINKED	4-Sep-23	100	Highly complex	CRISIL PP-MLD AAA/Stable

	Market Linked Debentures						
INE756I07DG0	Debentures	25-Aug-21	6.68%	26-Oct-23	250	Simple	CRISIL AAA/Stable
INE756I07DT3	Debentures	25-Aug-21	5.70%	25-Oct-24	800	Simple	CRISIL AAA/Stable
INE756I07DV9	Debentures	13-Sep-21	5.49%	13-Sep-24	150	Simple	CRISIL AAA/Stable
INE756I07DW7	Debentures	13-Sep-21	Zero Coupon	26-Jun-26	130	Simple	CRISIL AAA/Stable
INE756I07DX5	Debentures	13-Sep-21	6.35%	11-Sep-26	500	Simple	CRISIL AAA/Stable
INE756I07DX5	Debentures	22-Sep-21	6.35%	11-Sep-26	560	Simple	CRISIL AAA/Stable
INE756I07DY3	Debentures	29-Sep-21	Zero Coupon	30-Jul-24	250	Simple	CRISIL AAA/Stable
INE756I08231	Perpetual Bonds	29-Oct-21	7.68%	Perpetual	150	Highly Complex	CRISIL AAA/Stable
INE756I07DZ0	Debentures	10-Nov-21	5.75%	8-Nov-24	500	Simple	CRISIL AAA/Stable
INE756I07DZ0	Debentures	26-Nov-21	5.75%	8-Nov-24	775	Simple	CRISIL AAA/Stable
INE756I07EA1	Debentures	7-Dec-21	5.42%	17-Jan-24	100	Simple	CRISIL AAA/Stable
INE756I07EA1	Debentures	23-Feb-22	5.42%	17-Jan-24	200	Simple	CRISIL AAA/Stable
INE756I07EA1	Debentures	26-May-22	5.42%	17-Jan-24	750	Simple	CRISIL AAA/Stable
INE756I07EB9	Debentures	23-Dec-21	6.00%	19-Jun-25	200	Simple	CRISIL AAA/Stable
INE756I07EC7	Debentures	23-Feb-22	Zero Coupon	19-Mar-24	120	Simple	CRISIL AAA/Stable
INE756I07EC7	Debentures	26-May-22	Zero Coupon	19-Mar-24	90	Simple	CRISIL AAA/Stable
INE756I07ED5	Debentures	17-Mar-22	6.30%	17-Mar-25	400	Simple	CRISIL AAA/Stable
INE756I07DN6	Debentures	27-Apr-22	Zero Coupon	26-Apr-24	523	Simple	CRISIL AAA/Stable
INE756I07DT3	Debentures	3-Jun-22	5.70%	25-Oct-24	130	Simple	CRISIL AAA/Stable
INE756I07EE3	Debentures	3-Jun-22	7.49%	24-Jan-25	350	Simple	CRISIL AAA/Stable
INE756I07EF0	Debentures	7-Jul-22	Zero Coupon	7-Jul-25	500	Simple	CRISIL AAA/Stable
INE756I07EG8	Debentures	7-Jul-22	7.70%	11-Aug-25	500	Simple	CRISIL AAA/Stable
INE756I07EI4	Debentures	19-Aug-22	7.50%	23-Sep-25	891	Simple	CRISIL AAA/Stable
INE756I07EH6	Debentures	8-Aug-19	8.05%	8-Aug-29	1200	Simple	CRISIL AAA/Stable
INE756I07EJ2	Debentures	12-Sep-22	7.65	10-Sep-27	325	Simple	CRISIL AAA/Stable
INE756I07EK0	Debentures	25-Oct-22	Zero Interest	13-Jan-26	250	Simple	CRISIL AAA/Stable
INE756I07EL8	Debentures	25-Oct-22	8.04%	25-Feb-26	810	Simple	CRISIL AAA/Stable
INE756I07EM6	Debentures	17-Nov-22	7.96%	17-Nov-25	100	Simple	CRISIL AAA/Stable
INE756I07EN4	Debentures	21-Dec-22	7.84%	14-Jul-26	185	Simple	CRISIL AAA/Stable
INE756I07EO2	Debentures	16-Jan-23	7.99%	16-Mar-26	1776	Simple	CRISIL AAA/Stable
INE756I07EP9	Debentures	23-Feb-23	8.0736	17-Apr-26	150	Simple	CRISIL AAA/Stable

INE756I07EQ7	Debentures	20-Mar-23	Zero Interest	17-Mar-28	323.18	Simple	CRISIL AAA/Stable
INE756I07ER5	Debentures	20-Mar-23	8.38%	24-Apr-26	610	Simple	CRISIL AAA/Stable
INE756I07ES3	Debentures	17-Apr-23	8.1965%	30-May-25	1500	Simple	CRISIL AAA/Stable
INE756I07EE3	Debentures	17-Apr-23	7.49%	24-Jan-25	1300	Simple	CRISIL AAA/Stable
INE756I07EB9	Debentures	25-Jul-23	6.000%	19-Jun-25	500.00	Simple	CRISIL AAA/Stable
INE756I07EG8	Debentures	25-Jul-23	7.700%	11-Aug-25	825.00	Simple	CRISIL AAA/Stable
INE756I07EU9	Debentures	25-Jul-23	7.988%	8-Dec-26	745.00	Simple	CRISIL AAA/Stable
INE756I07DT3	Debentures	13-Jul-23	5.700%	25-Oct-24	500.00	Simple	CRISIL AAA/Stable
INE756I07EB9	Debentures	13-Jul-23	6.000%	19-Jun-25	530.00	Simple	CRISIL AAA/Stable
INE756I07DX5	Debentures	30-Jun-23	6.350%	11-Sep-26	595.00	Simple	CRISIL AAA/Stable
INE756I07ET1	Debentures	30-Jun-23	8.180%	8-May-26	400.00	Simple	CRISIL AAA/Stable
INE756I07EB9	Debentures	23-Jun-23	6.000%	19-Jun-25	615.00	Simple	CRISIL AAA/Stable
INE756I07ED5	Debentures	30-May-23	6.300%	17-Mar-25	600.00	Simple	CRISIL AAA/Stable
INE756I07ER5	Debentures	30-May-23	8.377%	24-Apr-26	400.00	Simple	CRISIL AAA/Stable
INE756I07EG8	Debentures	11-May-23	7.700%	11-Aug-25	585.00	Simple	CRISIL AAA/Stable
NA	Debentures#	NA	NA	NA	495.64	Simple	CRISIL AAA/Stable
NA	Debentures#	NA	NA	NA	20,000	Simple	CRISIL AAA/Stable
NA	Long term bank facility	NA	NA	NA	26878.25	NA	CRISIL AAA/Stable
NA	Long Term Principal Protected Market Linked Debentures#	NA	NA	NA	1900	Highly Complex	CRISIL PP-MLD AAA/Stable
INE756I08199	Perpetual bonds	16-Aug-19	8.70%	Perpetual, unless call option is exercised any time after 10 years from the Deemed Date of Allotment.	100	Highly Complex	CRISIL AAA/Stable
INE756I08165	Perpetual bonds	7-Sep-18	9.15%	Perpetual, unless call option is exercised any time after 10 years from the Deemed Date of Allotment.	100	Highly Complex	CRISIL AAA/Stable
INE756I08157	Perpetual bonds	6-Aug-18	9.40%	Perpetual, unless call option is exercised any time after 10 years from the Deemed Date of Allotment.	200	Highly Complex	CRISIL AAA/Stable

INE756I08207	Perpetual bonds	29-11-2019	8.70%	Perpetual,unless call option is exercised any time after 10 years Date from the Deemed of Allotment	100	Highly Complex	CRISIL AAA/Stable
NA	Perpetual bonds#	NA	NA	NA	350	Highly Complex	CRISIL AAA/Stable
NA	Proposed long term bank loan facility	NA	NA	NA	582.94	NA	CRISIL AAA/Stable
NA	External Commercial Borrowings&	NA	NA	NA	2038.81	NA	CRISIL AAA/Stable
NA	Working Capital Facility	NA	NA	NA	500	NA	CRISIL AAA/Stable
INE756I08041	Subordinate Debt	18-Oct-13	10.20%	17-Oct-23	100	Complex	CRISIL AAA/Stable
INE756I08058	Subordinate Debt	20-Dec-13	10.05%	20-Dec-23	50	Complex	CRISIL AAA/Stable
INE756I08066	Subordinate Debt	18-Mar-14	10.19%	18-Mar-24	80	Complex	CRISIL AAA/Stable
INE756I08074	Subordinate Debt	20-Jun-14	9.70%	20-Jun-24	200	Complex	CRISIL AAA/Stable
INE756I08082	Subordinate Debt	13-Nov-14	9.55%	13-Nov-24	100	Complex	CRISIL AAA/Stable
INE756I08090	Subordinate Debt	17-Nov-14	9.55%	15-Nov-24	200	Complex	CRISIL AAA/Stable
INE756I08108	Subordinate Debt	22-Jul-16	8.79%	22-Jul-26	220	Complex	CRISIL AAA/Stable
INE756I08116	Subordinate Debt	6-Dec-16	8.05%	4-Dec-26	170	Complex	CRISIL AAA/Stable
INE756I08124	Subordinate Debt	1-Feb-18	8.42%	1-Feb-28	150	Complex	CRISIL AAA/Stable
INE756I08132	Subordinate Debt	21-Feb-18	8.45%	21-Feb-28	130	Complex	CRISIL AAA/Stable
INE756I08215	Subordinate Debt	2-Nov-20	7.35%	1-Nov-30	356.5	Complex	CRISIL AAA/Stable
INE756I08173	Subordinate Debt	15-Nov-18	9.70%	15-Nov-28	350	Complex	CRISIL AAA/Stable
INE756I08181	Subordinate Debt	7-Jun-19	8.85%	7-Jun-29	315	Complex	CRISIL AAA/Stable
INE756I08140	Subordinate Debt	27-Jul-18	9.05%	27-Jul-28	250	Complex	CRISIL AAA/Stable
INE756I08181	Subordinate Debt	24-Jan-20	8.85%	7-Jun-29	228.5	Complex	CRISIL AAA/Stable
NA	Subordinated Debt#	NA	NA	NA	200	Complex	CRISIL AAA/Stable

#Yet to be issued
& - basis RBI reference rate as on September 30,2022 of Rs 81.5522

Annexure – Details of Ratings Withdrawn

ISIN	Name of the instrument	Date of issuance	Coupon rate (%)	Maturity date	Issue Size (In Cr)	Complexity Levels	Rating outstanding with outlook
INE756I07DC9	Debentures	28-Apr-20	7.30%	29-Jun-23	1200	Simple	Withdrawn
INE756I07DD7	Debentures	26-May-20	7.28%	24-Aug-23	700	Simple	Withdrawn
INE756I07DE5	Debentures	26-May-20	7.28%	27-Jul-23	1300	Simple	Withdrawn

Annexure - Rating History for last 3 Years

	Current			2023 (History)		2022		2021		2020		Start of 2020
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	30000.0	CRISIL AAA/Stable	13-06-23	CRISIL AAA/Stable	16-11-22	CRISIL AAA/Stable	13-08-21	CRISIL AAA/Stable	31-07-20	CRISIL AAA/Stable	CRISIL AAA/Stable

			--	31-03-23	CRISIL AAA/Stable	04-11-22	CRISIL AAA/Stable	07-07-21	CRISIL AAA/Stable	05-03-20	CRISIL AAA/Stable	--
			--	27-03-23	CRISIL AAA/Stable	07-07-22	CRISIL AAA/Stable		--	27-02-20	CRISIL AAA/Stable	--
			--	22-02-23	CRISIL AAA/Stable		--		--		--	--
			--	07-02-23	CRISIL AAA/Stable		--		--		--	--
Commercial Paper	ST	12500.0	CRISIL A1+	13-06-23	CRISIL A1+	16-11-22	CRISIL A1+	13-08-21	CRISIL A1+	31-07-20	CRISIL A1+	CRISIL A1+
			--	31-03-23	CRISIL A1+	04-11-22	CRISIL A1+	07-07-21	CRISIL A1+	05-03-20	CRISIL A1+	--
			--	27-03-23	CRISIL A1+	07-07-22	CRISIL A1+		--	27-02-20	CRISIL A1+	--
			--	22-02-23	CRISIL A1+		--		--		--	--
			--	07-02-23	CRISIL A1+		--		--		--	--
Non Convertible Debentures	LT	53684.82	CRISIL AAA/Stable	13-06-23	CRISIL AAA/Stable	16-11-22	CRISIL AAA/Stable	13-08-21	CRISIL AAA/Stable	31-07-20	CRISIL AAA/Stable	CRISIL AAA/Stable
			--	31-03-23	CRISIL AAA/Stable	04-11-22	CRISIL AAA/Stable	07-07-21	CRISIL AAA/Stable	05-03-20	CRISIL AAA/Stable	--
			--	27-03-23	CRISIL AAA/Stable	07-07-22	CRISIL AAA/Stable		--	27-02-20	CRISIL AAA/Stable	--
			--	22-02-23	CRISIL AAA/Stable		--		--		--	--
			--	07-02-23	CRISIL AAA/Stable		--		--		--	--
Perpetual Bonds	LT	1000.0	CRISIL AAA/Stable	13-06-23	CRISIL AAA/Stable	16-11-22	CRISIL AAA/Stable	13-08-21	CRISIL AAA/Stable	31-07-20	CRISIL AAA/Stable	CRISIL AAA/Stable
			--	31-03-23	CRISIL AAA/Stable	04-11-22	CRISIL AAA/Stable	07-07-21	CRISIL AAA/Stable	05-03-20	CRISIL AAA/Stable	--
			--	27-03-23	CRISIL AAA/Stable	07-07-22	CRISIL AAA/Stable		--	27-02-20	CRISIL AAA/Stable	--
			--	22-02-23	CRISIL AAA/Stable		--		--		--	--
			--	07-02-23	CRISIL AAA/Stable		--		--		--	--
Subordinated Debt	LT	3400.0	CRISIL AAA/Stable	13-06-23	CRISIL AAA/Stable	16-11-22	CRISIL AAA/Stable	13-08-21	CRISIL AAA/Stable	31-07-20	CRISIL AAA/Stable	CRISIL AAA/Stable
			--	31-03-23	CRISIL AAA/Stable	04-11-22	CRISIL AAA/Stable	07-07-21	CRISIL AAA/Stable	05-03-20	CRISIL AAA/Stable	--
			--	27-03-23	CRISIL AAA/Stable	07-07-22	CRISIL AAA/Stable		--	27-02-20	CRISIL AAA/Stable	--
			--	22-02-23	CRISIL AAA/Stable		--		--		--	--
			--	07-02-23	CRISIL AAA/Stable		--		--		--	--
Long Term Principal Protected Market Linked Debentures	LT	2000.0	CRISIL PPMLD AAA/Stable	13-06-23	CRISIL PPMLD AAA/Stable	16-11-22	CRISIL PPMLD AAA r /Stable	13-08-21	CRISIL PPMLD AAA r /Stable	31-07-20	CRISIL PPMLD AAA r /Stable	CRISIL PPMLD AAA r /Stable
			--	31-03-23	CRISIL PPMLD AAA/Stable	04-11-22	CRISIL PPMLD AAA r /Stable	07-07-21	CRISIL PPMLD AAA r /Stable	05-03-20	CRISIL PPMLD AAA r /Stable	--
			--	27-03-23	CRISIL PPMLD AAA/Stable	07-07-22	CRISIL PPMLD AAA r /Stable		--	27-02-20	CRISIL PPMLD AAA r /Stable	--
			--	22-02-23	CRISIL PPMLD AAA/Stable		--		--		--	--
			--	07-02-23	CRISIL PPMLD AAA/Stable		--		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating

External Commercial Borrowings&	2038.81	State Bank of India	CRISIL AAA/Stable
Long Term Bank Facility	75	CTBC Bank Co Limited	CRISIL AAA/Stable
Long Term Bank Facility	60	Dhanlaxmi Bank Limited	CRISIL AAA/Stable
Long Term Bank Facility	125	The Karur Vysya Bank Limited	CRISIL AAA/Stable
Long Term Bank Facility	2189.98	The Hongkong and Shanghai Banking Corporation Limited	CRISIL AAA/Stable
Long Term Bank Facility	2500	Union Bank of India	CRISIL AAA/Stable
Long Term Bank Facility	700	JP Morgan Chase Bank N.A.	CRISIL AAA/Stable
Long Term Bank Facility	1000	Canara Bank	CRISIL AAA/Stable
Long Term Bank Facility	480	The Jammu and Kashmir Bank Limited	CRISIL AAA/Stable
Long Term Bank Facility	1000	Bank of India	CRISIL AAA/Stable
Long Term Bank Facility	229	The Federal Bank Limited	CRISIL AAA/Stable
Long Term Bank Facility	8162	HDFC Bank Limited	CRISIL AAA/Stable
Long Term Bank Facility	414.29	Kotak Mahindra Bank Limited	CRISIL AAA/Stable
Long Term Bank Facility	1624	Punjab National Bank	CRISIL AAA/Stable
Long Term Bank Facility	1100	Bank of Baroda	CRISIL AAA/Stable
Long Term Bank Facility	300	IDBI Bank Limited	CRISIL AAA/Stable
Long Term Bank Facility	1516	IndusInd Bank Limited	CRISIL AAA/Stable
Long Term Bank Facility	605.48	Central Bank Of India	CRISIL AAA/Stable
Long Term Bank Facility	1500	Indian Bank	CRISIL AAA/Stable
Long Term Bank Facility	240	CSB Bank Limited	CRISIL AAA/Stable
Long Term Bank Facility	2000	State Bank of India	CRISIL AAA/Stable
Long Term Bank Facility	495	Axis Bank Limited	CRISIL AAA/Stable
Long Term Bank Facility	562.5	Canara Bank	CRISIL AAA/Stable
Proposed Long Term Bank Loan Facility	582.94	Not Applicable	CRISIL AAA/Stable
Working Capital Facility	500	State Bank of India	CRISIL AAA/Stable

& - basis RBI reference rate as on September 30,2022 of Rs 81.5522

Criteria Details

Links to related criteria
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating Criteria for Finance Companies
CRISILs Criteria for rating short term debt
Criteria for Notching up Stand Alone Ratings of Companies based on Parent Support

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SERVING ATMANIRBHAR BHARAT

ANNUAL REPORT
2020-2021

HDB FINANCIAL SERVICES
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FINANCIAL HIGHLIGHTS

(₹ in crore)

	I-GAAP		Ind AS		
Particulars	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**
Total Revenue	5,714.54	7,061.99	8,724.81	10,756.47	10,944.78
Profit before Tax	1,058.59	1,464.52	1,724.06	1,464.48	500.71
Profit after Tax	698.77	951.74	1,153.24	1,004.85	391.47
Assets under Management	34,277	44,469	55,425	58,833	61,561
Shareholders' Funds	5,362.90	6,202.23	7,178.48	8,017.80	8,446.24
Borrowings	25,287.05	34,980.97	45,105.10	49,804.09	50,358.75
Earnings per Share (₹)	9.64	12.18	14.71	12.78	4.97
Book value per Share (₹)	68.73	79.22	91.36	101.80	107.02

CORPORATE SOCIAL RESPONSIBILITY (CSR)

FY21 was a grim year; a year of unprecedented challenges for individuals and institutions globally, including India. Despite the turbulent business environment caused by the pandemic, your Company continued to illustrate its commitment towards social and environmental priorities.

Your Company owes a debt of gratitude to the frontline workers and support groups engaged with our CSR projects, without whose unflinching support the management and execution of ongoing projects wouldn't have been possible.

In FY21, the Company allocated nearly ₹ 31 crore primarily in health-centric projects, environment-themed initiatives and ongoing literacy and livelihoods programs. Targeted CSR interventions undertaken during the year strive to positively impact the lives of hundreds of thousands of individuals in 22 districts across 14 states.

Highlighted here are some notable project outcomes that took us a step forward in the Company's journey of building resilient communities through diverse CSR initiatives.

COVID-19 Response:

Upholding the values of accountability and transparency amidst the chaos caused by COVID-19, the Company maintained a balanced approach in allocating CSR funds in different COVID-19 relief activities

- In the early days of national lockdown, cooked meals and dry ration kits were provided to stranded migrants, frontline staff and unemployed wage earners as an immediate relief measure
- Recognising face mask being the first line of self-defence against the novel coronavirus, COVID-19 Safety and Awareness Kits were designed and distributed in the communities neighbouring HDB Branches
- Precautionary measures were discussed and introduced in each project to minimise the impact of COVID-19 on the frontline staff, support groups and communities involved
- Over a hundred thousand plus individuals across 250+ cities and towns directly benefited through relief and rehab activities implemented directly by 1400 HDB staff

Diagnosis & Treatment of Preventable Illnesses:

During the year, healthcare intervention specific to the truck driver community was designed and piloted, while other healthcare areas continued to remain in focus

- Physiotherapy camps engaging multi-stakeholders were organized at three transport nagars to offer free physio services to 1500 plus truck drivers
- Response received from the associated stakeholders was encouraging, and hence the project is being developed further to increase the frequency of physio sessions for truckers and cover as many truckers as possible under this program
- Early diagnosis of non-communicable diseases, attaining good health for mother & child and eye care continue to remain the areas of interventions
- Over 2600 indigent patients received primary healthcare support through OPD services in rural areas and 10K rural households were oriented and sensitized on family-centric approach to safe motherhood and child health

Access to Clean Water & Sanitation:

The need for having access to clean water, safe sanitation and maintaining hygiene has never been more urgent than now, and our projects continue to improve the living conditions of under-resourced urban and rural communities

- 25 water purifications plants were installed in rural communities to provide clean and affordable drinking water to ~7000 residents
- Pipe water supply was introduced in three villages to ensure easy access of clean water through taps in every household
- WASH programs have been implemented in 57 schools, and continue to shape children as change agents for promoting hygiene practices at household level

Restoration and Development of Waterbodies:

Waterbodies are the lifeline for living beings, and supporting the restoration of small to medium lakes in urban and peri-urban areas is an attempt to put this belief into action

- 29 lakes covering 55 acres have been scientifically restored through mechanised desilting, cleaning the inlet and outlet channels, erecting strong earthen bunds; thus protecting them from encroachers and land mafias
- 29 farm ponds were developed to meet the irrigation needs of small and marginal farmers, and an equal number of group wells were developed and deepened
- 70 rainwater harvesting structures have been developed to create water security, recharge ground water levels and control soil erosion

Livelihoods Initiative:

For most part of the year, programs in the literacy and livelihoods domains had taken a backseat as institutions and the learners were adapting to the new normal of digital learning and measuring performance

- Hybrid or blended learning models were introduced by training organizations to minimize the travel time and exposure to groups
- 6300 youth enrolled for employability enhancement programs, of which 90% completed training modules and 30% were linked to employment opportunities

Republic Day Celebration:

Like the previous year, physically-challenged Indian Army Soldiers and the families of martyrs were honoured with mementos and solatium on the 72nd National Republic Day on January 26, 2021

- The felicitation ceremony was organized in the presence of the senior dignitaries from the Indian Army and members of the civil society

Acts of Simple Kindness (ASK):

ASK is an employee-driven initiative, celebrated across regions with lots of enthusiasm and compassion. The initiative offers employees an opportunity to experience and express the feeling of gratitude and selflessness by voluntarily engaging themselves in performing simple acts of kindness.

- Employees from 414 branches volunteered their time in planning, organising and implementing ASK activities
- ASK was performed in shelter homes as well as on the streets, reaching out to the abandoned ones and acknowledging the contribution of unnoticed s/heroes in the frontline
- Volunteers distributed essentials, including ration, meals, clothes, books, masks, sanitizers, clean bottled water, and arranged for institution-specific requirements such as oxygen cylinders, water purifiers, LED lights, etc.

Employee Speaks:

"ASK was a wonderful experience of spreading a smile post-covid situation. We ourselves feel that what we are doing is just a drop in ocean but the ocean would be less because of that missing drop."
Deepika Kathuri,
Collection Services - Delhi

"Irrespective of what we provided the underprivileged on that day, the joy on their faces was of utmost value which mattered to us."
Achanta Abhiman,
Area Risk Control Manager - Hyderabad

"We felt really happy & proud to contribute a substantial amount towards supporting education for the underprivileged students".
Arjun V,
Branch Manager - Trivandrum

Glimpses of Acts of Simple Kindness

Welcoming the New Year in January 2021, employee volunteers across 235 cities participate in ASK 2021

CSR Projects at a Glance:

Distribution of Dry Ration Kits during National Lockdown

CSR Projects at a Glance:

HDB Staff Encourages Individuals to Wear a Mask and #BreakTheChain

Physiotherapy & Preventive Healthcare for Truck Warriors

Other Community Projects

Group Well Developed in Vyara, GJ

Waste Management Program in Udupi, KA

Kitchen Equipments in Lucknow, UP

MDM Vehicle in Lucknow, UP

Child Health in Ahnedabad, GJ

Maternal Health in Sirohi, RJ

Youth Training & Development in Mumbai, MH

Employment linked Training Program in Jaipur, RJ

Recharge Wells in Annur, TN

Clean Drinking Water in AP

School WASH in Trichy, TN

School WASH in Chitrakoot, UP

CORPORATE INFORMATION

HDB FINANCIAL SERVICES

Board of Directors

Mr. Adayapalam Viswanathan	-	Independent Director
Dr. Amla Samanta	-	Independent Director
Ms. Smita Affinwalla	**-**	**Independent Director**
Mr. Venkatraman Srinivasan	-	Independent Director
Mr. G Ramesh	**-**	**Managing Director & Chief Executive Officer**

Statutory Auditors

M/s. B S R & Co. LLP, Chartered Accountants (ICAI Reg. no. 101248W/W-100022)

Secretarial Auditors

M/s. Ashish Bhatt & Associates, Company Secretaries

Registered Office	**Corporate Office**
Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad - 380 009 Tel No.: +91 79 48914514 Website: www.hdbfs.com Email: compliance@hdbfs.com CIN: U65993GJ2007PLC051028	Ground Floor, Zenith House, Keshavrao Khadye Marg, Mahalaxmi, Mumbai - 400 034 Tel No.: +91 22 49116300 Fax: +91 22 49116666

Bankers

* Axis Bank * Bank of Baroda * BNP Paribas * Canara Bank * Central Bank of India * Deutsche Bank * Federal Bank * HDFC Bank * HSBC * ICICI Bank * Indian Bank * IndusInd Bank * Jammu & Kashmir Bank * JP Morgan Chase Bank * Karnataka Bank* Karur Vysya Bank * Kotak Mahindra Bank * Punjab National Bank * Union Bank of India*

Key Managerial Personnel

Mr. G. Ramesh, Managing Director & Chief Executive Officer
Mr. Haren Parekh, Chief Financial Officer
Ms. Dipti Khandelwal, Company Secretary

Registrar & Share Transfer Agent

M/s. Link Intime India Private Limited
C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083

Debenture Trustees

M/s. IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17, R. Kamani Marg,
Ballard Estate, Mumbai - 400 001
Tel.: +91 22 40807001, Fax: +91 22 66311776,
Email: adityakapil@idbitrustee.com

M/s. Axis Trustee Services Limited
Ground Floor, Axis House, Wadia International Centre,
Pandurang Budhkar Marg, Worli, Mumbai - 400 025.
Tel.: +91 22 62300446, Fax: +91 22 62300700,
Email: mangalagowri.bhat@axistrustee.com

14th Annual General Meeting

Date	:	June 25, 2021
Day	:	Friday
Time	:	12 noon IST

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HDB FINANCIAL SERVICES LIMITED

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Corporate Office: Ground Floor, Zenith House, Keshavrao Khadye Marg, Mahalaxmi, Mumbai 400 034
Tel: +91 22 49116300; Fax: +91 22 49116666, Website: www.hdbfs.com, Email: compliance@hdbfs.com

NOTICE OF 14th ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fourteenth Annual General Meeting of HDB Financial Services Limited will be held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") on Friday, June 25, 2021 at 12 noon IST to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:

   (a) The Audited Standalone Financial Statements of the Company for the year ended March 31, 2021, including the Audited Balance Sheet as at March 31, 2021, the Statement of Profit and Loss for the year ended on that date and the Cash Flow Statement for the year ended on that date together with the Reports of the Directors and Auditors thereon; and

   (b) The Audited Consolidated Financial Statements of the Company for the year ended March 31, 2021, including the Audited Balance Sheet as at March 31, 2021, the Statement of Profit and Loss for the year ended on that date and the Cash Flow Statement for the year ended on that date together with the report of the Auditors thereon.

SPECIAL BUSINESS:

2. TO APPROVE APPOINTMENT OF MR. ARIJIT BASU AS CHAIRMAN AND NON-EXECUTIVE DIRECTOR OF THE COMPANY

   To consider and if thought fit, to pass with or without modification(s), the following resolution as a Ordinary Resolution:

   "RESOLVED THAT pursuant to Sections 149, 152, 161, 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and any other applicable rules made thereunder of the Companies Act, 2013 ("Act") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Article of Association of the Company and subject to such other approvals, as may be required from regulatory authorities from time to time and approval and recommendation of the Nomination & Remuneration Committee of Directors and the Board of Directors of the Company, Mr. Arijit Basu (DIN: 06907779) who was appointed as Chairman and Non-Executive (Additional) Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of a director of the Company, be and is hereby appointed as Chairman and a Non-Executive Director of the Company for a period of 3 years with effect from June 1, 2021, at a remuneration of Rs. 30,00,000/- (Rupees Thirty Lakhs Only) per annum drawn on monthly basis and he shall be liable to retire by rotation;

   RESOLVED FURTHER THAT in terms of the applicable provisions and schedule V of Companies Act, 2013, in case of absence or inadequacy of profit in any financial year the aforesaid remuneration shall be paid to Mr. Arijit Basu as minimum remuneration;

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution."

3. TO APPROVE SELLING, ASSIGNMENT OF ITS RECEIVABLES/BOOK DEBTS UPTO ₹ 7,500 CRORE

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT the consent of the Members of the Company be and is hereby accorded, pursuant to the provisions of section 180(1)(a) and all other applicable provisions, if any, of the Companies Act, 2013, read with the Rules made thereunder (including any amendment, modification, variation or re-enactment thereof), 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 substantial assets including receivables/book debt of the Company in favour of banks/financial institutions, other investing agencies 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 Rs. 7,500 crore (Rupees Seven Thousand Five Hundred 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 severally authorised to negotiate, finalise and execute with the Lender(s)/ Debenture Trustees/ Financial Institutions 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 its powers herein conferred to any Committee and/ or director(s) and/ or officer(s) of the Company, to give effect to this resolution."

4. AUTHORITY TO ISSUE REDEEMABLE NON-CONVERTIBLE DEBENTURES AND/OR OTHER HYBRID INSTRUMENTS ON PRIVATE PLACEMENT BASIS

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 42 & 71 and all other applicable provisions, if any of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, and Companies (Prospectus and Allotment of Securities) Rules, 2014, Master direction of Reserve Bank of India for Non-Banking Financial Company dated September 01, 2016 ("RBI Master Direction"), the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment, modification, variation or re-enactment to any of the foregoing and other applicable laws, guidelines, direction, 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(s) constituted/to be constituted by the Board, from time to time, to exercise its powers conferred by this resolution) to offer and/or invite for issue of Redeemable Non-Convertible Debentures (NCDs), secured or unsecured, fixed rate or market/benchmark linked and/or any other hybrid 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 Direction, on private placement basis, in one or more tranches, 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 of Directors (or any other person so authorised by the Board of Directors), based on the prevailing market condition;

RESOLVED FURTHER THAT the aggregate amount to be raised through the issuance of NCDs and/or any other hybrid Instruments including but not limited to Subordinated Bonds, Perpetual Debt Instruments pursuant to the authority under this Resolution aggregating up to ₹ 11,654.90 crore (Rupees Eleven Thousand Six Hundred Fifty Four Crore and Ninety Lakh Only) under one or more shelf disclosure document(s) and/ or under one or more letter(s) of offer as may be issued by the Company and in one or more series;

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 is hereby authorised to do all such acts, deeds, matters and things and to 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 its powers herein conferred to any of the Directors and/or Officers of the Company, to give effect to this Resolution."

5. TO APPROVE RELATED PARTY TRANSACTIONS WITH HDFC BANK LIMITED

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013, read with the Rule made thereunder (including any amendment, modification, variation or re-enactment thereof) and subject to such other rules, regulations and guidelines as may be applicable from time to time the consent of the Members be and is hereby accorded to ratify and enter into contract(s)/arrangement(s)/transaction(s) of securitisation with the HDFC bank Limited, a related party within the meaning of the aforesaid law, within overall securitisation limit of ₹ 7,500 crore (Rupees Seven Thousand Five Hundred Crore Only) and on such terms and conditions as may be determined by the Board of Directors (or any other person so authorised by the Board of Directors);

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee constituted/ to be constituted by the Board, from time to time, to exercise its powers conferred by this resolution), be and is hereby authorised to do all such acts, deeds, matters and things and to 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 its powers herein conferred to any of the Directors and/or Officers of the Company, to give effect to this Resolution."

By order of the Board
For HDB Financial Services Limited

Registered Office:
Radhika, 2nd Floor,
Law Garden Road, Navrangpura,
Ahmedabad -380009

Sd/-
Dipti Khandelwal
Company Secretary
Membership No.:A25592

Place: Mumbai
Date: May 25, 2021

Notes:

1. The Ministry of Corporate Affairs, Government of India (the "MCA") in terms of the General Circular No.14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20 2020 dated May 5, 2020 and General Circular No. 02/2021 dated January 13, 2021 (the "MCA Circulars") in view of the

current extraordinary circumstances due to COVID-19 pandemic requiring social distancing and the continuing restriction on movement of persons at several places in the country, has allowed Companies to conduct their Annual General Meeting through Video Conferencing (VC) or other audio visual means (OAVM), without the physical presence of the Members at a common venue, subject to the fulfilment of conditions as specified in the MCA Circulars. In compliance with the provisions of the Companies Act, 2013 and MCA Circulars, the AGM of the Company is being held through VC / OAVM.

2. In terms of the MCA circulars, the financial statements (including Board's report, Auditor's report or other documents required to be attached therewith), shall be sent only by email to the Members, trustees for the debenture- holder of any debentures issued by the Company and to all other persons so entitled. Further, the notice for AGM shall be given only through emails registered with the Company or with the depository participant / depository.

3. Accordingly, the financial statements (including Board's report, Auditor's report and other documents required to be attached therewith) / Annual Report for the financial year 2020-21 and AGM Notice are being sent to the shareholders whose email addresses are registered with the Company or with the depository participant/ depository. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website www.hdbfs.com and on the website of NSDL https://www.evoting.nsdl.com. The detailed process for registration of email address of the shareholders whose email address is not registered with the Company or depository participants / depository is forming part of this Notice.

4. As per the MCA Circulars, the Shareholders may also note that the Company would not be sending the Annual Report for the financial year 2020-21 and AGM notice by post to the shareholders whose email address is not registered with the Company or depository participants/depository.

5. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with and there is no provision for appointment of proxy. Accordingly, the facility for appointment of proxies by the Members under section 105 of the Companies Act, 2013 will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

6. Institutional / Corporate Shareholders intending to participate in the Annual General Meeting through their authorised representatives are requested to send a duly certified copy of their Board Resolution / Governing Body resolution / Authorisation letter, etc. authorising their representatives to attend and vote through remote e-voting on their behalf at the said Meeting to mitesh@mjshah.com and compliance@hdbfs.com with a copy marked to evoting@nsdl.co.in

7. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

8. Members seeking any information with regard to the accounts or any matter to be placed at AGM are requested to submit their questions in advance, on or before June 21, 2021 through the Company's email address i.e. compliance@hdbfs.com. The same will be replied by the Company at the AGM.

9. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of business under Item no 2 to 5 to be transacted at the meeting, is annexed hereto and forms part of the Notice.

10. In respect of the Special Business at Item No. 2 a statement giving additional information on the Director seeking appointment, is forming part of Explanatory Statement to Notice.

11. The institutional investors are requested to attend the meeting and cast their vote through remote e-voting / e-voting.

12. The members desiring to inspect the documents referred to in this Notice and other statutory registers are required to send requests on the Company's email address: compliance@hdbfs.com. An extract of such documents would be sent to the members on their registered email address.

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

14. In terms of the provisions of Section 107 of the Companies Act, 2013, since the resolutions as set out in this Notice are being conducted through e-voting, the said resolutions will not be decided on a show of hands at the AGM, however facility for casting vote during the AGM though e-voting would be provided to the members who have not cast their vote through remote e-voting.

15. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Secretarial Standards on General Meetings 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 electronic 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 10.00 am on Monday, June 21, 2021 and ends at 05:00 p.m. on Thursday, June 24, 2021, after which the facility will be disabled by NSDL and remote e-voting shall not be allowed beyond the said date and time. The notice is also available on the website https://www.evoting.nsdl.com. During this period shareholders' of the Company, holding shares in dematerialised form, as on the cut-off date of Friday, June 18, 2021 may cast their vote electronically.
    - Instructions for e-voting are given in point no.20
    - The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on Friday, June 18, 2021.

16. In addition to the remote e-voting facility provided by the Company, the members who have not cast their vote on resolutions through remote e-voting would be given a facility to cast their vote through e-voting during the AGM. The instruction for the same is forming part of this Notice.

17. The members attending the meeting through VC / OAVM shall be counted for the purpose of reckoning the quorum of the meeting under Section 103 of the Companies Act, 2013.

18. The Members, who have cast their vote prior to the meeting by remote e-voting may also attend the meeting 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.

19. Procedure for registration of email address:

    The shareholders who have not yet registered their email address are requested to get their email addresses registered by following the procedure given below:

    (i) Pursuant to the MCA Circulars, the shareholders who have not registered their email address and in consequence the AGM notice could not be serviced to them may temporarily get their email address registered with the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited, by clicking the link: https://linkintime.co.in/emailreg/email_register.html and follow the registration process as guided thereafter. Post successful registration of the email, the shareholder 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, the shareholder may write to rnt.helpdesk@linkintime.co.in

    (ii) It is clarified that for permanent registration of email address, the members are however requested to register their email address, in respect of demat holdings with the Depository through the concerned Depository Participants.

20. 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 shareholders holding securities in demat mode.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	A. NSDL IDEAS facility If you are already registered, follow the below steps: 1. Visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. 2. Once the home page of e-Services is launched, click on the "**Beneficial Owner**" icon under "Login" which is available under "IDEAS" section. 3. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. 4. Click on "Access to e-voting" appearing on the left hand side under e-voting services and you will be able to see e-voting page. 5. Click on options available against company name or e-voting service provider - NSDL and you will be re-directed to NSDL e-voting website for casting your vote during the remote e-voting period or joining virtual meeting and e-voting during the meeting. If you are not registered, follow the below steps: 1. Option to register is available at https://eservices.nsdl.com. 2. Select "Register Online for IDEAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Please follow steps given in points 1-5. B. e-voting website of NSDL 1. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile phone. 2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. 3. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen 4. After successful authentication, you will be redirected to NSDL website wherein you can see e-voting page. Click on options available against company name or e-voting service provider - 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 and e-voting during the meeting.
Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, 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 is 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 ESP i.e. NSDL portal. 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. Alternatively, the user can directly access e-voting page by providing demat Account Number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile and e-mail 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) logging through their depository participants	1. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-voting facility. 2. Once logged-in, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-voting feature. 3. Click on options available against company name or e-voting service provider - 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 and e-voting during the meeting

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot User ID / Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders 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 remote e-voting and joining virtual meeting for shareholders other than Individual shareholders 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)	Your User ID is:
A) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******
B) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12********** then your User ID is 12**********

6. Your password details are given below:
   a. If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
   b. If you are using NSDL e-voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you by NSDL. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.

c. How to retrieve your 'initial password'?

i. If your email address is registered in your demat account or with the company, your 'initial password' is communicated to you on your email address. Trace the email sent to you from NSDL in your mailbox from evoting@nsdl.com. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account. The .pdf file contains your 'User ID' and your 'initial password'.

ii. In case you have not registered your email address with the Company/ Depository, please follow instructions mentioned below in this notice.

7. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:

a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) If you are still unable to get the password by aforesaid option, you can send a request at evoting@nsdl.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?

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 General Meeting is in active status.

2. Select "EVEN 116074" of company for which you wish to cast your vote during the remote e-voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General 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 and you will receive a confirmation by way of a SMS on your registered mobile number from depository.

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

1. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to compliance@hdbfs.com. If you are an Individual shareholders 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 and joining virtual meeting for Individual shareholders holding securities in demat mode.

2. Alternatively shareholder/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 shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to 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 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.: 1800 1020 990 and 1800 22 44 30 or send a request at evoting@nsdl.co.in

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

21. 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 the 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 placed under Join General meeting menu against company name. You are requested to click on VC / OAVM link placed under Join General Meeting menu.

2. 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.

3. Facility of joining the AGM through VC / OAVM shall open 30 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 shareholders attending the meeting through VC/OAVM whereby they can pose questions concurrently, during the proceedings of the meeting.

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

5. Members who need assistance before or during the AGM, can contact NSDL at Mr. Amit Vishal, Senior Manager - NSDL or Mr. Sagar Ghosalkar, Assistant Manager - NSDL at evoting@nsdl.co.in or call on toll free no: 1800 1020 990 and 1800 22 44 30.

6. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker 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 June 15, 2021 (9:00 a.m. IST) to June 21, 2021 (5:00 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.

22. Instruction for e-voting during the AGM

The members 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 20 above. The e-voting facility will be enabled during the AGM on June 25, 2021 at 12 noon till the conclusion of the AGM.

23. 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, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. 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.

24. Mr. Mitesh Shah (FCS No.: 10070) of M/s. Mitesh J. Shah & Associates, Practicing Company Secretary has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.

25. The Scrutiniser 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 48 hours from the conclusion of the AGM to the Chairman. The result of the voting will be announced within 48 (Forty Eight) hours after the conclusion of the meeting at the Company's website at www.hdbfs.com.

EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 2

On the recommendation of Nomination & Remuneration Committee (NRC), Board of Directors of the Company at its meeting held on May 25, 2021 has appointed Mr. Arijit Basu as Non-Executive (Additional) Director of the Company with effect from June 1, 2021 till the conclusion of the ensuing Annual General Meeting in terms of provisions of the Companies Act, 2013, liable to retire by rotation. Furthermore, the Board of Directors, at the same meeting held on May 25, 2021, has also approved the appointment of Mr. Arijit Basu as the Non-Executive (Non-Independent) Chairman of the Company effective June 1, 2021. The appointment of Mr. Arijit Basu shall be for a period of 3 years effective from June 1, 2021. NRC confirms that Mr. Arijit Basu satisfies the fit and proper criteria as prescribed under the RBI Master Direction Master Direction RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Brief profile of Mr. Arijit Basu:

Mr. Arijit Basu holds post graduate degree in arts from the University of Delhi and is a certified associate of the Indian Institute of Bankers. He has over 37 years of experience in the field of banking and financial services. He started his career with State Bank in 1983 as a probationary officer. He has also served as a Director in State Bank of India and was in charge of commercial and corporate banking, information technology and risk management.

Mr. Arijit Basu was Managing Director and Chief Executive Officer of SBI Life Insurance Company Limited from August 2014 till March 2018. He returned to SBI in April 2018 and was elevated as Managing Director of the Bank in June 2018 responsible for Commercial and Corporate Banking, IT and Risk Management. After his retirement from SBI in October 2020, he is a Senior Consultant at AZB Partners, Senior Advisor at Deloitte and Project Management Consultant for LIC.

He has been awarded the title 'India's Most Trusted CEO' by WCRC Leaders Asia in 2017. Additionally, he has been awarded the Skoch award for 'CEO of the Year Life Insurance' by the Skoch Group in 2017.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a Member proposing the candidature of Mr. Arijit Basu as a Non-Executive Director of the Company.

Mr. Arijit Basu has confirmed that he satisfies the fit & proper criteria pursuant to RBI Master Direction and that he has not been disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director of the Company. In the opinion of the Board, Mr. Arijit Basu fulfils the conditions specified in the Companies Act, 2013 and the applicable RBI guidelines for his appointment as a Non-Executive Director of the Company.

The Board considers that his association with the Company would be of immense benefit to Company and it is desirable to avail services of Mr. Arijit Basu as Chairman and Non- Executive Director. The Company has also approved a remuneration of ₹ 30,00,000/- (Rupees Thirty Lakhs Only) per annum drawn on monthly basis in lieu of rendering services to the Company in areas including internal audit, regulatory compliance, policies and business strategy as a Chairman and Director of the Company. In case of absence or inadequacy of profit in any financial year the aforesaid remuneration shall be paid to Mr. Arijit Basu as minimum remuneration.

Pursuant to the provisions of Section 197 of the Companies Act, 2013, a director or manager may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the company or partly by one way and partly by the other.

Other details of Director seeking appointment at the forthcoming Annual General Meeting Information as required under Clause 1.2.5 of the Secretarial Standard on General Meetings (SS-2) is given hereunder:

Name of Director	Mr. Arijit Basu
DIN	06907779
Age	60 years
A brief resume, Qualification(s), Experience and Nature of his expertise in specific functional areas, Recognition or awards	As mentioned in explanatory statement above
Terms and conditions of appointment or reappointment	Chairman and Non-Executive Director (Non- Independent), liable to retire by rotation.
Details of remuneration sought to be paid	₹ 30,00,000/- (Rupees Thirty Lakhs Only) per annum drawn on monthly basis
Details of the remuneration last drawn by such person (FY 2020-21)	Nil
Date of first appointment on the Board	June 01, 2021
Shareholding in the Company	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel	None
The number of Meetings of the Board attended during FY 2020-21	Nil
Other Directorships (excluding HDB Financial Services Limited)	Nil
Membership / Chairmanship of Committees of other Board	Nil

Accordingly, the approval of the Members is being sought for the appointment of Mr. Arijit Basu as a Chairman and Non-Executive Director of the Company, liable to retire by rotation with effect from June 1, 2021 pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 and shall be paid a remuneration of ₹ 30,00,000/- (Rupees Thirty Lakhs Only) per annum drawn on monthly basis.

The Board recommends the passing of the ordinary resolution as set out at Item No. 2 of this Notice for the approval of the Members.

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

Item No. 3

The Members of the Company at the 12th Annual General Meeting held on June 21, 2019 had granted their approval by way of special resolution to the Board of Directors of the Company to sell/assign substantial assets including receivables/book debt of the Company to the holders of debentures/bonds/Pass Through Certificates and other instruments for an aggregate amount not exceed ₹ 7,500 crore (Rupees Seven Thousand Five Hundred crore Only).

Members of the Company are requested to note that Company may raise funds by way of sale/direct assignment/ securitisation of its receivables to any Bank or Financial Institution as per the terms approved by the Board of Directors.

The sale/assignment/securitisation of the receivables 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 a company shall not sell, assign its receivables/book debts 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 17, 2021, has subject to the approval of Members, approved to sell, assign/securitize receivables as approved by the Members pursuant to Section 180(1)(a) of the Act.

In this regard, the approval of the Members is sought for sale/assignment/securitisation of its receivables/book debt up to ₹ 7,500 crore on such terms and conditions as may be determined by the Board of Directors (or any other person authorised by the Board of Directors), depending on the prevailing market conditions.

Accordingly, the approval of the Members is being sought by way of special resolution authorising the Board of Directors to sell/assign substantial assets including receivables/book debt of the Company for the holders of debentures/bonds/Pass Through Certificates/Security Receipts and other instruments for an aggregate amount not exceeding ₹ 7,500 crore (Rupees Seven thousand Five Hundred crore Only). The Board recommends the resolution as set out at Item No. 3 of the accompanying Notice for the approval of the Members.

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

Item No. 4

The Company has been raising funds by offer and/or invite for issuing redeemable Non-Convertible Debentures, secured or unsecured, fixed rate or market/bench mark linked and/or any other hybrid 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 Debt Securities 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 Debt Securities only after receipt of prior approval of its shareholders 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 Debt Securities to be issued during a year and such a special resolution is required to be passed every year.

The shareholders at the 13th Annual General Meeting held on June 30, 2020 had accorded their approval to the Company for issuance of Non-Convertible Debentures as mentioned below:

A. Non-Convertible Debentures (NCDs) up to a limit of ₹18,109.90 crore which included existing limit of ₹ 10,609.90 crore and new limit of ₹ 7,500.00 crore for NCDs. As on March 31, 2021 the Company had raised NCDs of ₹ 9,455.00 crore. The limit of ₹ 8,654.90 crore is available for further issuance of NCDs.

B. Market Linked Debentures (MLDs) up to a limit of ₹ 2,236.10 crore. As on March 31, 2021 the Company had raised MLDs of ₹ 236.10 crore. The limit of ₹ 2,000.00 crore is available for further issuance of MLDs.

C. Subordinated Bonds (Sub Debts) up to a limit of ₹ 356.50 crore. Out of the said limit, the Company had raised ₹ 356.50 crore as on March 31, 2021.

D. Perpetual Debt Instruments (PDIs) up to a limit of ₹ 500 crore. No issue of PDIs were done during the FY 2020-21 hence, the limit of Rs. 500 crore continues to exist for issuance of PDIs.

In terms of the requirements of Resource Planning Policy of the Company and Business planning for the FY 2021- 22, it is expected that the Company will issue Debt Securities which shall exceed the aforesaid limit. The NCDs 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.

Further the Board, at its meeting held on April 17, 2021, had approved above outstanding limit of Debt Securities and fresh issue of Sub Debts of ₹ 500 crore, subject to the approval of shareholders. Hence, shareholders are requested to approve limit of NCDs, MLDs, Sub Debts and PDIs for issuance of ₹ 8,654.90 crore, ₹ 2,000 crore, ₹ 500 crore and ₹ 500 crore respectively.

Pursuant to the notification dated August 07, 2018, by which Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 has been amended, it is now mandated that certain disclosures are required to be made in the explanatory statement annexed to the notice for shareholders' 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 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 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 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 at this stage. This will be determined by the Board (including any committee duly authorised by the Board thereof), from time to time, for each issuance;

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 ₹ 11,654.90 crore (Rupees Eleven Thousand Six Hundred Fifty Four Crore and Ninety Lakh 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 NCDs, 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 committee duly authorised by the Board thereof), from time to time.

In view of the aforesaid, the Board of Directors at its meeting held on April 17, 2021, has approved issuance of Debt securities in one or more tranches, on private placement basis and within the overall borrowing limit of ₹ 80,000 crore (Rupees Eighty Thousand Crore Only).

Accordingly, the approval of the Members is being sought by way of special resolution as set out at Item No. 4 of this Notice authorising the Board to issue NCDs and/or any other hybrid instruments (not in the nature of equity shares) which may or may not be classified as being Tier II capital under the provisions of the RBI Master Directions, for an aggregate amount not exceeding ₹ 11,654.90 crore (Rupees Eleven Thousand Six Hundred Fifty Four Crore and Ninety Lakh Only) on private placement basis during a period of one year from the date of this AGM.

The Board, accordingly, recommends the passing of the special resolution as set out at Item No. 4 of this Notice, for the approval of the Members.

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

Item No. 5

The Company has been raising funds through securitisation transactions with HDFC Bank Limited ('Bank') for the ongoing requirements of the Company. It may be noted that the Bank is the promoter/ holding company of the Company, and currently holds 95.11% of the paid up equity share capital of the Company.

The shareholders at the 13th Annual General Meeting held on June 30, 2020 had accorded their approval to the Company for entering into securitisation transaction with the Bank within overall securitisation limit of ₹ 6,500 crore.

In terms of the provisions of Section 188 of the Companies Act, 2013, Related Party Transactions' ('RPT') need to be approved by Board of Directors in case it is not in the ordinary course of business of the Company or not at arm's length basis. Further, approval of members is required for the RPTs exceeding the prescribed limit as mentioned in Section 188 of the Act. In the future, the Company may enter into a securitisation transaction with the Bank, as

per the regulatory framework laid down by Reserve Bank of India. To ensure compliance, it is proposed to have the securitisation transactions to be entered into by the Company with the Bank be approved by the Board and the Shareholders of the Company.

The Board of Directors, at its meeting held on April 17, 2021, has approved securitisation transactions with the Bank, as per the regulatory framework laid down by Reserve Bank of India in the future, subject to the approval of the Members.

i. Name of the Related Party - HDFC Bank Limited

ii. Name of the director or key managerial personnel who is related - NA

iii. Nature of relationship - Promoter and holding company

iv. Nature, material terms, monetary value and particulars of the contract or arrangements - The securitisation transactions in one or more tranches within the overall securitisation limit of ₹ 7,500 crore (Rupees Seven Thousand Five Hundred Crore Only)

v. Any other information relevant or important for the Members to take a decision on the proposed resolution - None.

In view of the above, the approval of the Members is sought by way of ordinary resolution for entering into securitisation transactions with the Bank. The Audit Committee of the Company has also granted approval for other types of transactions with the Bank under the omnibus route for the financial year 2021-2022.

Accordingly, the Board 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 interested in the passing of the above resolution.

All related parties shall abstain from voting on these resolutions.

By order of the Board
For HDB Financial Services Limited

Sd/-
Dipti Khandelwal
Company Secretary
ACS No.: A25592

Registered Office:

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

Place : Mumbai
Date : May 25, 2021

Directors' Report

The Members,
HDB Financial Services Limited

Your Directors have pleasure in presenting the Fourteenth Annual Report on the business and operations of your Company together with the audited accounts for the Financial Year ended March 31, 2021.

Financial Performance (₹ in crore)

Particulars	2020-21	2019-20
Total Income	10,944.78	10,756.47
Total Expenditure (excluding depreciation)	10,336.28	9,182.33
Profit/(Loss) before Depreciation & Tax	608.50	1,574.14
Less: Depreciation	107.79	109.66
Profit before Tax	500.71	1,464.48
Tax Expense	109.24	459.63
Profit after Tax	391.47	1,004.85
Other Comprehensive Income (net of tax)	(13.45)	(55.03)
Total Comprehensive Income after tax	378.02	949.82
Appropriations from Profit after Tax:		
Transfer to Reserve Fund under Section 45-IC of the RBI Act, 1934	78.29	200.97
Dividend Paid	0.00	141.43
Dividend Tax thereon	0.00	29.08
Balance carried forward to Balance Sheet	299.73	578.34

Your Company posted total income and net profit of ₹ 10,944.78 crore and ₹ 391.47 crore, respectively, for the financial year ended March 31, 2021, as against ₹ 10,756.47 crore and ₹ 1,004.85 crore respectively, in the previous year. Your Company has transferred an amount of ₹ 78.29 crore to Reserve Fund under Section 45-IC of the RBI Act, 1934.

Dividend

In order to conserve capital for growth of the Company and to deal with the uncertain economic environment due to the pandemic, your directors do not recommend any dividend payment at the ensuing AGM to be held on June 25, 2021.

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

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

Capital Structure

During the year, your Company has issued 16,05,560 equity shares. The details of which are provided below:

No. of fully paid up equity shares	Date of allotment	Purpose
2,50,890	November 18, 2020	Shares were issued to employees under the Employees Stock Option Scheme
10,41,100	December 7, 2020	Shares were issued to employees under the Employees Stock Option Scheme
311,220	February 25, 2021	Shares were issued to employees under the Employees Stock Option Scheme
2,350	March 16, 2021	Shares were issued to employees under the Employees Stock Option Scheme

Post allotment of equity shares as aforesaid, the issued, subscribed and paid-up share capital of your Company stands increased to ₹ 7,89,18,52,160 (Rupees Seven Hundred Eighty Nine Crore Eighteen Lakh Fifty Two Thousand and One Hundred Sixty Only) comprising of 78,91,85,216 (Seventy Eight Crore Ninety One Lakh Eighty Five Thousand Two Hundred and Sixteen) equity shares of ₹ 10 each as on March 31, 2021.

Capital Adequacy

Capital adequacy as at March 31, 2021 under Ind-AS stood at 18.89 % which is well above the minimum regulatory norms for non-deposit accepting NBFCs.

Ratings

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

Facility	CARE	CRISIL	Amount ₹ in crore
Bank Facilities	CARE AAA;Stable	CRISIL AAA/Stable	30,000.00
Short Term Debt Program	CARE A1+	CRISIL A1+	12,500.00
Non-Convertible Debentures	CARE AAA;Stable	CRISIL AAA/Stable	39,959.92
Market Linked Debentures	CARE PP-MLD AAA;Stable	CRISIL PP-MLD AAAr/Stable	3,000.00
Subordinated Bonds	CARE AAA;Stable	CRISIL AAA/Stable	3,500.00
Perpetual Bonds	CARE AAA;Stable	CRISIL AAA/Stable	1,000.00

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

Borrowings

Your Company has diversified funding sources from Public Sector, Private Sector and Foreign Banks, Mutual Funds, Insurance Companies, Financial Institutions etc. Funds were raised in line with Company's Resource Planning Policy through Term Loans, Non-Convertible Debentures (NCDs), Market Linked Debentures (MLDs), Subordinated Bonds and Commercial Paper. 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	6,290.00
2	Secured Redeemable Non-Convertible Debentures	CARE AAA;Stable	CRISIL AAA/Stable	9,755.00
3	Secured Redeemable Market Linked Debentures	CARE PP-MLD AAA;Stable	CRISIL PP-MLD AAAr/ Stable	236.10
4	Unsecured Redeemable Subordinated Bonds	CARE AAA;Stable	CRISIL AAA/Stable	356.50
5	Commercial Paper	CARE A1+	CRISIL A1+	550.00

No interest payment or principal repayment of the Term Loans was due and unpaid as on March 31, 2021. 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, Secured Redeemable Market Linked Debentures, Unsecured Redeemable Subordinated Bonds, Unsecured Perpetual Debt Instruments are issued by your Company on private placement basis and the rating for various facilities indicating the highest degree of safety with regard to timely servicing of financial obligations.

Perpetual Debt Securities are 6.60 % of Tier I capital of the Company. An amount of ₹ 500 crore is outstanding as on March 31, 2021.

NCDs and MLDs were issued with maturity period ranging from 21 to 42 months. The interest payable on all the debt securities is either annually or quarterly or on maturity and no interest was due and unpaid as on March 31, 2021. The Company has not received any grievances from the debt security holders. 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 Ltd.

Corporate Social Responsibility (CSR)

The Company has partnered with credible agencies for implementing socially-responsible projects in the areas of Healthcare, Livelihood Enhancement, Environmental Sustainability and Education as part of its initiatives under CSR. These projects are in accordance with Schedule VII of the Companies Act, 2013.

The Company's CSR activities are guided and monitored by its CSR Committee. The CSR Policy of the Company provides a broad set of guidelines including intervention areas.

The Company believes that CSR is a way of creating shared value and contributing to social and environmental good. Company's strategy is to integrate its activities in community development, social responsibility and environmental responsibility and encourage each business unit or function to include these considerations into its operations.

As per Section 135 of the Act, the Company was required to spend an amount of ₹ 30.83 crore equivalent to 2% of the 'average net profits' of the last three (3) financial years. During the FY 2020-21, your Company has spent an amount of ₹ 23.52 crore on CSR activities as against prescribed CSR expenditure of ₹ 30.83 crore. The unspent amount of ₹ 7.31 crore towards ongoing projects has been transferred to a separate unspent CSR account to ensure that the scheduled CSR expenses are suitably spent. The Annual Report on CSR activities is annexed herewith as "**Annexure A**".

Number of Board Meetings during the financial year 2020-21

The Board of Directors met 7 times during the year under review and the details of such meetings are disclosed in the Corporate Governance Report forming part of this Report.

Directors and Key Managerial Personnel (KMP)

a. Inductions to the Board / Reappointments

On the recommendation of Nomination & Remuneration Committee (NRC), Board of Directors of the Company at its meeting held on May 25, 2021 has appointed Mr. Arijit Basu as Non-Executive (Additional) Director of the Company with effect from June 1, 2021 till the conclusion of the ensuing Annual General Meeting in terms of Sections 152 and 161 of the Companies Act, 2013. Furthermore, the Board of Directors, at its meeting held on May 25, 2021, has also approved the appointment of Mr. Arijit Basu as the Non-Executive Chairman of the Company effective June 1, 2021. The appointment of Mr. Arijit Basu shall be for a period of 3 years effective from June 1, 2021, subject to the approval of the Members in the ensuing Annual General Meeting.

The Company has received written notice as per Section 160 of the Act, from a member proposing his candidature for the office of Non-Executive Director as per the provisions of Section 152 of the Act.

Brief profile of Mr. Arijit Basu along with his experience and specific areas of expertise are part of the explanatory statement to the Notice convening Annual General Meeting forming part of the Annual Report.

Mr. Arijit Basu has confirmed that he satisfies the fit and proper criteria as prescribed under the applicable RBI regulations and that he is not disqualified from being appointed as directors in terms of Section 164(2) of the Companies Act, 2013.

Necessary resolution seeking approval of the members for appointment of Mr. Arijit Basu has been included in the Notice of ensuing Annual General Meeting.

b. Resignation

Mr. Jimmy Tata was appointed as Non-executive Director of the Company w.e.f May 1, 2016. He resigned as Director from the Company Board with effect from June 30, 2020 in accordance with HDFC Bank's internal Policy. Consequent to his resignation, he ceased to be a member of the Risk Management Committee, Debenture Allotment Committee, Bond Allotment Committee and Share Allotment Committee of the Company with effect from June 30, 2020.

Mr. Aditya Puri was appointed as Chairman and Non-executive Director of the Company w.e.f May 1, 2016. Since Mr. Puri's appointment in the Company was co-terminus with his appointment as Managing Director of the Bank, he resigned as Chairman and Non-executive Director of the Company.

Your directors place on record their sincere appreciation for the invaluable advice, guidance and support provided to the Board and the Management team by Mr. Aditya Puri and Mr. Jimmy Tata in the areas of business strategy, audit, regulatory compliance, risk, finance and sales which has helped the Company to achieve its growth and enhance its brand value.

Declaration by Independent Directors

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Act that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6) of the Act.

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, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii. that appropriate accounting policies have been selected & applied consistently & judgments and estimates made are reasonable & prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2021 & of the profits of the Company for the said year;

iii. that proper & 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 & for preventing & detecting fraud & 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 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.

This vigil mechanism of the Company is overseen by the Audit Committee and provides adequate safeguard against victimisation of employees 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, Eleven complaints were received by the Company. Ten complaints have been investigated and addressed as per the policy and one complaint is pending as on March 31, 2021. None of the personnel of your Company were denied access to the Audit Committee.

Disclosures pursuant to the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013

In line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 your Company has adopted a Policy on Prevention of Sexual Harassment at Workplace and Rules framed thereunder. Your Company has also set up Internal Complaints Committee to redress complaints received regarding sexual harassment. The said policy is uploaded on the website of the Company.

During the year under review, the Company received Thirty complaints of which Twenty Four complaints were investigated and addressed as per the policy and Six complaints are under investigation. All the open complaints during the previous year ending March 31, 2020 were closed in the reporting year. Complaints are reviewed by Board of Directors on quarterly basis.

Statutory Auditors

Pursuant to the provisions of Sections 139 and 141 of the Act and Rules made thereunder, the Shareholders in their 11th Annual General Meeting had reappointed M/s. B S R & Co. LLP, Chartered Accountants as Statutory Auditors of the Company, to hold office up from the conclusion of the 11th Annual General Meeting till the conclusion of the 16th Annual General Meeting to be held in year 2023.

M/s. B S R & Co. LLP, Chartered Accountants, have confirmed that they are not disqualified within the meaning of Sections 139 and 141 of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 to continue as the Statutory Auditors of the Company.

Further, the Auditors' Report "with an unmodified opinion", given by the Statutory Auditors on the Financial Statements of the Company for FY 2020-21, is disclosed in the Financial Statements forming part of this Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Statutory Auditor in their Report for the year under review.

No frauds in terms of the provisions of section 143(12) of the Act have been reported by Statutory Auditors in their report for the year under review.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act and Rules thereunder, M/s. Ashish Bhatt & Associates, Practicing Company Secretaries, were appointed as the Secretarial Auditor of the Company, to conduct Secretarial Audit for the year under review.

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 his Report for the year under review.

Secretarial Standards

The Company has complied with the applicable provisions of secretarial standards issued by The Institute of Company Secretaries of India.

Employees Stock Option Scheme (ESOS)

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

Statutory Disclosures

i. Pursuant to the provisions of Section 134(3)(a) and Section 92(3), the Annual Return of the Company in the prescribed Form MGT-7 is available on the website of the Company at https://www.hdbfs.com/investors under Investor Services.

ii. Disclosure as per Section 197(12) of the Act, pertaining to individuals employed throughout the year and in receipt of remuneration of not less than ₹ 102,00,000/- per annum or ₹ 850,000/- per month is given in '**Annexure D**'.

iii. 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 E**'.

iv. Pursuant to the provisions of Section 134(3)(e), the Company's Nomination and Remuneration policy on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) is available on the website of the Company https://www.hdbfs.com/policies.

Related Party Transactions

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors that may have potential conflict with the interest of the Company.

Pursuant to the provisions of the Act, the Board has, on recommendation of its Audit Committee, adopted a policy on related party transactions and the said policy is available on the website of the Company at https://www.hdbfs.com/policies.

All related party transactions are placed before the Audit Committee and the Board for their approval on quarterly basis. Transactions with related parties, as per the requirements of Ind-AS, are disclosed to 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 except as stated in the Independent Auditor's Report.

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 F**'.

The disclosures with respect to related party as specified in Regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is forming part of the financial statements at Note no. 36.

Corporate Governance Report

The report on Corporate Governance for the Company is annexed as '**Annexure G**' and forms an integral part of this Annual Report.

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the company's operations in future

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

Particulars of Loans, Guarantees or Investments

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

As regards investments made by the Company, the details of the same are provided in notes to the financial statements of the Company for the year ended March 31, 2021 (note 9).

Dividend Distribution Policy

Your 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 i.e. www.hdbfs.com/policies

Subsidiaries, Joint Ventures, Associate Companies

During the year under review, your Company does not have a subsidiary / Associate / Joint Venture company. Also, the Company did not become a part of any Joint Venture during the year.

Accordingly, as at the end of the year under review and also as on the date of this Report, your Company does not have any Subsidiary and/or Associate Company and your Company is not a part of any Joint Venture.

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 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 2020-21	FY 2019-20
1	Foreign exchange earnings	Nil	Nil
2	Foreign exchange expenditures	15.84	19.63

Fixed Deposits

Your Company is a non-deposit taking Company. The Company has not accepted any fixed deposit during the year under review. The Company has passed a Board resolution for non-acceptance of deposits from public.

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 Deposit Taking Systemically Important Non-Banking Financial Company (NBFC-ND-SI). The Company has complied with and continues to comply with all the applicable regulations and directions of the RBI.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economy

The Covid-19 pandemic has impacted most countries, including India. This resulted in countries announcing lockdown and quarantine measures that sharply stalled economic activity. Several countries took unprecedented fiscal and monetary actions to help alleviate the impact of the crisis.

Government of India had announced various measures to support the economy during this period. The Reserve Bank of India had also announced several measures to ease the financial system stress, including enhancing system liquidity, reducing interest rates, moratorium on loan repayments for borrowers, asset classification standstill benefit to overdue accounts where a moratorium had been granted amongst others to alleviate the economic stress induced by the pandemic which had an impact across sectors that were already showing signs of a slowdown even before the outbreak.

In the second half of fiscal 2021, global financial markets remained largely buoyant, fuelled by optimism around a speedy vaccine-led recovery. Growing inflation concerns over fiscal stimulus amidst extremely accommodative monetary policies rattled global bond markets in February 2021. Long-term sovereign bond yields jumped sharply in the US and induced bouts of volatility across financial markets and regions of the world. The consequent yield curve steepening resulted in portfolio reallocation and corrections in equity prices. Despite the recent declines, stock indices remain elevated on anticipation of stronger recovery. Domestic financial markets continued to post recovery in market activity amidst easy liquidity conditions. Nevertheless, concerns about a surge in infections in a few states, global bond sell-off, the large government borrowing and uncertainty about the pace and scale of economic recovery kept market sentiments subdued. However, Union Budget 2021 has provided a strong fillip to Capital expenditure with clear emphasis on infrastructure investment as a key sector to revive demand and overall growth.

Even with high uncertainty about the path of the pandemic, a way out of this health and economic crisis is increasingly visible. Thanks to the ingenuity of the scientific community, we have multiple vaccines that can reduce the severity and frequency of infections. In parallel, adaptation to pandemic life has enabled the global economy to do well despite subdued overall mobility, leading to a stronger-than-anticipated rebound, on average, across regions.

International Monetary Fund (IMF), in its World Economic Outlook April 2021 has projected a stronger global recovery, with global growth projected to be 6 percent in 2021 and 4.4 percent in 2022. IMF expects India to see a GDP growth of 12.5% in 2021. These projections are further backed by independent rating agencies like CRISIL, which expects India's gross domestic product (GDP) growth to rebound to 11% in fiscal 2022, after an estimated 8% contraction this fiscal. Going by these projections, India Is expected to be one of the spearheads of global economic recovery through fiscal 2022.

Growth metrics however, may have to be tempered a bit, with scars of the pandemic running deep for small businesses and the urban poor. The uncertainty around the economic fallout of the second wave induced localised restrictions being placed in various parts of the country may also dampen sentiments in the first quarter of the new fiscal. Hence, fiscal 2022 is expected to be a story of two halves, the first half largely showing an optical growth with second half reflecting a real economic rebound based on a more broad-based pick-up in economic activity.

Industry Structure and Developments

NBFCs were adversely impacted by COVID-related stress due to their underlying business models. On the supply side, the sources of funds dried up, more so for the small and mid-sized NBFCs, on account of reduced risk appetite of lenders for low rated and unrated exposures. The situation was worsened by the unprecedented redemption pressure on the mutual fund industry, resulting in a spike in spreads. On the demand side, it became difficult for NBFCs to find creditworthy projects and borrowers to lend to as a result of the pandemic induced stress. A key measure taken by the Reserve Bank and Government of India to ameliorate the liquidity constraints faced by NBFCs, was to set up a Special Purpose Vehicle (SPV) to purchase short-term papers from eligible NBFCs/ HFCs, which could then utilise the proceeds to extinguish their existing liabilities. The special securities issued by the SPV were guaranteed by the Government of India and would be purchased by the Reserve Bank. Additionally, the scope of the Government scheme on partial credit guarantee (PCG) was expanded to cover the borrowings of lower-rated NBFCs, HFCs and MFIs.

The challenges for the NBFCs have moved from the liability to the asset side in terms of liquidity and asset quality with the outbreak of Covid19. The liquidity covers of NBFCs is largely dependent on collections and the ability to raise resources. The collections of NBFCs witnessed decline during the six month moratorium on the payment of instalments in respect of all term loans to their borrowers for the period from March 1, 2020 to August 31, 2020, as ~45% of total outstanding loans were under moratorium as on August 31, 2020.

The Reserve Bank of India's Financial Stability Report (FSR) in January estimated that gross bad loans of banks in India would rise to 13.5 per cent by September from 7.5 per cent in the year-ago month under the baseline scenario.

Asset quality may still pose some challenges in the first half of fiscal 2022 with the uncertainty around the economic fallout of the second wave induced localised restrictions being placed in various parts of the Country. However, these challenges are expected to taper as we move towards the second half of fiscal 2022. The uneven recovery being currently observed is expected to be more broad-based later on in the fiscal as well.

Opportunities & Threats

NBFCs have also taken various steps to navigate through the pandemic induced headwinds, stricter and strengthened underwriting norms, use of alternate data sources for underwriting, quickening the pace of digitalisation through use of UPI handles, Bots, IVR's, strengthening of collection teams and focus on safer asset classes amongst others.

The aforementioned measures, coupled with greater focus on asset quality, digitalisation across customer lifecycle, co-lending partnerships, effective utilisation of structured financing and strengthening of capital base amongst others will hold NBFC's in good stead as they navigate towards a more benign economic environment that is expected in the latter part of fiscal 2022 and beyond.

In FY 2021-22, NBFCs can expect growth in the vehicle-financing space after a lull in FY 20-21 due to pandemic and reluctance of buyers due to increase in vehicle prices due to introduction of BS-VI norms. Overall, loan defaults have also reduced and are expected to drop further as the economy shows positive recovery. Gold loans has shown higher traction due to increase in gold prices in the 1st half of fiscal 21. NBFCs have also mobilised their on-ground recovery staff to ramp up their collection efforts.

(Data Sources: Industry, RBI and Rating Agency reports)

Operations

Loan disbursements during the year were ₹ 24,990 crore as against ₹ 29,853 crore in the previous year.

The Assets under Management (AUM) of the Company as at March 31, 2021 increased to ₹ 61,560.67 crore from ₹ 58,832.75 crore in the previous year.

The Company has continued to focus on diversifying its products and expand its distribution to effectively deliver credit solutions to its market.

Products and Services

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

Loans

HDB's range of product offerings include Consumer Loans, Enterprise Loans, Asset Finance and Micro-Lending.

Consumer Loans

HDB provides loans to individuals for personal or household purposes to meet their short to medium term requirements.

HDB's Consumer Loans Portfolio comprises the following:

- Consumer Durable Loans - HDB offers loans to its customers for the purchase of consumer durables and household appliances like TVs, refrigerators, air conditioners, washing machines and much more.
- **Digital Product Loans -** HDB's digital product loans are offered to customers to help fund their basic to high-end digital product necessities.
- **Lifestyle Product Loans -** Lifestyle Product Loans offered by HDB, assist the customers in the purchase of Lifestyle Products such as high-end furniture, cooking range, etc., enabling an upgradation of their lifestyle.
- **Personal Loans -** Personal Loans from HDB are offered to both salaried and self-employed individuals to help them meet any immediate, personal and other needs.
- **Auto Loans -** HDB offers auto loans to customers seeking to buy a new or used car.
- **Two-Wheeler Loans -** HDB offers two-wheeler loans to its borrowers, with an array of offerings.
- **Gold Loans -** HDB ensures fulfillment of urgent personal needs of its customers by offering loans against security of gold jewellery.

Enterprise Loans

HDB provides Loans to Small and Micro Enterprises that are in need of funding.

Various Loans offered to the Enterprises include:

- Unsecured Business loans - HDB provides collateral-free loans to small businesses to help them meet their financial requirements that could vary from the purchase of new machinery and inventory to procuring working capital or revamping the business.
- Enterprise Business Loan - These loans are offered to self-employed persons (both individuals and professionals), private companies, and partnership firms to help boost their business of services, manufacturing, and trading.
- Loan against Property - HDB provides multipurpose, secured loans against property to support new business ventures, purchase of office space or provide working capital or business expansion.
- Loan against Lease Rental - HDB offers loans against rental income receivable on leased property, depending on the customer's financial profile and ability.
- **Auto Refinance** - Auto Refinance is working capital loans offered to customers, which can be availed on hypothecation of vehicles
- Loan against securities - With a loan against securities, HDB ensures that customers can meet their immediate cash requirements by pledging their investments or securities like insurance policy, debt instruments and Bonds with the company without having to liquidate them.

Asset Finance

HDB offers loans for the purchase of new and used vehicles and equipment for income generation to its borrowers.

- Commercial Vehicle Loans: HDB provides loans for the purchase of new and used commercial vehicles. The Company also offers refinancing on existing vehicles. The Company provides finance to a broad spectrum of customers including fleet owners, first-time users, first-time buyers and captive use buyers.
- Construction Equipment Loans: HDB provides loans for the procurement of new and used construction equipment. The Company also facilitates refinancing or re-purchase of existing equipment.
- Tractor Loans: HDB offers customized tractor loans for the purchase of tractors or tractor-related implements to meet any agricultural or commercial needs.

Micro-Lending

Recently, your Company began providing micro-loans to borrowers through the Joint Liability Groups (JLGs) framework. With Micro-Lending, the company endeavours to empower and promote financial inclusion within these sections for the sustainable development of the nation.

Fee-based products / Insurance Services

- HDB is a registered Corporate Insurance Agent with a valid license from the Insurance Regulatory & Development Authority of India (IRDAI). The company is engaged in the sale of both Life and General (Non-Life) Insurance products.
- HDB is also registered with the Associations of Mutual Funds in India (AMFI) and has been assigned an AMFI registration number.
- Under the open architecture arrangement adopted by your Company for insurance distribution, the Company has tie ups with "HDFC Life Insurance co. Ltd." and "Aditya Birla Sun life insurance".
- In the Non-Life insurance space, your Company has tie ups with "HDFC Ergo General Insurance co. Ltd" and "Tata AIG General Insurance Co. Ltd".
- The Company distributes third party products like extended warranty and Road side assistance.

BPO Services

Your Company's BPO Services comprise of running collection call centers, sales support services, back office, operations, and processing support services..

- Collection Services - HDB has a contract with the HDFC bank to run collection call centers. These centers provide collection services for the entire gamut of retail lending products of HDFC Bank. Currently, HDB offers end-to-end collection services in over 700 locations via its on-call and field support teams. The Company has an established set up of 18 call centers across the country with a capacity of over 5,500 seats.
- **Back office and Sales Support** - The Company provides sales support services, back-office services such as forms processing, and document verification, finance, and accounting operations and processing support to HDFC Bank.

SEAMLESS CUSTOMER EXPERIENCE DURING COVID

- HDB's Credit-lending processes marked a defining trend by going fully digital during the pandemic. With an increased focus on providing its customers with a seamless experience, the Company is pushing the pedal on quicker loan application processes and swift disbursals. Customers whose businesses had been adversely impacted by the COVID-19 pandemic were offered exclusive assistance through the company's EMI moratorium measures, and ECLGS and loan restructuring schemes. HDB and its employees efficiently serviced its customers in spite of remote working.
- The teams ensured timely collection and disbursement of loans. The front-end and back-end systems were strengthened to improve credit quality and minimise losses due to default.

DIGITAL LENDING JOURNEY

In a bid to meet the new and constantly evolving financial credit needs of young and tech-savvy customers, and in line with its strategy of re-imagining opportunities, HDB has sought to transcend the conventional credit lending approaches. The Company's active investment in the digitisation of lending services and solutions has allowed it to connect and cater to the New India and tech-savvy customers in a personalised manner.

Several digital offerings were launched for commercial and retail segments to provide integrated solutions and simplify the borrowing process through cutting-edge technologies. These digital offerings include:

- **Partnership with new-age Fintech Players**: HDB has initiated strategic partnerships with several new-age Fintech players in the country to provide the best in class, innovative digital solutions, and services. These collaborations have been successful in demonstrating an improved customer experience in conjunction with a convenient digital KYC process, quick application approval and disbursal of funds.
- **e-NACH & e-Sign**: The introduction and implementation of these digital tools ensure a seamless, go-green customer experience with paperless processes, fewer errors, and quicker disbursals. The digital process ensures the collection of the applicant's basic information and documents upload, followed by an e-verification process. Upon completion of e-verification of details and documents submitted, the customer may digitally sign the agreement through Aadhaar-based authentication.
- Digital Login: Due to the pandemic's social distancing norms, there were fewer walk-ins at HDB's partner showrooms and branches. To offer convenience to the customers, the Company introduced a digital login process in partnership with select channels where customers can login online without physically visiting the store or a branch. The Company's customer care team efficiently guided the customers with their loan processing journey via on-call and digital support.
- Credit Score: Customers can check their credit score, for free by just providing their mobile number on HDB's website.

CUSTOMER SERVICE DIGITAL CHANNELS

- HDB on the Go App: This is a one-stop Android application for customers to apply, view, and manage their loan accounts. It also allows customers to apply for a new loan with just a few clicks anytime, anywhere, and get a pre-approved loan on their existing account.
- **WhatsApp Account Management**: Customers can now access information about their loan account in real-time from anywhere by sending a "Hi" to the WhatsApp number 7304926929
- **Customer Service Bot - #AskPriya**: Customers can now access all loan related information along with the latest offers available with HDB by chatting with our virtual assistant #AskPriya
- Missed Call Service: Customers are now just a missed call away to receive all their loan-related information on their mobile phone as an SMS. They may give missed call to 044-45602401 from their registered mobile number to avail of the service.
- Customer Portal: The portal allows the customers to manage their loan account and get all loan related information quickly and efficiently.

KEY INITIATIVES

- **Digital Pre-Approved Offers**: Pre-Approved loans are offered at HDB to its current customers who have a demonstrated credit history and repayment credibility. Customers with pre-approved loan offers can avail their loans fully digitally.
- HDB EMI card - With the launch of the HDB EMI card, customers can avail of this easy finance option to make contactless transactions and convert their purchases into EMI loans at attractive interest rates.
- Fintech Partner Integration: HDB's collaboration with its Fintech partners facilitates real-time lead sharing by partners useful for generating offers and getting in touch with the company's customers to fulfill their loan requirements.
- RM (Relationship Management) and VRM (Virtual Relationship Management): HDB reaches out to its top 20% customer segment to address their service and financial requirements through RM. Further, the Company also ensures that the next top 20% of the customers are reached through VRM. Relationship Managers also assist customers with other HDB products while servicing the customers.

- Aabhaar Card (Loyalty Card): HDB's loyalty cards i.e., Blue Aabhaar card and the Platinum Card provide ease of documentation and a pre-approved loan amount eligibility to the customer. The cards come with Accidental Insurance benefits coverage up to ₹ 5 lakh at no additional cost.

SEGMENT WISE PERFORMANCE

The details with regard to segment wise performance of the Company are mentioned in the notes forming part of the financial statements at Note no. 35.

INFRASTRUCTURE

As of March 31, 2021, HDB has 1,319 branches in 959 cities in India. The Company's data centers are located in Bengaluru and Mumbai with centralised operations based out of Hyderabad, Chennai, and Noida. In a quest to strengthen its internal processes, the Company has further implemented a quality management system for its centralised operations.

OUTLOOK

The markets will continue to grow and mature leading to differentiation of products and services. Companies will have to evolve their customer acquisition and engagement in post COVID economy and each financial intermediary will have to find niche in order to add value to consumers. The Company with the distribution that is built over the years and committed workforce is cautiously optimistic in its outlook for the year 2021-22.

RISK MANAGEMENT

Your Company, is exposed to various risks that are an inherent part of any financial service business. Traditionally, credit, operational and liquidity risks have always been seen as the top tier risks, however given the evolving landscape, risks around digital lending and information security would also form an integral aspect of risk management.

The Company's risk management framework is well dimensioned and managed based on a clear understanding of various risks, disciplined risk assessment, measurement procedures and continuous monitoring. The Board of Directors has oversight on all risks assumed by the Company. Specific Committees have been constituted to facilitate focussed oversight of the risks identified. These risks have the potential of impacting the financial strength, operations and reputation of your Company. Keeping this in mind, your Company has a Board approved Risk Management Framework in place. The effectiveness of this framework is supervised periodically by the Risk Management Committee. Your company is committed towards creating an environment of increased risk awareness at all levels. It also aims at constantly upgrading the appropriate security measures, including cyber security measures, to ensure avoidance and mitigation of various risks and achieve an optimised balance of return for the risk assumed, while remaining within acceptable risk levels.

Your Company conducts stress tests to assess the resilience of its Balance Sheet. This also helps to provide insights to the Management to understand the nature and extent of vulnerabilities, quantify the impact and develop plausible business-as-usual mitigating actions. The market witnessed substantial turbulence in the previous year, stemming from multiple sources impacting the industry. However, as your Company has been fundamentally built on the principle of sound risk management practices, it has successfully weathered the market turbulence and continues to remain resilient.

Credit Risk including Credit Concentration Risk:

Credit risk is defined as the possibility of losses associated with the diminution in the credit quality of borrowers, losses may stem from outright default or a reduction in portfolio value. Your Company has a distinct credit risk architecture, policies, procedures and systems for managing credit risk. The product programs for each of the products define the target markets, credit philosophy, process, detailed underwriting criteria for evaluating individual credits, exception reporting systems, individual loan exposure caps and other factors. For individual customers to be eligible for a loan, minimum credit parameters are to be met for each product and any deviations must be approved at designated levels. Credit framework encompasses parameters at different stages of the portfolio lifecycle from acquisitions till write offs. There are robust front-end and back-end systems in place to ensure credit quality and minimize loss from default. The factors considered while sanctioning retail loans include income, demographics, previous credit history of the borrower and the tenor of the loan. Thresholds are defined using historical data for each parameter at the Product level identifying "stress" period for the product lifecycle. This framework defined at

product level is then aggregated at the Portfolio level. Exposures are monitored against approved limits to guard against unacceptable risk concentrations. Your Company also monitors credit concentration of exposures to single borrower, group of borrowers, sensitive industries, geography, product, etc.

Digital Lending Risk:

A defining trend in the credit lending process in the post-pandemic era will be its digital journey. The focus of the future would be quick processing of loan applications and making the process seamless for the consumer. Digitalisation will increasingly become a key differentiator for customer retention and service delivery, hence, digitalisation of the entire customer lifecycle will be the most sought after goal. In view of this digital lending platforms are set to gain huge prominence as we navigate towards a post pandemic era.

Your company has taken various steps on its journey towards this digital autobahn and has automated the loan application process to make informed credit decisions at the initial stage itself through various tools like CRM, Rule Engine, Bureau Integration, Deviations Management etc. This has resulted in higher productivity, lower overhead costs and swift processes, thus, enabling a seamless journey for the customer and leading to financial inclusion. Controls have been laid down through document management, workflow engine, roles and login restrictions to control the risks emanating out of digital lending. With the objective to minimize risk in collection and recovery, analytics and reporting systems have been used to identify defaulters, intimating customers on EMI payments, tracking on-ground collections team and quick reporting. Early Warning system, Behavioural Analysis, End to End Business Reporting have been set up to maintain healthy asset quality with optimal risk-reward considerations.

Business/Strategic Risk:

Business/Strategic risks are risks that affect or are created by an organisation's business strategy and strategic objectives. Your company's management of this risk is guided by diversification in its business through various products, customer segments and geographies, balanced growth while maintaining asset liability balance and prudent provisioning policies.

Operational Risk:

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. Operational Risk includes legal risk but excludes strategic and reputational risks. Operational Risk management is explained in the listed parameters:

- **Framework and Policy**: Your Company has implemented a robust and comprehensive Operational Risk Framework defined as part of the Board-approved Operational Risk Management Policy to identify, assess and monitor risks, strengthen controls and minimize Operational Risk losses. The Board of Directors, Group Risk Management Committee (GRMC) and the Operational Risk Management Committee (ORMC) have overall oversight function for operational risk management.
- **ORM Organisation Structure**: Under this framework your Company has 3 lines of defence. The 1st layer of protection is provided by the Business units (including support and operations) who are accountable for operational risks and controls in their respective areas. ORM is the 2nd line of defence which develops and implements policies/processes, procedures, tools and techniques to assess and monitor the adequacy and effectiveness of the company's internal controls. Internal Audit is the last line of defence which reviews the effectiveness of governance, risk management and internal controls.
- **Operational Risk Assessment & Measurement tools**: The primary tools for measuring operational risk across your company include:
  - Internal operational loss data
  - Key Risk Indicators (KRI)
  - Scenario Analysis and Stress Testing.
- Internal Control: Your Company has sound internal control practices across all processes, units and functions and has well laid down policies and processes for management of its day-to-day activities. The company follows established, well-designed controls, which include maker-checker principles, effective delegation of authority, and segregation of duties, Code of conduct, reconciliation, exception reporting and periodic MIS. Specialised risk control units function in risk prone products / functions to minimize operational risk.

- **Fraud Monitoring & Control**: Your Company has a Risk Containment Unit (RCU) that continuously monitors data to identify exception patterns and also conducts surprise inspections of our distribution points. The RCU investigates potential frauds, does the root cause analysis and oversees implementation of fraud prevention measures to prevent recurrence. Periodic reports are submitted to the Board and senior management committees to ensure compliance.
- Information Technology and Security Practices: Your Company has put in place a governance framework, information security practices, data leakage policy and business continuity plan to mitigate information technology related risks. There is an independent Information Security Committee that addresses information security related risks. A well-documented Board approved information security policy has been put in place. Disaster recovery and Business Continuity Plans (BCP) have been established for significant businesses to ensure continuity of operations and minimal disruption to customer services. These plans are periodically tested and reviewed to ensure their effectiveness.
- **Material Outsourcing**: ORMC also reviews the effectiveness of the outsourcing policy and procedures to ensure effective due diligence and monitoring of the company's outsourced activities on a continuous basis.

Reputation Risk:

Trust is the foundation for the financial service industry and is critical to building a strong customer franchise. Any adverse stakeholder or public perception about the company may negatively impact our ability to attract and retain customers and may expose us to litigation and regulatory actions.

Reputation Risk most often results from the poor management of other risks and can arise from a variety of sources including direct sources like poor financial performance, poor governance and indirect sources like increased operational risk or control failures. The company manages this through a strict code of conduct policy for its employees, good corporate governance policies and an effective customer grievance mechanism. We communicate with our stakeholders regularly through appropriate engagement mechanisms to address stakeholder expectations and assuage their concerns, if any.

Technology Risk:

Technology is rapidly changing the way financial services entities operate and is a key disruptor for the industry. The focus of your company continues to be on digital and is aimed at leveraging digital technology to provide a best in class experience for its customers while simultaneously enhancing productivity and risk management. A layered technology architecture is implemented to manage risks due to system failures, cyber-attacks etc. Disaster recovery and Business Continuity Plans (BCP) have been established and various functional and technology initiatives have been taken to enhance system resiliency. Effective access control mechanism is a key technology control to prevent unauthorised access. The access to business applications is provisioned by an independent team and is provided based on the roles and responsibilities of the user. Technology and Operational controls are implemented to manage privileged access to systems. Cyber threats and the associated risks in the external environment have increased and your company works continuously to improve processes and controls to mitigate these risks. Cyber resilience framework is being established to mitigate the threats such as data breaches, malware, Denial-of-service attacks etc.

Interest Rate Risk:

Interest Rate Risk is the exposure of a company's financial condition to adverse movements in interest rates. Changes in interest rates affect a company's earnings by changing its Net Interest Income (NII). Asset Liability Committee (ALCO) is a decision making management committee responsible for balance sheet planning in your company from risk return perspective including strategic management of interest rate and liquidity risks. Advances Book and Funding strategy are tailored in such a way that repricing of borrowings can be offset by repricing the loans. Earnings impact using traditional gap analysis measures the level of your Company's exposure to interest rate risk in terms of sensitivity of its NII to interest rate movements over the horizon of analysis.

Liquidity Risk:

Liquidity Risk is the risk that a Company may not be able to meet its short term financial obligations due to an asset–liability mismatch or interest rate fluctuations. The Board of Directors have delegated the responsibility for ongoing balance sheet Liquidity Risk management to the Asset Liability Committee. The Company's framework for liquidity

and interest rate risk management is articulated in its Asset Liability Management Policy that is implemented, monitored and periodically reviewed by the ALCO. The ALCO also reviews the NIM-Net Interest Margins, maturity profile, stock ratios and mix of your company's assets and liabilities. It also articulates the interest rate view and decides on future business strategy with respect to interest rates. The Liquidity Coverage Ratio (LCR), a global standard is also used to measure the liquidity position. 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. The Company has also adopted a liquidity risk framework as required under RBI regulations.

Compliance Risk:

Compliance Risk is defined as the risk of exposure to legal, regulatory sanctions and a damage to its reputation as a result of failure or a perceived failure to comply with applicable laws, regulations, internal policies or prescribed best practices.

Your Company has a Compliance Policy to ensure highest standards of compliance. The Compliance team works with business and operations to ensure active compliance risk management and monitoring. The team also provides advisory services on regulatory matters. The focus is on identifying and reducing risk by rigorous testing and also putting in place robust internal policies. Products and processes are reviewed for adherence to regulatory norms prior to rollout. Internal policies are reviewed and updated periodically as per agreed frequency or based on market action or regulatory guidelines / action. The compliance team also seeks regular feedback on regulatory compliance from product, business and operation teams through self-certifications and monitoring.

SERVICE QUALITY INITIATIVE

On March 25, 2020, the Government of India had ordered nationwide lock down as a preventive measure against the COVID-19 pandemic. To support the customers during lock down, the entire Customer Service team was quickly equipped to work from home so as to respond to customer queries on email and ensure unhindered services to our customers. Additionally, the contact centre was configured in a manner that enabled Customer Service team to attend customer calls from home. This was much appreciated by the customers.

Post the announcement of moratorium by RBI, your Company had witnessed a sudden spike in volume of both emails and calls. A dedicated desk was set up at Customer Service with a unique email id to assist all customers on Moratorium related queries. For customers who wished to Opt Out from Moratorium, an online facility was provided through call center IVR system. Employees from Operations and Branches were roped in to manage the additional load during this period. These employees were suitably trained on Customer Service so as to ensure similar quality of response.

Continuous communication with the customers was maintained during COVID-19 with the help of constant updation of FAQ's, SMSs, emails etc. to clarify queries relating to loan accounts. Digital capabilities like Chatbot, Whatsapp Service and Missed Call Service were implemented to enhance customer experience.

Despite the Pandemic our customer support team effectively responded to all queries raised by the customer to the regulators such as RBI, Ombudsman, Consumer help line within defined SLAs".

The Reserve Bank of India extended the system of Ombudsman for redressal of complaints against deficiency in services concerning loans and advances and other specified matters to Systemically Important Non Deposit taking Non-Banking Financial Companies (NBFCs) in April 2019. Accordingly, the Company had appointed Nodal Officers for representing the Company and furnishing information to the Ombudsman in respect of complaints filed against the Company.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the financial statements of the Company and its controlled structured entities (collectively known as 'the Group'). The Group consolidates an entity when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial

statements to ensure conformity with the Group's accounting policies.

INFORMATION TECHNOLOGY AND IT SECURITY

Fiscal 2021 started with the pandemic induced nation-wide lock-down and the foremost technological challenge faced by your Company was to ensure business continuity amidst the lockdown and simultaneously ensuring that year-end closure procedures and allied regulatory aspects carry on unhindered amidst the pandemic.

Secured VPN was immediately provided to the employees to ensure stable business operations. The digital technology footprint implemented during the previous years, helped business users and servicing of customers.

Though many applications were accessible on internet for Business-As-Usual (BAU) during the first half of the financial year, many applications were also published on internet post standard security checks, VAPT etc. The situation was fluid considering the dynamic nature of the lock-down and localised restrictions which were being imposed or released. The service desk ably provided support to end users amidst these challenges and was equipped to work remotely and in shifts to provide uninterrupted support. Adequate risk mitigating controls were put in place to ensure security posture of the desktops/laptops while users work remotely.

IT resources were stationed at the production & DR Data centres to ensure breakdowns could be handled on priority. The technology team managed to provide near uninterrupted up time for all the applications that helped in maintaining BAU.

The efficacy of IT Business Continuity Plan & Disaster Recovery was tested throughout the year, due to multiple challenges during the year.

IT team continued to execute various projects during the year, in addition to providing availability of IT systems to users. During the year IT team added additional layer of Firewalls to improve the security posture.

INTERNAL CONTROL SYSTEMS AND AUDIT

Your Company's internal control system is designed to ensure operational efficiency, compliance with laws and regulations and accuracy and promptness in financial reporting. The internal control system is supported by an internal audit framework to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent and reasonable assurance on the adequacy and effectiveness of the internal control and governance processes. The framework is commensurate with the nature of the business, size, scale and complexity of its operations. The internal audit plan is developed based on the risk profile of business activities of the organisation. The audit plan is approved by the Audit Committee, which regularly reviews the status of the Audit plan and performance of the Internal Audit Department and provide directions wherever required.

COMPLIANCE

Your Company has a Board approved compliance policy to effectively monitor and supervise the compliance function in accordance with the statutory requirements. The Audit Committee reviews the performance of the compliance functions, the effectiveness of controls and compliance with regulatory guidelines and gives such directions to the Management as necessary/considered appropriate.

HUMAN RESOURCES

HDB prides itself in having a work culture that is transparent, solution-centric and growth oriented. The global pandemic had tested our resilience, bringing with it a lot of 'firsts' and we swiftly adapted to the 'new normals'. Given our high focus on digital transformation, our transition to remote working was seamless during times of the lockdown and disruptions. We moved many processes to the digital platform that not only engages employees more effectively but also helps our businesses to move up the curve faster.

At HDB we believe that our people are our biggest assets. The workforce at HDB has a right blend of youth & experience and the success of our organisation is based on the capability, passion & integrity of our people. There is a high premium placed on internal growth which has enabled us to have a stable mid and senior management team over the last many years. Your Company conducts an array of online engagement activities (given the Covid

background), encourage our employees to acquire newer skills and create platforms to interact with peers across the country that enables growth by sharing of best practices and learnings.

Your Company continues to attract and retain talent that focuses on sustained superior performance, provide them opportunities to learn, realise their true potential and contribute positively to the success of the Company. Our Senior Leadership Team, from time to time, shares the strategy and vision for the company through virtual town-halls that ensures that our employees are always cognizant of what is happening in the Company, thereby encouraging an interactive and engagement driven work culture.

As on March 31, 2021, your Company had 1,04,960 employees as compared to 1,09,167 as on March 31, 2020.

CAUTIONARY NOTE

Certain statements in this Report may be forward-looking and are stated as may be required by applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government policies and other incidental/related factors.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation for the support extended by the Reserve Bank of India, other regulatory and Government Bodies, Company's Auditors, Customers, Bankers, Promoters and Shareholders.

Your directors take this opportunity to place on record their appreciation to all employees for their hard work, spirited efforts, dedication and loyalty to the Company which has helped the Company maintain its growth.

On behalf of the Board of Directors

Sd/-	**Sd/-**
Venkatraman Srinivasan	**G Ramesh**
Independent Director	**Managing Director & CEO**

Place: Mumbai
Date: May 25, 2021

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 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 CSR Committee

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Dr. Amla Samanta	Independent Director	3	3
2	Ms. Smita Affinwalla	Independent Director	3	2
3	Mr. Ramesh G.	Managing Director & CEO	3	3

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 Committee and is uploaded on the link here:

https://www.hdbfs.com/corporate-social-responsibility/

List of active CSR projects approved by the Company are uploaded here:

https://www.hdbfs.com/policies

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report)

The Company has identified projects to be assessed in FY21-22. An independent agency to conduct impact assessment study for CSR projects has been empaneled. One of the projects in the healthcare space was assessed by the agency and the impact assessment report for this project was placed before the Board. The said report is also uploaded on the Company website at https://www.hdbfs.com/corporate-social-responsibility/

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial** year, if any) - Not Applicable

6. **Average net profit of the company as per section 135(5)** - ₹ 1,541.63 crore

7. **Computation of CSR Obligation -**

a. Two percent of average net profit of the company as per section 135(5) = ₹ 30.83 crore.

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

c. Amount required to be set off for the financial year, if any = NIL

d. Total CSR obligation for the financial year (7a+7b-7c) = ₹ 30.83 crore

8. Details for Spent / Unspent for Completed / Ongoing CSR Projects -

a. CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹ In Crs.)	Amount Unspent (₹ In Crs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		**Amount transferred to any fund specified** under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
23.52*	7.31	April 30, 2021	Not Applicable	NIL	Not Applicable

* Excludes ₹ 3.47 crore disbursed in FY2020-21 towards unspent reported in FY2019-20.

b.Details of CSR amount spent against ongoing projects for the financial year

1	2	3	4	5		6	7	8	9	10	11	12	13	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project		FY in Which the project was commenced	Project duration	Amount allocated for project (₹ In crore)	Amount spent in the current **financial** Year (₹ In crore)	Cumulative amount spent at the end of reporting Financial Year (₹ In crore)	Amount transferred to Unspent CSR A/c. for the project as per Section 135(6) (₹ In crore)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation – Through Implementing Agency	
				State	District								Name	CSR Regn. No.
1	Mother & Child Health and Nutrition	Healthcare	Yes	RJ	Sirohi	FY21	Jan'21 - Jan'22	0.67	0.33	0.33	-	No	Mamta - HIMC	CSR00001978
2			Yes	RJ, DL	Jaipur, Delhi	FY21	Mar'21 - Apr'22	0.83	0.41	0.41	-	No	Mamta - HIMC	CSR00001978
3			Yes	GJ	Ahmedabad	FY21	Oct'20 - Sept'21	0.53	0.27	0.27	0.27	No	CHETNA	CSR00001034
4			Yes	MP	Ujjain, Ratlam	FY21	Mar'21 - Mar'22	0.85	0.42	0.42	-	No	CHETNA	CSR00001034
5	School WASH & Clean Drinking Water for Rural Communities	Healthcare	Yes	TN	Salem, Tanjore Namakkal, Trichy, Pudukottai, Madurai	FY21	Sep'20 - Aug'21	3.00	2.25	2.25	0.75	No	Gramalaya	CSR00001033
6			Yes	TN	Erode, Madurai, Trichy	FY21	Mar'21 - Mar'22	1.00	0.50	0.50	-	No	Gramalaya	CSR00001033
7			Yes	AP	Guntur, Kurnool, Vizag	FY20	Apr'20 - Jun'21	0.90	0.30	0.80	0.10	No	Bala Vikasa	CSR00000313
8			Yes	UP	Chitrakoot	FY21	Sep'20 - Aug'21	1.03	0.26	0.26	0.77	No	JSCT	CSR00000724
9			Yes	MH	Akola, Amravati, Washim	FY21	Mar'21 - Mar'22	1.51	0.75	0.75	-	No	YRA	CSR00002429
10			Yes	MP	Shivpuri	FY20	Jan'20 - Jun'21	0.50	0.20	0.45	-	No	Haritika	CSR00000516
11			Yes	MP	Shivpuri	FY21	Mar'21 - Mar'22	0.68	0.34	0.34	-	No	Haritika	CSR00000516
12	Diagnosis & Treatment of Preventable Illness	Healthcare	Yes	UP	Sonebhadra	FY21	Feb'21 - Mar'22	0.40	0.20	0.20	-	No	Smile Foundation	CSR00001634
13			Yes	TN	Thiruvallur	FY21	Mar'21 - Jul'22	0.62	0.31	0.31	-	No	Smile Foundation	CSR00001634
14			Yes	DL	Delhi	FY21	Mar'21 - Apr'22	0.27	0.13	0.13	-	No	Smile Foundation	CSR00001634
15			Yes	MH	Mumbai	FY21	Mar'21 - Mar'22	1.95	0.98	0.98	-	No	SSFA&SS	CSR00001777
16			Yes	MH	Navi Mumbai	FY21	Mar'21 - Mar'22	0.35	0.20	0.20	-	No	FPA India	CSR00002424
17			Yes	TN	Nammakal	FY21	Mar'21 - Mar'22	0.43	0.22	0.22	-	No	Gramalaya	CSR00001033
18			Yes	Pan India	Pan India	FY20	Mar'20 - Mar'22	1.50	-	0.75	0.75	No	Smile Foundation	CSR00001634
19			Yes	TN, WB	Chennai, Kolkata	FY20	Apr'20 - Mar'22	1.78	-	1.00	0.78	No	MRF	Awaited
20	Healthcare infrastructure	Healthcare	Yes	MH	Thane	FY21	Feb'21 - Mar'22	3.00	1.00	1.00	-	No	SCST	CSR00001017
21			Yes	GJ, MP, RJ, AP	Anand, Indore, Jaipur, Guntur	FY21	Mar'21 - Mar'22	1.36	0.82	0.82	-	No	SKKMT	CSR00003159
22	Healthcare: COVID-19 Response	Healthcare	Yes	Pan India	Pan India	FY21	Mar'21 - May'22	0.12	0.06	0.06	0.06	No	Craftizen Designs	Not Applicable

1	2	3	4	5		6	7	8	9	10	11	12	13	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project		FY in Which the project was commenced	Project duration	Amount allocated for project (₹ In crore)	Amount spent in the current **financial** Year (₹ In crore)	Cumulative amount spent at the end of reporting Financial Year (₹ In crore)	Amount transferred to Unspent CSR A/c. for the project as per Section 135(6) (₹ In crore)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation – Through Implementing Agency	
				State	District								Name	CSR Regn. No.
23	Youth Training & Development	Livelihood Enhancement	Yes	Pan India	Pan India	FY21	Sep'20 - Feb'22	2.02	1.01	1.01	1.01	No	FPA India	CSR00002424
24			Yes	DL	Delhi	FY21	Sep'20 - Aug'21	0.26	0.24	0.24	0.03	No	Sarthak Education	CSR00001093
25			Yes	MH	Mumbai	FY21	Apr'20 - Jun'21	0.50	0.45	0.45	0.05	No	NRI	CSR00000754
26			Yes	KA, TL, MH	Bangalore, Hyderabad, Mumbai, Nagpur	FY21	Dec'20 - Nov'21	1.27	0.64	0.64	0.64	No	KSWA	CSR00000920
27			Yes	JH	Ranchi	FY21	Mar'21 - Apr'22	0.50	0.25	0.25	-	No	Prayatna	CSR00002310
28			Yes	RJ, UP	Jaipur, Noida	FY20	Feb'20 - Jun'21	1.00	0.40	0.90	-	No	Development Alt.	CSR00000829
29			Yes	TN, MH, DL, WB	Chennai, Mumbai, Delhi, Kolkata	FY20	Aug'19 - Sept'21	1.65	0.41	0.83	0.83	No	Sambhav Foundation	CSR00000475
30			Yes	MH	Mumbai	FY20	Apr'20 - Sept'21	1.60	0.64	1.44	0.16	No	TNS India Fn.	CSR00001337
31			Yes	TL	Hyderabad	FY20	Jan'20 - Jun'21	0.65	0.13	0.46	-	No	FUEL	CSR00000051
32			Yes	UP, BH	Varanasi, Patna	FY20	Sep'19 - Jun'21	0.37	0.15	0.34	0.04	No	Medha	Awaited
33			Yes	GJ, MH, DL, TL, KA	Ahmedabad, Mumbai, Delhi, Hyderabad, Bangalore	FY20	Jan'20 - Dec'21	1.00	-	0.50	0.50	No	SGBS Unnati	Awaited
34			Yes	MH, TN, TL	Mumbai, Chennai, Hyderabad	FY20	Feb'20 - May'21	0.75	-	0.38	0.37	No	TCIT	CSR00002739
35	Food for Education	Education	Yes	UP	Vrindavan, Lucknow	FY21	May'21 - May'22	1.40	0.29	0.29	-	No	TAPF	CSR00000286
36	Quality Education	Education	Yes	KA	Hubli	FY21	Feb'21 - Jul'22	0.29	0.19	0.19	-	No	SVYM	CSR00002310
37	Restoration of Ecological Balance & Disaster Relief	Environmental Sustainability	Yes	TN	Coimbatore	FY21	Mar'21 – Feb'22	0.30	0.15	0.15	-	No	Siruthuli	CSR00000023
38			Yes	KA	Udupi	FY20	Feb'20 – May'21	1.12	0.50	1.06	-	No	Saahas	CSR00000097
39			Yes	KA	Udupi	FY21	Mar'21 – Mar'22	0.80	0.40	0.40	-	No	Saahas	CSR00000097
40			Yes	TN	Coimbatore	FY21	Feb'21 – Mar'22	1.55	0.77	0.78	-	No	COODU	CSR00001346
41			Yes	TN	Thiruvallur, Tiruppur, Tuticorin	FY20	Apr'20 – May'21	1.05	0.42	0.95	0.11	No	EFI	CSR00002310
42			Yes	AP, GJ	Chittoor, Bhuj	FY21	Mar'21 – Mar'22	1.48	0.59	0.59	-	No	EFI	CSR00002310
43			Yes	TN, MP, RJ	Kanyakumari, Khandwa, Harda, Bhilwara	FY21	Jan'21 – Dec'22	1.00	0.50	0.50	-	No	Impact Guru, Grow-Trees.com	CSR00000991
44			Yes	RJ	Bhilwara	FY20	Dec'19 – Jun'21	1.35	0.60	1.28	-	No	FES	CSR00000637
45			Yes	GJ	Songadh	FY20	Jul'19 – Apr'21	1.15	0.48	1.12	-	No	BISLD	CSR00000259
46			Yes	KA	Uttar Kannada	FY20	Nov'19 – Jun'21	1.25	0.50	1.13	0.13	No	Manuvikasa	CSR00002730
	TOTAL							**47.59**	19.66	28.30	**7.31**			

Abbreviations:
Mamta Health Institute for Mother and Child (Mamta – HIMC), Jal Seva Charitable Trust (JSCT), Yuva Rural Association (YRA), Sri Shanmukhananda Fine Arts & Sangeetha Sabha (SSFA&SS), Family Planning Association of India (FPA India), Sri Chaitanya Seva Trust (SCST), Sri Kanchi Kamakoti Medical Trust (SKKMT), New Resolution India (NRI), Kherwadi Social Welfare Association (KSWA), Friends Union for Energizing Lives (FUEL), The Akshaya Patra Foundation (TAPF), Swami Vivekananda Youth Movement (SVYM), Community Organisation for Oppressed and Depressed Upliftment (COODU), Environmentalist Foundation of India (EFI), Foundation for Ecological Security (FES), BAIF Institute For Sustainable Livelihoods and Development (BISLD), Tata Community Initiative Trust (TCIT), Medical Research Foundation (MRF).

c.Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5		6	7	8	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (₹ In crore)	Mode of implementation on - Direct (Yes/No)	Mode of implementation - Through implementing agency	
			Yes	State	District			Name	CSR Reg. No.
1	Mother & Child Health and Nutrition	Healthcare	Yes	RJ	Barmer, Sirohi	0.10	No	Mamta - HIMC	CSR00001978
2			Yes	GJ	Ahmedabad	0.08	No	CHETNA	CSR00001034
3	School WASH & Clean Drinking Water for Rural Communities	Healthcare	Yes	TN	Trichy, Karur	0.13	No	Gramalaya	CSR00001033
4			Yes	MH	Akola, Amravati, Washim	0.78	No	YRA	CSR00002429
5			Yes	MP	Sehore	0.08	No	Swasti	CSR00000549
6	Diagnosis & Treatment of Preventable Illness	Healthcare	Yes	MH	Mumbai	0.20	No	SSFA&SS	CSR00001777
7			Yes	TN	Salem	0.01	No	Gramalaya	CSR00001033
8			Yes	UP	Sonebhadra	0.21	No	Smile Foundation	CSR00001634
9	Healthcare: COVID-19 Response	Healthcare	Yes	PAN India	Pan India	0.04	Yes	Craftizen Foundation	Awaited
10			Yes	PAN India	Pan India	0.79	Yes	Craftizen Designs	Not Applicable
11	Youth Training & Development	Livelihood Enhancement	Yes	TN, MH, MP	Madurai, Mumbai, Gwalior	0.06	No	FPA India	CSR00002424
12			Yes	TL	Hyderabad	0.02	No	Fuel & Orion	CSR00000597
13	Food for Education	Education	Yes	UP	Vrindavan	0.17	No	TAPF	CSR00000286
14	Quality Education	Education	Yes	MH	Mumbai	0.07	No	Masoom	CSR00000360
15	Restoration of Ecological Balance & Disaster Relief	Environmental Sustainability	Yes	TN	Coimbatore	0.59	No	COODU	CSR00001346
16			Yes	TN	Chennai	0.06	No	EFI	CSR00002310
17			Yes	BH	Purnea	0.06	No	Goonj	Awaited
18	Environment: Mission Million Trees	Environment	Yes	MH	Mumbai	0.02	Yes	Kreative Concepts	Not Applicable
19			Yes	MH	Mumbai	0.02	Yes	Neovation	Not Applicable
	TOTAL					3.48			

d. Amount spent in Administrative Overheads - ₹ 0.38 crore.

e. Amount spent on Impact Assessment, if applicable - NIL

f. Total amount spent for the Financial Year (8b+8c+8d+8e) - ₹ 23.52 crore.

g. Excess amount for set off, if any

Sl. No.	Particular	Amount (₹ in crore)
(i)	Two percent of average net profit of the company as per section 135(5)	30.83
(ii)	Total amount spent for the Financial Year	23.52
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects/programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

9.

a.Details of Unspent CSR amount for the preceding three financial years:

1	2	3	4	5			6
Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (₹ In Crs.)	Amount spent in the Reporting Financial Year (₹ In Crs.)	**Amount transferred to any fund specified under** Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding **financial years** (₹ In Crs.)
				Name of the Fund	Amount (₹ In Crs.)	Date of transfer	
1.	FY21	7.31	23.52	Not Applicable	Not Applicable	Not Applicable	7.31*
2.	FY20	NIL	24.80	Not Applicable	Not Applicable	Not Applicable	3.47**
3.	FY19	NIL	22.65	Not Applicable	Not Applicable	Not Applicable	NA
	TOTAL	7.31	-	-	-	-	

* ₹ 7.31 crore is the difference between CSR obligations for FY2020-21 and the actual total CSR spent in FY2020-21
** ₹ 3.47 crore disbursed in FY2020-21 towards unspent in FY2019-20

b.Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):

Nature of capital assets created / acquired	Date of Creation / Acquisition of capital assets	CSR spent for creation or acquiring capital asset (₹ In Crs.)	**Details of the entity / public authority / beneficiary under** whose name the capital asset is created		Location of the capital asset
			Asset Owner	Entity Type	
Community Water Purification Plants	April 2020 - February 2021	0.31	Gram Panchayat	Public Authority	Guntur, Kurnool, Vizag (AP)
Community Water Purification Plants	December 2020 - March 2021	0.25	Gram Panchayat	Public Authority	Shivpuri (MP)
Community Water Purification Plants	June, 2020	0.04	Gram Panchayat	Public Authority	Sehore (MP)
Community Water Purification Plants & PWS	July 2020 - January 2021	0.56	Gram Panchayat	Public Authority	Akola, Amravati, Washim (MH)
School Sanitation Blocks & Water Harvesting	July 2020 - February 2021	0.37	Government-aided schools	Public Authority	Akola, Amravati, Washim (MH)
School Sanitation Blocks	June, 2020	0.03	Government-aided school	Public Authority	Sehore (MP)
School Sanitation Blocks	April 2020 - February 2021	2.30	Government-aided schools	Public Authority	Madurai, Namakkal, Pudukottai, Salem, Tanjore and Trichy (TN)
School Hand washing Units	June, 2020	0.01	Government-aided schools	Public Authority	Chitrakoot (UP)
Food Distribution Vehicles & Kitchen Equip.	August 2020 - January 2021	0.92	The Akshaya Patra Foundation	Public Trust	Lucknow (UP)
Waste Management Equipments & Tools	April 2020 - March 2021	0.16	Udupi City Municipal Corp.	Public Authority	Udupi (KA)
Soil, Water Conservation & Related Structures	April 2020 - February 2021	0.56	Gram Panchayat	Public Authority	Coimbatore (TN)
Soil & Water Conservation Structures	June 2020 - March 2021	0.05	Small farmland holders	Individual Beneficiaries	Songadh (GJ)
Soil & Water Conservation Structures	June 2020 - March 2021	1.17	Gram Panchayat	Public Authority	Bhilwara (RJ)
Furniture & Fixtures / Office Equip. & Tools	April 2020 - March 2021	0.10	Implementing Agencies	Trust / Society / Section 8 Co.	Pan India

Note: Refurbished structures, restored waterbodies such as small & medium-sized urban and rural lakes / ponds have been excluded in the list above.

11. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as** per section 135(5).

Despite the turbulent business environment caused by the rapid spread of COVID-19 virus, the Company allocated 100% of its FY21 prescribed CSR budget; illustrating the Company's commitment towards CSR mandate. The lockdown caused delays in achieving project milestones for most CSR projects, thus disturbing the pay-out schedule planned for the year. The Company remains committed to honour its obligations towards the shortfall in mandatory two percent spend on CSR initiatives.

sd/-

Amla Samanta
Chairperson, CSR Committee

sd/-

G. Ramesh
Managing Director & CEO

Annexure B

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2021
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
HDB Financial Services Limited
Radhika, 2nd Floor, Navrangpura,
Ahmedabad, 380009, Gujarat

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'). The Secretarial Audit was conducted in a manner which provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute 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, 2021 complied with the statutory provisions listed hereunder 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, 2021 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the Rules made there under;

(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;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment 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 (Not applicable to the Company during audit period)

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 relating to debt securities listed on Stock Exchange(s);

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during audit period);

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during audit period);

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during audit period); and

   (h) The Securities and Exchange Board of India (Debenture Trustees) Regulations 1993.

   (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during audit period);

(vi) We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the laws i.e. as stated in the Annexure I attached herewith, applicable specifically to the Company.

We have also 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 Disclosures Requirements) Regulations 2015 relating to debt securities listed on Stock Exchange(s);

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of 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 notice is given to all directors to schedule the Board Meetings and agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

1. To increase in borrowing limits of the Company from ₹ 70,000 Crore to ₹ 80,000 Crore.
2. To increase in limits of creation of charge on the assets of the Company up to an amount of ₹ 80,000 crore to secure Company's borrowings.
3. Authority to issue Redeemable Non-Convertible Debentures and/or other hybrid instruments on private placement basis up to ₹ 21,202.50 Crore (Rupees Twenty One Thousand Two Hundred and Two Crore and Fifty Lakhs Only).
4. Authority to issue Foreign Currency / Rupee Denominated Bonds not exceeding Rupees equivalent to USD 750 Million.
5. Approval of securitisation transaction with HDFC Bank Limited within overall securitisation limit of ₹ 6,500 Crore (Rupees Six Thousand Five Hundred Crore Only).

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 issued and allotted 94,550 (Ninety Four Thousand Five Hundred and Fifty) Secured Redeemable Non-convertible Debentures of ₹ 10 Lakh each (Rupees Ten Lakh) in various tranches on private placement which were duly listed on BSE Limited. Also during the reporting year, the Company has received 2nd Call money of ₹ 300 crore (i.e. 20% of the amount raised) towards partly paid up Non-convertible Debentures issued & allotted in the FY 19-20;

b. The Company has issued and allotted 3,565 (Three Thousand Five Hundred and Sixty Five) Unsecured Redeemable Non-convertible Subordinated Bonds of ₹ 10 Lakh each (Rupees Ten Lakh) on private placement which were duly listed on BSE Limited;

c. The Company has issued and allotted 2,361 (Two Thousand Three Hundred and Sixty One) Secured Redeemable Non- Convertible Market Linked Debentures on private placement which were duly listed on BSE Limited;

d. The Company has issued and allotted 11,000 (Eleven Thousand) Commercial Papers of ₹ 5 Lakh each (Rupees Five Lakh) in various tranches which were duly listed on National Stock Exchange of India Limited;

e. The Company has under various Employee stock option scheme issued and allotted 16,05,560 (Sixteen Lakh Five Thousand Five Hundred and Sixty) Equity Shares of ₹ 10/- each to employees of the Company;

f. The Company has redeemed 71,850 (Seventy One Thousand Eight Hundred and Fifty) Secured Redeemable Non-Convertible Debentures in various tranches during the year;

g. The Company has redeemed 6,389 (Six Thousand Three Hundred and Eighty Nine) Secured Redeemable Non- Convertible Market Linked Debentures in various tranches during the year;

h. The Company has redeemed 31,100 (Thirty One Thousand One Hundred) Commercial Papers in various tranches during the year.

For Ashish Bhatt & Associates

Sd/-
Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C.P. No. 2956
UDIN: F004650C000115851

Place: Thane
Date: April 17, 2021

Annexure I

List of applicable laws to the Company

Sr. No	Particulars
1.	The Reserve Bank of India Act, 1934.
2.	Chapter V of Finance Act, 1994.
3.	The Employees' Provident Fund and Miscellaneous Provisions Act, 1952.
4.	The Payment of Gratuity Act, 1972.
5.	The Payment of Bonus Act, 1965.
6.	The Employee State Insurance Act, 1948.
7.	The Income Tax Act, 1961.
8.	The Industrial Dispute Act, 1947.
9.	The Indian Stamp Act, 1899.
10.	The State Stamp Acts
11.	Negotiable Instruments Act, 1881.

For Ashish Bhatt & Associates

Sd/-
Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C.P. No. 2956
UDIN: F004650C000115851

Place: Thane
Date: April 17, 2021

Annexure C

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, 2021

Details	ESOS - 10	ESOS - 11	ESOS - 12	ESOS - 13
Options granted during the year	-	-	16,02,500	11,76,950
Options vested	11,68,000	2,45,280	-	-
Options exercised	11,68,150	4,37,410	-	-
Total number of shares arising as a result of exercise of option	11,68,150	4,37,410	-	-
Options lapsed / forfeited	66,900	36,970	43,600	1,350
Exercise price (in ₹)	213	274	300	348
Money realized by exercise of options (in ₹)	24,88,15,950	11,98,50,340	-	-
Total number of options in force as at March 31, 2021	48,150	3,94,000	15,58,900	11,75,600
Options granted to Key Managerial Personnel	-	-	1,46,300	1,44,500

Annexure D

Disclosure as per Section 197(12) of the Companies Act, 2013 pertaining to individuals employed throughout the year and were in receipt of remuneration of not less than ₹ 1,02,00,000/- per annum or ₹ 8,50,000/- per month

#	Name of the Employee	Designation of the Employee	Remuneration Received (in ₹)	Date of Commencement of employment	Age in years	Experience in years	**Qualification** and experience	Last employment held before joining
1	G. Ramesh	Managing Director & CEO	3,90,83,618	03-Sep-07	51	29	PGDM	Enam AMC Pvt. Ltd.
2	Rohit Patwardhan	Chief Risk Officer	1,67,46,618	10-Dec-07	46	24	PGDM	Citi Bank
3	Sarabjeet Singh	Chief Business Officer	1,62,25,818	22-Feb-08	48	25	PGDBM	GE Money
4	Haren D Parekh	Chief Financial Officer	1,55,41,622	10-Oct-07	59	36	A.C.A.	CIBIL
5	Ashish Ghatnekar	Head - Human Resources & Operations	1,45,30,618	01-Dec-08	51	28	MBA	Centurion Bank of Punjab
6	Venkata Swamy	Chief Digital & Marketing Officer	1,32,01,822	01-Aug-08	47	25	PGDM	ICICI Bank
7	Karthik Srinivasan	Chief Business Officer	1,28,46,622	30-Nov-15	49	24	PGDM	Mphasis Ltd
8	Sanjay Belsare	Chief Technology Officer	1,25,47,418	01-Dec-15	58	31	B. Tech	Kotak Mahindra Bank
9	Sathya Ramanan	Business Head - South & East	1,04,54,618	24-Jan-08	46	24	MBA	Prime Financial

Note:

1. *Gross remuneration comprises salary, medical reimbursement, leave travel concession, allowances, monetary value of other perquisites computed on the basis of the Income Tax Act and Rules, leave encashment and performance bonus but excludes perquisite on ESOPs.*
2. *All appointments were made in accordance with the terms and conditions as per Company rules.*
3. *None of the above employee is a relative of any Director of the Company.*
4. *None of the employees listed above hold 2% or more of the paid up share capital of the Company as at March 31, 2021*

Annexure E

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 the Managing Director to the median remuneration of employees of the Company for the financial year is 1:182.
2. Percentage increase 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	-7.5%
Chief Financial Officer	-6.0%
Company Secretary	7.0%

3. During the year under review there was 1.48% increase in the median remuneration of the employees of your Company.
4. As on March 31, 2021 there were 1,04,960 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 2.71% whereas the increase in the managerial remuneration was Nil.

Annexure F

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 Act 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 arms length transactions under third proviso thereto

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

(a)	Name(s) of the related party and nature of relationship	1. HDFC Bank Limited (Holding Company) 2. HDFC Securities Limited (Enterprise under Common Control of the Holding company)
(b)	Nature of contracts/arrangements/ transactions	Banking & Other normal Business Transactions (Mentioned in the Notes forming part of the financial statements at Note No. 36)
(c)	Duration of the contracts/arrangements/ transactions	Usually Annual, however depends on the nature of transaction
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Maintained at arm's length similar to third party contracts. Value of such transactions during the financial year is mentioned in the notes forming part of the financial statements at Note no. 36
(e)	Justification for entering into such contracts or arrangements or transactions	Competitive pricing and value of services rendered
(f)	Date(s) of approval by the Board, if any	N.A.
(g)	Amount paid as advances, if any	N.A.

Note: No advance is payable in respect of any of the above transactions.

Sd/-
Venkatraman Srinivasan
Independent Director

Sd/-
G Ramesh
Managing Director & CEO

Annexure G

Corporate Governance disclosures as per Section 134 of the Companies Act, 2013

1. Company's philosophy on Corporate Governance

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

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

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

2. Board of Directors

The Board of your Company comprises of combination of Executive, Non-Executive and Independent Directors. The Board is at the core of our corporate governance practice and oversees and ensures that the Management serves and protects the long-term interest of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions.

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

The composition of the Board is in compliance with the provisions of Companies Act, 2013 and Rules made thereunder as amended from time to time. As on March 31, 2021, the Board comprised of five members, out of which one is Executive Director and four are Independent Directors. Two of the Independent Directors are Women.

The Independent Directors have been appointed for a fixed tenure of five years from their respective dates of appointment. All the Independent Directors have confirmed that they meet the criteria of independence laid down under the Companies Act, 2013 and Rules made thereunder as amended from time to time. Independent Directors have confirmed that they have complied with the provisions of Sub Rule 1 and 2 of Rule 6 of the Companies (Appointment and Qualification of Directors) Rule, 2014.

None of the Directors of your Company are related to each other.

During the FY 2020-21, the Board of Directors met 7 (Seven) times on April 15, 2020, May 13, 2020, July 23, 2020, October 16, 2020, January 15, 2021, February 1, 2021 and February 19, 2021. The requisite quorum was present for all the Meetings. The Board met at least once in a calendar quarter and the maximum time gap between any two Meetings was not more than one hundred and twenty days. During the year, the Board met at regular intervals to discuss and decide on various business and policy matters of the Company.

The composition of the Board of Directors as at March 31, 2021, including the details of their DIN, number of Board meetings attended, other directorship and their shareholding is given below:

Name of the Director	Executive / Non-Executive / Chairman / Independent /	DIN	Number of Board Meetings		No. of other Directorships	No. of shares held in the Company
			Held	Attended		
Mr. Venkatraman Srinivasan	Independent Director	00246012	7	7	2	Nil
Ms. Smita Affinwalla	Independent Director	07106628	7	6	5	Nil
Dr. Amla Samanta	Independent Director	00758883	7	7	3	Nil
Mr. Adayapalam Viswanathan	Independent Director	08518003	7	7	-	Nil
Mr. G. Ramesh	Managing Director & Chief Executive Officer	05291597	7	7	-	7,20,500

Mr. Jimmy Tata (DIN 06888364), Non-Executive Director resigned with effect from June 30, 2020. He attended all the Board meetings (i.e. two meetings) held during his tenure as Director.

Mr. Aditya Puri (DIN 00062650), Chairman and Non-Executive Director of the Company resigned with effect from November 5, 2020. He attended all the Board meetings (i.e. four meetings) held during his tenure as Director.

Changes in Board Composition

The change in the Board composition during the year financial year 2020-21 is as under:

#	Name of Director	Nature of change	**Effective Date**
1	Mr. Jimmy Tata	Resigned as Non-Executive Director	June 30, 2020
2	Mr. Aditya Puri	Resigned as Chairman and Non-Executive Director	November 5, 2020

3. Meetings of Independent Directors

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and Rules made thereunder as amended from time to time, one Meeting of Independent Directors was held during the year. The Meeting was conducted to enable Independent Directors, discuss matters relating to Company's affairs and put forth their views without the presence of Non-Independent Directors and members of the Management.

In this Meeting, the Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole. They have also reviewed the performance of the Chairman of the Company after taking into account the views of Executive Directors and Non-Executive Directors, assessed the quality, quantity and timeliness of the flow of information between the Management and the Board and its Committees which is necessary for the Board to effectively and reasonably perform and discharge their duties.

A Separate Meeting of Independent Directors was held on April 30, 2020, during the year under review.

4. Committees of the Board

Your Company has six Board level Committees - Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and Information Technology Strategy Committee. 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 on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

a) Audit Committee

Your Company has an independent Audit Committee, which acts as a link between the management, the statutory and internal auditors and the Board. Its composition, quorum, powers, role and scope are in accordance with the provisions of Section 177 of the Companies Act, 2013 and Reserve Bank of India Master Direction No. RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. 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:

All the members of the Audit Committee are Independent Directors. The Composition of the Audit Committee as on March 31, 2021 is as under:

Name of the Member	Category
Mr. Venkatraman Srinivasan	Chairman of the Committee, Independent Director
Ms. Smita Affinwalla	Member, Independent Director
Dr. Amla Samanta	Member, Independent Director
Mr. Adayapalam Viswanathan	Member, Independent Director

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Companies Act, 2013 and Rules made thereunder as amended from time to time. The scope of the Committee broadly includes discussions with the auditors on periodical basis, the observations of the auditors, recommendation for appointment, review & monitor the auditor's independence, performance and effectiveness of audit process, remuneration & terms of appointment of auditors, evaluation of internal financial controls and risk management systems, examination of financial statements before submission to the Board, effective implementation of vigil mechanism of the Company and also oversee compliance of internal control systems.

Meetings and Attendance during the year:

The Audit Committee met 7 (Seven) times during the year under review on April 15, 2020, May 1, 2020, May 5, 2020 (adjourned), May 13, 2020 (adjourned), July 22, 2020, October 15, 2020, October 16, 2020 (adjourned), November 10, 2020, January 15, 2021 and February 1, 2021. The details of attendance of the Members of the Committee at meeting are provided herein below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Venkatraman Srinivasan	7	7	100
Ms. Smita Affinwalla	7	6	86
Dr. Amla Samanta	7	7	100
Mr. Adayapalam Viswanathan	7	7	100

b) Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) is formed in compliance with the provisions of the Section 178 of the Companies Act, 2013 and Reserve Bank of India Master Direction No. RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Composition:

All the members of the Nomination and Remuneration Committee are Independent Directors. The Composition of the Nomination and Remuneration Committee as on March 31, 2021 is as under

Name of the Member	Category
Ms. Smita Affinwalla	Chairperson of the Committee, Independent Director
Mr. Venkatraman Srinivasan	Member, Independent Director
Dr. Amla Samanta	Member, Independent Director
Mr. Adayapalam Viswanathan	Member, Independent Director

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Companies Act, 2013 and Rules made thereunder as amended from time to time. The scope of the Committee includes an annual review of the Nomination & Remuneration Policy, recommend to the Board appointment & removal of the Directors, approve performance evaluation framework, formulate the criteria for determining qualifications, positive attributes and independence of a director, review Human Resource strategy, to review remuneration paid to the employees & directors is as per the Nomination & Remuneration Policy and consider giving stock options to the employees in the form of equity shares of the Company.

The Nomination and Remuneration Committee met 3 (Three) times during the year under review, on April 30, 2020, October 5, 2020, January 14, 2021 and February 1, 2021 (adjourned). The details of attendance of the Members of the Committee at meeting, are provided herein below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Ms. Smita Affinwalla	3	3	100
Mr. Venkatraman Srinivasan	3	3	100
Dr. Amla Samanta	3	3	100
Mr. Adayapalam Viswanathan	3	3	100

c) Risk Management Committee

The Risk Management Committee was formed in compliance with Reserve Bank of India Master Direction No. RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 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:

The composition of the Risk Management Committee as on March 31, 2021 is as follows:

Name of the Member	Category
Mr. Adayapalam Viswanathan	Chairman of the Committee, Independent Director
Mr. Venkatraman Srinivasan	Member, Independent Director
Mr. G. Ramesh	Member, Managing Director & Chief Executive Officer

Note: - Mr. Jimmy Tata ceased to be a member of the Risk Management Committee pursuant to his resignation as Director of the Company with effect from June 30, 2020.

Brief Description of Terms of Reference:

The terms of reference of the Committee includes approval and monitoring of the Company's risk management policies and procedures, review of portfolio & its delinquency at a product level, approval and review of the Non-Performing Asset Management policy, reporting to the Board of Directors of the Company on periodical basis on the various matters and review of Information Technology Risk assessment of Information Technology systems.

The Risk Management Committee met 4 (Four) times during the year under review on April 30, 2020 & May 2, 2020 (adjourned), July 16, 2020 and October 14, 2020 and January 14, 2021. The details of attendance of the Members of the Committee at meeting, are provided herein below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Adayapalam Viswanathan	4	4	100
Mr. Venkatraman Srinivasan	4	4	100
Mr. Jimmy Tata	1	1	100
Mr. G. Ramesh	4	4	100

d) Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee was formed as per the provisions of Section 135 of the Companies Act, 2013.

Composition:

The composition of the CSR Committee as on March 31, 2021 is as under:

Name of the Member	Category
Dr. Amla Samanta	Chairperson of the Committee, Independent Director
Ms. Smita Affinwalla	Member, Independent Director
Mr. G. Ramesh	Member, Managing Director & Chief Executive Officer

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements. The terms of reference of the Committee includes to formulate and recommend to the Board CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, to recommend the amount of expenditure to be incurred on the CSR activities and to institute a transparent monitoring mechanism for implementation of the CSR activities.

Meetings and Attendance during the year:

The Corporate Social Responsibility Committee met 3 (Three) times during the year under review on May 1, 2020, October 15, 2020 and January 14, 2021. The details of attendance of the Members of the Committee at meeting are provided herein below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Dr. Amla Samanta	3	3	100
Ms. Smita Affinwalla	3	2	67
Mr. G. Ramesh	3	3	100

e) Stakeholders Relationship Committee

The Board of Directors constituted Stakeholders Relationship Committee as per the provisions of Section 178(5) of the Companies Act, 2013.

Composition:

The composition of Stakeholders Relationship Committee of the Company as on March 31, 2021 is as under:

Name of the Member	Category
Dr. Amla Samanta	Chairperson of the Committee, Independent Director
Mr. Adayapalam Viswanathan	Member, Independent Director
Mr. G. Ramesh	Member, Managing Director & Chief Executive Officer

Note:-

1. Mr. Jimmy Tata ceased to be member of Stakeholders Relationship Committee pursuant to his resignation as Director of the Company with effect from June 30, 2020.
2. Mr. Adayapalam Viswanathan was appointed as Member of Stakeholders Relationship Committee with effect from July 23, 2020.

Brief Description of Terms of Reference:

The key responsibilities of the Stakeholders Relationship Committee is to consider and resolve the grievances of the security holders of the Company such as complaints related to transfer of shares/ debentures/ bonds, non-receipt of balance sheet, non-receipt of interest/ declared dividends etc.

No complaints were pending for resolution as on March 31, 2021.

Meetings and Attendance during the year:

The Stakeholders Relationship Committee met twice during the year under review on May 2, 2020 and October 15, 2020.

The details of attendance of the Members of the Committee at meeting, are provided herein below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Dr. Amla Samanta	2	2	100
Mr. Jimmy Tata	1	1	100
Mr. Adayapalam Viswanathan	1	1	100
Mr. G. Ramesh	2	2	100

f) Information Technology Strategy Committee

Information Technology (IT) Strategy Committee was formed as per the provisions of RBI Master Direction No. RBI/DNBS/2016-17/53 DNBS.PPD.No.04/66.15.001/2016-17 dated June 08, 2017 pertaining to "Information Technology Framework for the NBFC Sector".

Composition:

The composition of IT Strategy Committee as on March 31, 2021 is as under:

Name of the Member	Category
Mr. Venkatraman Srinivasan	Chairperson of the Committee, Independent Director
Mr. Adayapalam Viswanathan	Member, Independent Director
Mr. G. Ramesh	Member, Managing Director & Chief Executive Officer
Mr. Sanjay Belsare[1]	Member, Chief Technology Officer and Chief Information Officer

[1]*Member of Executive Management*

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements. The key responsibilities of the IT Strategy Committee include approving IT strategy & policy documents & ensuring that the management has put an effective strategic planning process in place, ascertaining that management has implemented processes & practices that ensure that the IT delivers value to the business, ensuring IT investments represent a balance of risks & benefits & their budgets are acceptable, monitoring the method that management uses to determine the IT resources needed to achieve strategic goals & provide high-level direction for sourcing & use of IT resources and ensuring proper balance of IT investments for sustaining Company's growth & becoming aware about exposure towards IT risks and controls.

Further, key responsibilities for outsourced operations of IT include instituting an appropriate governance mechanism for outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner, defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing, developing sound & responsive outsourcing risk management policies & procedures commensurate with the nature, scope & complexity of outsourcing arrangements, undertaking a periodic review of outsourcing strategies & all existing material outsourcing arrangements, evaluating the risks & materiality of all prospective outsourcing based on the framework developed by the Board, periodically reviewing the effectiveness of policies & procedures, communicating significant risks in outsourcing to the Company's Board on a periodic basis, ensuring an independent review & audit in accordance with approved policies & procedures.

Meetings and Attendance during the year:

The Information Technology Strategy Committee met 4 (Four) times during the year under review i.e. April 30, 2020, July 16, 2020, October 14, 2020 and January 14, 2021. The details of attendance of the Members of the Committee, are provided herein below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Venkatraman Srinivasan	4	4	100
Mr. Adayapalam Viswanathan	4	4	100
Mr. G. Ramesh	4	4	100
Mr. Sanjay Belsare[1]	4	4	100

[1]Member of Executive Management

g) Other Committees

The Board has also constituted Asset Liability Committee, Debenture Allotment Committee, Bond Allotment Committee and Share Allotment Committee. These Committees are not Board Level Committees. However, Mr. G. Ramesh, Managing Director and CEO is a member of these Committees along with other senior executives of the Company.

i. Asset Liability Committee

As per the Reserve Bank of India Master Direction on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Asset Liability Committee was formed to oversee the implementation of Asset Liability Management system and review its functioning periodically.

Composition:

The Composition of Asset Liability Committee as on March 31, 2021 is as under:

Name of the Member	Category
Mr. G. Ramesh	Chairperson, Managing Director & Chief Executive Officer
Mr. Haren Parekh[1]	Member, Chief Financial Officer
Mr. Rohit Patwardhan[1]	Member, Chief Risk Officer
Mr. Sanjay Belsare[1]	Member, Chief Technology Officer and Chief Information Officer

[1]Member of Executive Management

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements. The key responsibilities of the Committee include review & management of liquidity gaps and structural liquidity of the Company, review & management of interest rate sensitivity of the Company and develop a view on future direction on interest rate movements & decide on funding mixes.

Meetings and Attendance during the year:

During the FY 2020-21, the Asset Liability Committee met 12 (Twelve) times on April 15, 2020, May 27, 2020, June 19, 2020, July 17, 2020, August 19, 2020, September 18, 2020, October 22, 2020, November 23, 2020, December 23, 2020, January 22, 2021, February 23, 2021 and March 23, 2021.

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. G. Ramesh	12	12	100
Mr. Haren Parekh[1]	12	12	100
Mr. Rohit Patwardhan[1]	12	11	92
Mr. Sanjay Belsare[1]	12	11	92

[1]*Member of Executive Management*

ii. Debenture Allotment Committee

The details of the meetings held and attendance of the members of the Debenture Allotment Committee is given below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Jimmy Tata	4	1	25
Mr. G. Ramesh	13	13	100
Mr. Haren Parekh[1]	13	12	92
Mr. Bhavin Lakhpatwala[1]	11	11	100
Mr. Ashish Ghatnekar[1]	2	2	100

[1]*Member of Executive Management*

iii. Bond Allotment Committee

The details of the meetings held and attendance of the members of the Bond Allotment Committee is given below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Jimmy Tata	Nil	N.A	N.A
Mr. G. Ramesh	1	1	100%
Mr. Haren Parekh[1]	1	0	-
Mr. Bhavin Lakhpatwala[1]	1	1	100%
Mr. Ashish Ghatnekar[1]	Nil	N.A	N.A

[1]*Member of Executive Management*

iv. Share Allotment Committee

The details of the meetings held and attendance of the members of the Share Allotment Committee is given below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Jimmy Tata	Nil	N.A	N.A
Mr. G. Ramesh	4	3	75
Mr. Haren Parekh[1]	4	4	100
Mr. Bhavin Lakhpatwala[1]	2	2	100
Mr. Ashish Ghatnekar[1]	2	2	100

[1]*Member of Executive Management*

Note:

1. Mr. Jimmy Tata ceased to be a member of the Debenture Allotment Committee, Bond Allotment Committee and Share Allotment Committee pursuant to his resignation as Director of the Company with effect from June 30, 2020.
2. Mr. Bhavin Lakhpatwala ceased to be a member of the Debenture Allotment Committee, Bond Allotment Committee and Share Allotment Committee with effect from January 15, 2021.
3. Mr. Ashish Ghatnekar was appointed as a member of the Debenture Allotment Committee, Bond Allotment Committee and Share Allotment Committee with effect from January 15, 2021.

v. Separate Meeting of Independent Directors

The details of the meetings held and attendance of the members of the Separate Meeting of Independent Directors is given below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Venkatraman Srinivasan	1	1	100
Ms. Smita Affinwalla	1	1	100
Dr. Amla Samanta	1	1	100
Mr. Adayapalam Viswanathan	1	1	100

5. Details of Remuneration to Directors

Remuneration to Executive Directors

The details of the remuneration paid to Mr. G. Ramesh, Managing Director and CEO during the financial year 2020-21 is as under:

Particulars of Remuneration	Amount ₹
Gross salary	
a) Salary as per provisions of section 17(1) of the Income-tax Act, 1961	3,78,90,656
b) Value of perquisites under section 17(2) Income-tax Act, 1961	9,322
c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
Perquisite value of stock options exercised	86,40,000
Sweat Equity	-
Commission	-
Company Car	28,800
Total	**4,65,68,778**

Remuneration to Non-Executive Directors

Sitting fees

Sitting fees was paid to all the Independent Directors and Non-Executive Directors of the Company other than Mr. Aditya Puri.

The sitting fees for attending meetings of Board of Directors is Rs. 75,000/- per meeting. Sitting fees for attending meetings of the Audit Committee, Nomination and Remuneration Committee, Information Technology Strategy Committee, Risk Management Committee is Rs. 50,000. Sitting fees for attending meetings of the Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Separate meeting of Independent Directors meetings is Rs. 25,000/- per meeting.

Sitting fees payable to the Non-Executive Directors for attending Nomination & Remuneration Committee and Information Technology & Strategy Committee was increased from Rs. 35,000 to Rs. 50,000 and Risk Management Committee from Rs. 25,000 to Rs. 50,000 with effect from July 23, 2020.

Profit Related Commission

The Shareholders in its 12th Annual General Meeting held on June 21, 2019 had approved payment of profit related commission to Independent Directors at the rate of Rs. 60,000 per meeting of the Board and/or Committee attended subject to maximum of Rs. 7,50,000/-.

The details of sitting fees and commission paid to non-executive directors during the financial year 2020-21 is as under:

Amount ₹

Name of Director	Sitting Fees	Commission
Mr. Venkatraman Srinivasan	13,55,000	7,50,000
Ms. Smita Affinwalla	9,60,000	7,50,000
Mr. Adayapalam Viswanathan	13,80,000	7,50,000
Dr. Amla Samanta	11,60,000	6,60,000
Mr. Jimmy Tata	2,00,000	-

6. Performance Evaluation of Board, its Committees and Directors

The Nomination and Remuneration Committee (NRC) had approved a framework for performance evaluation of the Board of Directors, its Committees and the individual Board members in terms of Guidance note on Board evaluation issued by SEBI on January 5, 2017 vide its circular no. SEBI/HO/CFD/CMD/CIR/P/2017/004.

Pursuant to the provisions of the Companies Act, 2013 and Rules made thereunder as amended from time to time, the Board has carried out an annual performance evaluation of its own performance, evaluation of the working of its Committees as well as performance of all the Directors individually (including Independent Directors). Feedback was sought by well-defined and structured questionnaires covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, etc.

Performance evaluation framework of the Company is as follows:

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

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

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

d. Self-evaluation of individual Directors.

The evaluation involves self-evaluation by the Board Member and subsequent assessment by the Independent Directors. A member of the Board will not participate in the discussion of his/her evaluation.

The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors.

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

The Directors have expressed their satisfaction with the evaluation process.

7. General Body meetings (FY2020-2021)

Annual General Meeting

Date	Time	Venue	Special resolutions passed
June 30, 2020	12 noon	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	• Re-appointment of Mr. Venkatraman Srinivasan as an Independent Director of the Company • Re-appointment of Ms. Smita Affinwalla as an Independent Director of the Company • To approve increase in borrowing limits of the Company from ₹ 70,000 Crore to ₹ 80,000 Crore • To approve increase in limits for creation of charge on the assets of the company up to an amount of ₹ 80,000 crore to secure its borrowings • Authority to issue redeemable non-convertible debentures and/or other hybrid instruments on private placement basis • Authority to issue foreign currency/ rupee denominated bonds • To approve related party transactions with HDFC Bank Limited

Attendance at the AGM

Name of Directors	Mr. Aditya Puri	Mr. Jimmy Tata	Mr. Adayapalam Viswanathan	Mr. G. Ramesh	Mr. Venkatraman Srinivasan	Ms. Smita **Affinwalla**	Dr. Amla Samanta
Attendance	No	No	Yes	Yes	Yes	Yes	No

Extra-Ordinary General Meeting:

During the Financial Year 2020-2021, no Extra-Ordinary General meeting of the Company was held.

Postal Ballot:

During the Financial Year 2020-2021, no resolution was passed through postal ballot under the provisions of the Companies Act, 2013. There is no immediate proposal for passing any resolution through Postal Ballot.

8. Disclosures:

a. Adherence to Accounting Standards

The Company has complied with the applicable Indian Accounting Standards (Ind-AS) notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013. The financial statements for the year have been prepared in accordance with Schedule III to the Companies Act, 2013.

b. Risk Management and internal control policies adopted by the Company

The Company has a well-defined Risk Management Framework in place. The Company has procedures to periodically place before the Audit Committee and the Board, the risk assessment and mitigation plans being followed by the Company.

c. Secretarial Standards

The Company has complied with the applicable provisions of secretarial standards issued by The Institute of Company Secretaries of India.

9. Investor Grievances

Ms. Dipti Khandelwal, Company Secretary of the Company is the Compliance Officer for the purpose of the SEBI Listing Regulations.

There were no investor complaints pending as at March 31, 2021.

10. Shareholding pattern as at March 31, 2021

Name of Shareholder	No. of equity shares held	Percentage
HDFC Bank Limited	75,05,96,670	95.11
Others	385,88,546	4.89
Total (Issued & Paid-up Shares)	**78,91,85,216**	100.00

To the Board of Directors of HDB Financial Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of HDB Financial Services Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its 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 Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matters:

Key audit matter	How the matter was addressed in our audit
Impairment of Loans Charge: INR 3071.52 crore for year ended 31 March 2021 Provision: INR 2723.56 crore at 31 March 2021	
Refer Note 2.2(G), Note 3(B), Note 8 and Note 44 to the Standalone Financial Statements	
Subjective estimate 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 in the Company's estimation of ECLs 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. • 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 especially when considering the current uncertain economic environment arising from COVID-19.	Our key audit procedures included: Design / controls We performed end to end process walkthroughs to identify the key systems, applications and controls used in the ECL process. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the ECL process. Key aspects of our controls testing involved the following: • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models. • Testing the 'Governance Framework' controls over validation, implementation, and model monitoring in line with the RBI guidance. • Testing the design and operating effectiveness of the key controls over the application of the staging criteria. • Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights. • Testing management's controls on compliance with Ind AS 109 disclosures related to ECL. • Testing key controls operating over restructuring process in relation to eligibility, approval and modification of terms.

Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in our audit
Impairment of Loans *(continued)*	
• Restructuring - the Company has restructured loans in the current year on account of COVID-19 related regulatory measures. This has resulted in increased management estimation over determination of provision for such restructured loans 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 Financial Statements as a whole, and possibly many times that amount. Disclosures The disclosures (including disclosures prescribed by RBI) regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	• Testing key controls operating over the information technology in relation to loan impairment management systems, including system access and system change management, program development and computer operations. Involvement of experts - we involved financial risk modelling experts for the following: • Evaluating the appropriateness of the Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used. • The reasonableness of the Company's considerations of the impact of the current economic environment due to COVID-19 on the ECL determination. Test of details Key aspects of our testing included: • Sample testing 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. • Model calculations testing through re-performance, where possible. • Test of details over restructuring provision approach and computation by assessing the reasonableness of key inputs used, inspecting the calculations and re-performance of ECL provision computation. • Assessing disclosures - Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Standalone Financial Statements are appropriate and sufficient.

Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in our audit
Information technology	
IT systems and controls The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. The Company primarily uses three systems for its overall financial reporting. We have focused on user access management, change management, segregation of duties and system application controls over key financial accounting and reporting systems.	Our audit procedures to assess the IT system access management included the following: General IT controls / user access management controls: • We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. • Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. • Other areas that were assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the Standalone 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 Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the

state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, the Management and Board of Directors are 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.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

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 Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 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 in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements *(continued)*

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2021 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".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at 31 March 2021 on its financial position in its Standalone Financial Statements - Refer Note 38.2 to the Standalone 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 38.3 to the Standalone Financial Statements; and

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sd/-

Akeel Master
Partner
Membership No: 046768
UDIN: 21046768AAAABL9621

Mumbai
17 April 2021

(i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a regular program of physical verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

c. According the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable property is held in the name of the Company.

(ii) The Company is in the business of providing services and does not have any physical inventories. Accordingly, the provision of clause 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provision of clause 3(iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under section 185 of the Act and has complied with the provisions of section 186(1) of the Act. The Company being a NBFC, nothing contained in Section 186 is applicable, except subsection (1) of that section.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed there under apply.

(vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable.

(vii) a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of sales tax, duty of customs or duty of excise.

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 service tax, cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, the Company did not have any dues on account of income tax, service tax, value added tax or goods and service tax which have not been deposited on account of dispute

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, Government or debenture holders.

(ix) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been generally applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer during the year.

(x) 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 explanation and information

given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year, except for one material case of cheating and forgery amounting to ₹ 10.89 crores, where some of the employees of a branch colluded and processed loans based on fraudulent documents.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, the provision of clause 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provision of clause 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the company, during the year the Company has not entered into any non-cash transactions with directors or persons connected with him and hence the provision of Section 192 of the Act is not applicable.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained certificate of registration dated 31 December 2007.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sd/-

Akeel Master
Partner
Membership No: 046768
UDIN: 21046768AAAABL9621

Mumbai
17 April 2021

Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

(Referred to in paragraph (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of HDB Financial Services Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to 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 issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to financial statement criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 financial statements were established and maintained and whether 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal

financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sd/-

Akeel Master
Partner
Membership No: 046768
UDIN: 21046768AAAABL9621

Mumbai
17 April 2021

Standalone Balance Sheet
as at 31 March 2021
(Currency : Indian Rupees in crore)

		Note	As at 31 March 2021	As at 31 March 2020
	ASSETS			
1	Financial Assets			
	(a) Cash and cash equivalents	4	753.51	355.95
	(b) Bank balances other than (a) above	5	222.87	207.23
	(c) Derivative financial instruments	6	-	81.32
	(d) Trade receivables	7	117.32	181.18
	(e) Loans	8	58,601.44	57,145.88
	(f) Investments	9	1,592.90	1,745.76
	(g) Other financial assets	10	249.22	118.08
			61,537.26	59,835.40
2	Non-financial Assets			
	(a) Current tax assets (Net)	11	56.91	77.42
	(b) Deferred tax assets (Net)	12	729.99	415.62
	(c) Property, plant and equipment		91.52	124.48
	(d) Capital work-in-progress	13	-	0.06
	(e) Other intangible assets		7.98	9.07
	(f) Right of Use Assets	14	217.40	252.41
			1,103.80	879.06
	TOTAL ASSETS		62,641.06	60,714.46
	LIABILITIES AND EQUITY			
	Liabilities			
3	Financial Liabilities			
	(a) Derivative financial instruments	6	42.72	-
	(b) Trade payables	15		
	(i) Total outstanding dues of micro enterprises and small enterprises		0.01	-
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		334.25	149.99
	(c) Debt securities	16	23,802.07	22,593.38
	(d) Borrowings (other than debt securities)	17	22,569.07	23,580.16
	(e) Subordinated liabilities	18	3,987.61	3,630.55
	(f) Other financial liabilities	19	2,844.93	2,254.38
			53,580.66	52,208.46
4	Non-Financial Liabilities			
	(a) Current tax liabilities (net)	20	173.05	74.60
	(b) Provisions	21	319.85	286.86
	(c) Other non-financial liabilities	22	121.26	126.74
			614.16	488.20
5	Equity			
	(a) Equity share capital	23	789.19	787.58
	(b) Other equity	24	7,657.05	7,230.22
			8,446.24	8,017.80
	TOTAL LIABILITIES AND EQUITY		62,641.06	60,714.46
Significant accounting policies and notes to the Standalone Financial Statements.		2 - 86		

The notes referred to above form an integral part of the Standalone Financial Statements.
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firms' Registration No: 101248W/W-100022

Sd/-
Akeel Master
Partner
Membership No.: 046768

Mumbai
17 April 2021

For and on behalf of the Board of Directors of HDB Financial Services Limited

Sd/-
G Ramesh
Managing Director

Sd/-
Venkatraman Srinivasan
Director

Sd/-
Haren Parekh
Chief Financial Officer

Sd/-
Dipti Khandelwal
Company Secretary

Standalone Statement of Profit and Loss

for the year ended 31 March 2021

(Currency : Indian Rupees in crore)

		Note	For the year ended 31 March 2021	For the year ended 31 March 2020
1	Revenue from operations			
	(a) Interest income	25	8,487.88	8,233.47
	(b) Sale of services		2,020.43	2,113.23
	(c) Other financial charges		405.05	408.32
	(d) Net gain on fair value changes	26	40.04	18.78
	(e) Net gain / (loss) on derecognition of financial instruments under amortised cost category		(8.62)	(17.33)
	Total Revenue from operations		10,944.78	10,756.47
2	Expenses			
	(a) Finance Costs	27	3,882.93	4,081.42
	(b) Impairment on financial instruments	28	3,068.77	1,441.57
	(c) Employee Benefits Expenses	29	2,955.59	3,195.57
	(d) Depreciation, amortization and impairment	13,14	107.79	109.66
	(e) Others expenses	30	428.99	463.77
	Total Expenses		10,444.07	9,291.99
3	Profit before tax		500.71	1,464.48
4	Tax Expense:	11,12		
	(a) Current tax		419.09	471.78
	(b) Deferred tax (credit)		(309.85)	(12.15)
	(c) Income tax for earlier year		-	-
	Total Tax expense		109.24	459.63
5	Profit for the year		391.47	1,004.85
6	Other Comprehensive Income			
	(a) Items that will not be reclassified to profit or loss			
	- Remeasurement gain/(loss) on defined benefit plan		(20.97)	(26.59)
	- Income tax relating to items that will not be reclassified to profit or loss		5.28	6.69
	Sub total (a)		(15.69)	(19.90)
	(b) Items that will be reclassified to profit or loss			
	- Movement in cash flow hedge reserve		2.99	(46.95)
	- Income tax relating to items that will be reclassified to profit or loss		(0.75)	11.82
	Sub total (b)		2.24	(35.13)
	Other Comprehensive Income		(13.45)	(55.03)
7	Total Comprehensive Income for the year		378.02	949.82
8	Earnings per equity share (for continuing operations)	31		
	Basic (₹)		4.97	12.78
	Diluted (₹)		4.97	12.77
Significant accounting policies and notes to the Standalone Financial Statements.		2 - 86		

The notes referred to above form an integral part of the Standalone Financial Statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firms' Registration No: 101248W/W-100022

Sd/-
Akeel Master
Partner
Membership No.: 046768

Mumbai
17 April 2021

For and on behalf of the Board of Directors of HDB Financial Services Limited

Sd/-
G Ramesh
Managing Director

Sd/-
Venkatraman Srinivasan
Director

Sd/-
Haren Parekh
Chief Financial Officer

Sd/-
Dipti Khandelwal
Company Secretary

Standalone Cash Flow Statement
for the year ended 31 March 2021
(Currency : Indian Rupees in crore)

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A	Cash flow from operating activities		
	Profit/(loss) before tax	500.71	1,464.48
	Adjustments for		
	(Profit)/loss on sale of asset	1.91	(0.19)
	Interest Expenses	3,857.22	3,796.73
	Interest Income	(8,487.88)	(8,233.47)
	Realised net (gain)/ loss on FVTPL investments	(79.75)	(43.85)
	Unrealised (gain)/loss on FVTPL investments	(5.15)	(1.95)
	Discount on commercial paper	25.71	284.69
	Impairment on financial instruments	3,065.52	1,441.57
	Provision for compensated absence and gratuity	15.78	16.21
	Employee share based payment expenses	13.55	11.19
	Rent expenses reversal	(61.78)	(55.80)
	Depreciation, amortization and impairment	107.79	109.66
	Operating cash flow before working capital changes	(1,046.37)	(1,210.73)
	Adjustments for working capital changes:		
	(Increase)/ decrease in trade receivables	66.12	(66.76)
	(Increase)/decrease in other financial assets and others	(65.41)	(207.27)
	(Increase)/decrease in Loans	(4,482.17)	(4,608.28)
	Increase/(decrease) in other financial and non financial liabilities & provisions	7.85	(1,768.36)
	Increase/(decrease) in trade payables	184.27	(244.92)
	Interest Paid	(3,695.31)	(3,296.85)
	Interest Received	8,447.48	8,134.29
	Cash generated from operations	(583.54)	(3,268.88)
	Direct taxes paid (net of refunds)	180.00	237.00
	Net cash flow generated from/(used in) operating activities (A)	(403.54)	(3,031.88)
B	Cash flow from investing activities		
	Purchase of fixed assets	(24.64)	(72.83)
	Proceeds from sale of fixed assets	0.38	0.54
	Purchase of investments	(15,557.50)	(16,678.65)
	Proceeds of investments	15,713.15	15,547.05
	Net cash generated from/(used in) investing activities (B)	131.38	(1,203.89)

Standalone Cash Flow Statement
for the year ended 31 March 2021 (Continued)
(Currency : Indian Rupees in crore)

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
C	Cash flow from financing activities		
	Proceeds from issue of shares and security premium	36.87	33.49
	Debt securities issued	10,541.10	9,426.00
	Debt securities repaid	(9,378.90)	(11,153.00)
	Borrowings other than debt securities issued	9,309.34	24,679.56
	Borrowings other than debt securities repaid	(10,195.20)	(19,302.05)
	Subordinated debt issued	356.50	743.50
	Dividend & Tax paid on dividend	-	(170.50)
	Net cash generated from/(used in) financing activities (C)	669.71	4,257.00
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	397.56	21.23
	Add : Cash and cash equivalents as at the beginning of the year	355.95	334.72
	Cash and cash equivalents as at the end of the year*	753.51	355.95
	*Components of cash and cash equivalents		
	Balances with banks	650.42	347.71
	Demand drafts on hand	12.88	2.36
	Cash on hand	29.62	5.88
	Collateral with Banks for Derivative	60.59	-
		753.51	355.95
	Significant accounting policies and notes to the Standalone Financial Statements.	Note 2 - 86	

The above Standalone Statement of cash flow has been prepared under the indirect method set out in Ind-AS 7 - Statement of Cash Flow.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firms' Registration No: 101248W/W-100022

Sd/-
Akeel Master
Partner
Membership No.: 046768

Mumbai
17 April 2021

For and on behalf of the Board of Directors of HDB Financial Services Limited

Sd/-
G Ramesh
Managing Director

Sd/-
Venkatraman Srinivasan
Director

Sd/-
Haren Parekh
Chief Financial Officer

Sd/-
Dipti Khandelwal
Company Secretary

Standalone Statement of Changes in Equity
as at 31 March 2021

(Currency : Indian Rupees in crore)

Statement of Changes in Equity

A Equity Share Capital

Balance as at April 1, 2019	785.70
Changes in Equity Share Capital during the year	1.88
Balance as at March 31, 2020	787.58
Changes in Equity Share Capital during the year	1.61
Balance as at March 31, 2021	789.19

B Other Equity

	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 1, 2020	2,925.43	49.42	1,012.65	3,304.80	(26.96)	(35.13)	7,230.22
Adjustment on initial application of IndAS 116	-	-	-	-	-	-	-
Profit for the year	-	-	-	391.47	-	-	391.47
Other Comprehensive Income	-	-	-	-	(15.69)	2.24	(13.45)
Total Comprehensive Income for the year	-	-	-	391.47	(15.69)	2.24	378.01
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	-	-	78.29	(78.29)	-	-	-
Premium on issue of shares	35.27	-	-	-	-	-	35.27
Share based payment	-	13.55	-	-	-	-	13.55
Dividends	-	-	-	-	-	-	-
Dividend Distribution Tax	-	-	-	-	-	-	-
Balance As At March 31, 2021	2,960.70	62.97	1,090.94	3,617.98	(42.65)	(32.89)	7,657.05

Standalone Statement of Changes in Equity
as at 31 March 2021 (Continued)

(Currency : Indian Rupees in crore)

B Other Equity (Contd.)

	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 1, 2019	2,893.82	38.23	811.68	2,656.10	(7.06)	-	6,392.78
Adjustment on initial application of IndAS 116	-	-	-	15.33	-	-	15.33
Profit for the year	-	-	-	1,004.85	-	-	1,004.85
Other Comprehensive Income	-	-	-	-	(19.90)	(35.14)	(55.03)
Total Comprehensive Income for the year	-	-	-	1,020.18	(19.90)	(35.14)	965.15
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	-	-	200.97	(200.97)	-	-	-
Premium on issue of shares	31.61	-	-	-	-	-	31.61
Share based payment	-	11.19	-	-	-	-	11.19
Dividends	-	-	-	(141.43)	-	-	(141.43)
Dividend Distribution Tax	-	-	-	(29.08)	-	-	(29.08)
Balance As At March 31, 2020	2,925.43	49.42	1,012.65	3,304.80	(26.96)	(35.13)	7,230.22

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 date RBI has not specified any purpose for appropriation of Reserve fund maintained under section 45-IC of RBI Act,1984.

Significant accounting policies and notes to the Standalone Financial Statements. Note 2 - 86

The notes referred to above form an integral part of the Standalone Financial Statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firms' Registration No: 101248W/W-100022

Sd/-
Akeel Master
Partner
Membership No.: 046768

Mumbai
17 April 2021

For and on behalf of the Board of Directors of HDB Financial Services Limited

Sd/-
G Ramesh
Managing Director

Sd/-
Venkatraman Srinivasan
Director

Sd/-
Haren Parekh
Chief Financial Officer

Sd/-
Dipti Khandelwal
Company Secretary

1 Company overview

HDB Financial Services Limited ('the Company'), 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 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 Ahmedabad, India, while its corporate office is located in Mumbai, India. The Company is a subsidiary of HDFC Bank Limited.

2 Significant accounting policies

2.1 Statement of Compliance, Basis of preparation & 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.

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 have been subjected to audit by the Statutory Auditors of the Company, have been reviewed by the Audit Committee and approved by the Board of Directors and authorized for issue on 17 April 2021.

(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 crores in compliance with Schedule III of the Act, unless otherwise stated.

(D) Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest crores, unless otherwise indicated.

(E) Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) and disclosures as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are recognised in the periods in which the Company becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognized 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 transaction price, which equates fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in statement of profit and loss.

(C) Classification and subsequent measurement

(i) Financial assets

Based on the business model, the contractual characteristics of the financial assets and specific elections where appropriate, the Company classifies and measures financial assets in the following categories:

- Amortised cost
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')

(a) Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows ('Asset held to collect contractual cash flows'); and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

After initial measurement and based on the assessment of the business model as asset held to collect contractual cash flows and SPPI, such financial assets are subsequently measured at amortised cost using effective interest rate ('EIR') method. Interest income and impairment expenses are recognised in statement of profit and loss. Interest income from these financial assets is included in finance income using the EIR method. Any gain and loss on derecognition is also recognised in statement of profit and loss.

The EIR method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company records loans at amortised cost.

(b) Financial assets at fair value through other comprehensive income

Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the assets, ('Contractual cash flows of assets collected through hold and sell model') and contractual cash flows that are SPPI, are subsequently measured at FVOCI. Movements in the carrying amount of such financial

assets are recognised in Other Comprehensive Income ('OCI'), except dividend income which is recognised in statement of profit and loss. Amounts recorded in OCI are not subsequently transferred to the statement of profit and loss. Equity instruments at FVOCI are not subject to an impairment assessment.

(c) Financial assets at fair value through profit and loss

Financial assets which do not meet the criteria for categorisation as at amortised cost or as FVOCI, are measured at FVTPL. Subsequent changes in fair value are recognised in the statement of profit and loss.

The Company records investments in equity instruments, mutual funds and treasury bills 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 instrument 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

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 recognized at prevailing exchange rates between reporting currency and foreign currency on transaction date.

(B) Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized 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 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 years	5 years
Motor cars	4 years	8 years
Furniture and fixtures	3-7 years	10 years
Building	60 years	60 years
Leasehold improvements	Tenure of lease agreements	Tenure of lease agreements

The Company uniformly estimates a zero residual value for all these assets. Items costing less than ₹ 5,000 are fully depreciated in the year of purchase. Depreciation is pro-rated in the year of acquisition as well as in the year of disposal.

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Consequently, the useful life of certain computer-related assets, furniture and fixtures, office equipment and motor cars differ from the life prescribed in Schedule II of the Act.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate, and treated as changes in accounting estimates.

Property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income/expense in the statement of profit and loss in the year the asset is de-recognised.

2.9 Other intangible assets

Software and system development expenditure are capitalised at cost of acquisition including cost attributable to readying the asset for use. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. The useful life of these intangible assets is estimated at 3 years with zero residual value. Any expenses on such software for support and maintenance payable annually are charged to the statement of profit and loss.

2.10 Dividend

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 fair value of the consideration received or receivable. 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 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 amortized 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 recognized 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 year 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.

Remeasurements, 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. Remeasurements 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 contingencies

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 arise from past events but probably will not require an outflow of resources to settle the obligation.

When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resource is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

2.15 Leases

Effective 01 April 2019, the Company has adopted Ind-AS 116 - Leases and applied it to all lease contracts existing on 01 April 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, 1 April 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.

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:

- 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 reassessed 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 (‘MD’) 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 items 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 Collateral

To mitigate its credit risk 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.

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 42.

(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 inputs used and process followed by the Company in determining the ECL have been detailed in Note 44.

(C) Effective interest rate

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected behavioural life of the financial asset to the gross carrying amount of the financial asset.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges) as well expected changes to the base rate and other transaction costs and fees paid or received that are integral parts of the instrument.

(D) Business model assessment

Classification and measurement of financial assets depends on the results of the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their 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 contingencies

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.

4 Cash and cash equivalents

	As at 31 March 2021	As at 31 March 2020
Cash on hand	29.62	5.88
Balances with banks	650.42	347.71
Demand drafts on hand	12.88	2.36
Collateral with Banks for Derivative	60.59	-
Total	753.51	355.95

5 Bank balances Other than cash and cash equivalents

	As at 31 March 2021	As at 31 March 2020
Deposits with bank	0.03	0.03
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments.	221.09	204.19
Interest accrued but not due on fixed deposits	1.75	3.01
Total	222.87	207.23

6 Derivative financial Instruments

	As at 31 March 2021			As at 31 March 2020		
	Notional amounts	Fair Value-Assets	Fair Value-Liabilities	Notional amounts	Fair Value-Assets	Fair Value-Liabilities
Part I						
(i) Currency derivatives:						
Currency swaps	3,874.83	-	42.72	2,269.50	81.32	-
Subtotal (i)	3,874.83	-	42.72	2,269.50	81.32	-
(ii) Interest rate derivatives						
Forward Rate Agreements and Interest Rate swaps	-	-	-	-	-	-
Subtotal (ii)	-	-	-	-	-	-
Total Derivative Financial Instruments (i)+(ii)	3,874.83	-	42.72	2,269.50	81.32	-
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)	-	-	-	-	-	-
(ii) Cash flow hedging:						
Currency derivatives	3,874.83	-	42.72	2,269.50	81.32	-
Interest rate derivatives	-	-	-	-	-	-
Subtotal (ii)	3,874.83	-	42.72	2,269.50	81.32	-
(iii) Undesignated Derivatives						
Currency Swaps	-	-	-	-	-	-
Subtotal (iii)	-	-	-	-	-	-
Total Derivative Financial Instruments (i)+(ii)+(iii)	3,874.83	-	42.72	2,269.50	81.32	-

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 31 March 2021	As at 31 March 2020
Receivables Considered good - Secured	-	-
Receivables Considered good - Unsecured	117.33	185.94
Receivables which have significant increase in the credit risk	4.53	1.15
Receivables credit impaired	0.02	0.92
	121.88	188.00
Less: Impairment loss allowance	4.56	6.82
Total	117.32	181.18

No trade or other receivables 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 31 March 2021	As at 31 March 2020
Balance as at beginning of the year	6.82	5.10
Increase during the year	0.73	2.69
Decrease during the year	(2.99)	(0.97)
Balance at end of the year	4.56	6.82

8 Loans (at amortised cost)

		As at 31 March 2021	As at 31 March 2020
A	Term Loans in India	61,325.00	58,430.95
B	Public sector	-	-
	Others	61,325.00	58,430.95
	Total	61,325.00	58,430.95
C	Secured (Secured by tangible assets)	46,894.73	44,662.81
	Unsecured	14,430.27	13,768.14
	Total	61,325.00	58,430.95
D	Less: Impairment loss allowance	2,723.56	1,285.07
	Total	58,601.44	57,145.88

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 31 March 2021	As at 31 March 2020
Stage 1	55,263.27	54,243.55
Stage 2	3,300.87	1,928.27
Stage 3	2,760.86	2,259.13
	61,325.00	58,430.95

9 Investments

	As at 31 March 2021	As at 31 March 2020
Recorded at Fair value through profit and loss account		
Outside India	-	-
In India		
Mutual fund units	572.21	750.02
Treasury bills / G-Sec	882.82	994.79
Securities receipt of ARC	136.42	
Recorded at Amortised Cost		
Outside India	-	-
In India		
Unquoted equity shares	1.45	0.95
Total	1,592.90	1,745.76

10 Other financial assets

	As at 31 March 2021	As at 31 March 2020
Capital advances	1.22	3.61
Security deposits at amortised cost (Unsecured, considered good)	19.78	20.28
Prepaid rent (Security deposits, Unsecured, considered good)	7.62	8.42
Retained interest on assigned loan	8.71	17.32
Servicing assets on assigned loan	2.26	4.28
Advances recoverable in cash or in kind (Unsecured, considered good)	209.63	64.17
Total	249.22	118.08

11 Current tax assets (Net)

	As at 31 March 2021	As at 31 March 2020
Current tax assets		
Advance tax and tax deducted at source (Net of provision for tax ₹ 419.09 crore) (Previous Year: ₹ 471.78 crore)	56.91	77.42
Total	56.91	77.42

12 Deferred tax assets (Net)

	Balance as at 1 April 2019	Charge/ (credit) **to profit** and loss	Charge/ (credit) to OCI	Balance as at 31 March 2020	Charge/ (credit) **to profit** and loss	Charge/ (credit) to OCI	Balance as at 31 March 2021
Deferred Tax Asset							
Depreciation and amortisation	17.73	(0.96)	-	16.77	4.05	-	20.82
Provision for employee benefits	9.35	(8.46)	6.69	7.58	(2.86)	5.28	10.00
Provision for diminution of investment	0.46	(0.12)	-	0.34	(0.13)	-	0.21
Loans - Impairment	291.19	33.94	-	325.13	371.33	-	696.46
Loans - DSA	78.37	(15.10)	-	63.27	(34.82)	-	28.45
Lease	-	3.78	-	3.78	3.64	-	7.42
Cash Flow Hedges Reserve	-	-	11.82	11.82	-	(0.75)	11.07
Deferred Tax Asset	397.10	13.08	18.51	428.69	341.21	4.53	774.43

	Balance as at 1 April 2019	Charge/ (credit) **to profit** and loss	Charge/ (credit) to OCI	Balance as at 31 March 2020	Charge/ (credit) **to profit** and loss	Charge/ (credit) to OCI	Balance as at 31 March 2021
Deferred Tax Liabilities							
Borrowings	(8.86)	(3.21)	-	(12.07)	0.60	-	(11.47)
Investments - MTM and others	(0.59)	(0.32)	-	(0.91)	(1.30)	-	(2.21)
Securitization and others	(2.69)	2.60	-	(0.09)	(30.67)	-	(30.76)
Deferred Tax Liabilities	(12.14)	(0.93)	-	(13.07)	(31.37)	-	(44.44)
Net Deferred Tax Assets	384.96	12.15	18.51	415.62	309.85	4.53	729.99

The components of income tax expense for the years ended 31 March 2021 and 2020 are:

	As at 31 March 2021	As at 31 March 2020
Current tax:		
In respect of current year	419.09	471.78
In respect of prior years	-	-
Deferred Tax:		
Deferred tax relating to origination and reversal of temporary differences	(309.85)	(12.15)
In respect of prior years	-	-
Total Income Tax recognised in profit or loss	109.24	459.63
Current tax	419.09	471.78
Deferred tax (Debit)	(309.85)	(12.15)

Income Tax recognised in Other comprehensive income

	As at 31 March 2021	As at 31 March 2020
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	5.28	6.69
Income tax relating to items that will be reclassified to profit or loss	(0.75)	11.82
Total Income tax recognised in Other comprehensive income (Debit)	4.53	18.51

The reconciliation of estimated income tax expense at tax rate to income tax expense reported in profit or loss is as follows:

	As at 31 March 2021	As at 31 March 2020
Profit before tax	500.71	1,464.48
Applicable income tax rate (%)	25.17	25.17
Income tax expense calculated at applicable income tax rate	126.02	368.58
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	11.65	103.20
Effect of tax incentives (net)	(28.43)	-
Effects of income not considered as taxable on compliance of condition	-	-
Income tax for earlier year	-	-
Income tax expense recognised in profit and loss	109.24	471.78

The Company has elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax for the year ended 31 March 2020 and re-measured its deferred tax assets basis the rate prescribed in the said section. The full impact of above mentioned change amounting to ₹ 107.55 crores has been recognised in the standalone statement of profit and loss for the year ended 31 March 2020.

13 Property, Plant and Equipment (PPE), Other Intangible assets & Capital work-in-progress

Description	**Office** equipment	Furniture and **fixtures**	Leasehold improve-ments	Computers	Building	Motor cars	Total PPE Tangibles	Software and System development	Total Other Intangibles	Total
Balance as at 1st April, 2020	59.26	93.79	79.00	137.68	0.15	7.39	377.27	33.43	33.43	410.70
Additions during the year	3.45	2.41	4.18	7.61	-	1.13	18.79	5.80	5.80	24.58
Disposals/Adjustments during the year	1.09	2.74	4.12	2.41	-	0.49	10.85	-	-	10.85
Balance as at 31st March, 2021	61.62	93.46	79.06	142.88	0.15	8.03	385.21	39.23	39.23	424.43
Accumulated Depreciation / impairment as at 1st April, 2020	40.43	66.75	38.49	103.40	0.04	3.67	252.79	24.36	24.36	277.15
Depreciation charge during the year	7.83	8.90	9.44	21.46	0.00	1.84	49.46	6.88	6.88	56.34
Disposals/Adjustments during the year	1.03	2.15	2.57	2.41	0.02	0.38	8.56	-	-	8.56
Accumulated Depreciation / impairment as at 31st March, 2021	47.23	73.50	45.36	122.45	0.02	5.13	293.69	31.25	31.25	324.93
Net carrying amount as at 31st March, 2021	14.39	19.96	33.70	20.43	0.13	2.91	91.52	7.98	7.98	99.50
Balance as at 1st April, 2019	48.04	84.90	67.91	107.08	0.15	6.68	314.77	26.44	26.44	341.20
Additions during the year	11.73	9.62	12.26	30.80	-	1.38	65.78	6.99	6.99	72.77
Disposals/Adjustments during the year	0.50	0.73	1.16	0.20	-	0.68	3.27	-	-	3.27
Balance as at 31st March, 2020	59.26	93.79	79.00	137.68	0.15	7.39	377.27	33.43	33.43	410.70
Accumulated Depreciation / impairment as at 1st April, 2019	33.22	55.17	30.72	79.35	0.02	2.41	200.89	17.30	17.30	218.18
Depreciation charge for the year	7.72	12.27	8.86	24.25	0.02	1.71	54.83	7.06	7.06	61.90
Disposals/Adjustments during the year	0.50	0.69	1.08	0.20	-	0.45	2.92	-	-	2.92
Accumulated Depreciation / impairment as at 31st March, 2020	40.43	66.75	38.49	103.40	0.04	3.67	252.79	24.36	24.36	277.15
Net carrying amount as at 31st March, 2020	18.83	27.04	40.51	34.28	0.11	3.72	124.48	9.07	9.07	133.55

Capital work-in-progress

	As at 31 March 2021	As at 31 March 2020
Capital work-in-progress	-	0.06
Total	-	0.06

14 Right of Use Assets

	As at 31 March 2021	As at 31 March 2020
Right of Use Assets	217.40	252.41
Total	217.40	252.41

(Currency : Indian Rupees in crore)

15 Trade Payables

	As at 31 March 2021	As at 31 March 2020
Trade payables		
i) total outstanding dues to micro and small enterprises	0.01	-
ii) total outstanding dues of creditors other than micro and small enterprises	334.25	149.99
Total	334.26	149.99

15.1 Trade Payables includes ₹ 0.01 (Previous Year: ₹ 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 Debt Securities

	As at 31 March 2021	As at 31 March 2020
At Amortised Cost		
Secured		
Privately placed redeemable non convertible debenture	23,356.20	21,189.00
Secured by pari passu charge by mortgage of Company's Office no.130, 3rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and receivables under financing activity.		
Unsecured		
Commercial paper	400.00	1,405.00
Total	23,756.20	22,594.00
Less: Unamortised borrowing cost/Unmatured discount on Commercial paper/Premium and discount on NCD	(45.87)	0.62
Debt Securities net of unamortised cost	23,802.07	22,593.38
Debt securities in India	23,756.20	22,594.00
Debt securities outside India	-	-
Total	23,756.20	22,594.00
Less: Unamortised borrowing cost/Unmatured discount on Commercial paper/Premium and discount on NCD	(45.87)	0.62
Debt Securities net of unamortised cost	23,802.07	22,593.38

16.1 No non convertible debentures, non convertible perpetual debentures and any other borrowing is guaranteed by directors and/or others.

16.2 Terms of repayment of privately placed redeemable non convertible debenture.

Previous Year figures are in (brackets)

Rate of interest (%)	0-1 year	1-3 years	3-5 years	>5 years	Total
4.5-5.5	575.00 -	2,330.00 -	- -	- -	2,905.00 -
5.5-6.5	- -	3,050.00 -	- -	- -	3,050.00 -
6.5-7.5	- (1,700.00)	6,311.10 (2,850.00)	- (430.00)	- -	6,311.10 (4,980.00)
7.5-8.5	1,942.00 (3,273.90)	2,129.00 (4,241.00)	280.00 (280.00)	600.00 (300.00)	4,951.00 (8,094.90)
8.5-9.5	4,207.50 (2,850.00)	1,931.60 (5,264.10)	-	- -	6,139.10 (8,114.10)
9.5-10.5	- -	- -	- -	- -	- -
Total	6,724.50 (7,823.90)	15,751.70 (12,355.10)	280.00 (710.00)	600.00 (300.00)	23,356.20 (21,189.00)

16.3 All the above non convertible debentures are secured by specific charge on receivables under financing activities. Minimum security cover of 1.1 times is required to be maintained throughout the year (Refer Note 84).

17 Borrowings (Other than Debt Securities)

	As at 31 March 2021	As at 31 March 2020
At Amortised Cost		
Borrowings (other than debt securities)		
Secured		
(a) External commercial borrowings (ECB)	4,849.83	3,244.50
(b) Term loan against hypothecation of Receivables under financing activity	15,614.53	17,740.20
(c) Borrowing under Securitisation	2,036.41	2,626.16
(d) Borrowing under ARC	97.20	-
Total	22,597.97	23,610.86
Less: Unamortised borrowing cost	28.90	30.70
Borrowings (Other than Debt Securities) net of unamortised cost	22,569.07	23,580.16
Borrowings in India	18,723.14	21,341.36
Borrowings outside India	3,874.83	2,269.50
Total	22,597.97	23,610.86
Less: Unamortised borrowing cost	28.90	30.70
Borrowings (Other than Debt Securities) net of unamortised cost	22,569.07	23,580.16

17.1 - No term loans, external commercial borrowings, commercial paper and any other borrowing is guaranteed by directors and / or others.

17.2 - During the period presented there were no defaults in the repayment of principal and interest.

17.3(a) - Terms of repayment of External commercial borrowings from International Finance Corporation.

Previous Year figures are in (brackets)

Rate of interest (%)	0-3 years	3-5 years	>5 years	Total
8 - 9	975.00 (975.00)	- -	- -	975.00 (975.00)

17.3(b) - Terms of repayment of External commercial borrowings in foreign currency

Previous Year figures are in (brackets)

Rate of interest (%)	0-3 years	3-5 years	>5 years	Total
6 - 9	3,874.83 (2,269.50)	- -	- -	3,874.83 (2,269.50)

The Company had availed total External Commercial Borrowing (ECBs) of USD 530 million for financing prospective borrower as per the ECB guidelines issued by Reserve Bank of India (“RBI”) from time to time. Out of same USD 230 million was raised in FY20-21. The borrowing had 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. The charges for raising of the aforesaid ECB has been amortised over the tenure of the ECB.

17.4 - Terms of repayment of Term loans from Banks.

Previous Year figures are in (brackets)

Marginal Cost of Funds Based Lending Rate (MCLR) (a)	0-1 year	1-3 years	3-5 years	Total
1 Month MCLR + (0.00% to 0.75%)	733.33	716.67	16.67	1,466.67
	(1,090.00)	(75.00)	-	(1,165.00)
3 Month MCLR + (0.00% to 1.5%)	1,797.73	2,164.39	-	3,962.12
	(1,967.44)	(3,866.21)	(612.58)	(6,446.23)
6 Month MCLR + (0.00% to 0.75%)	804.55	1,008.33	-	1,812.88
	(547.69)	(1,054.55)	(175.00)	(1,777.24)
1 Year MCLR + (0.00% to 0.25%)	631.82	45.45	0.00	677.27
	(1,753.94)	(2,502.27)	(283.33)	(4,539.54)
1 Year MCLR + (0.25% to 1.25%)	-	-	-	-
	-	-	-	-
Total (a)	3,967.43	3,934.84	16.67	7,918.94
	(5,359.07)	(7,498.03)	(1,070.91)	(13,928.01)
Rate linked to T-Bills rates (b)	0-1 year	1-3 years	3-5 years	Total
3 Month T-Bills rates (0.00% to 4.00%)	655.00	919.69	-	1,574.69
	(250.00)	(399.70)	-	(649.70)
6 Month T-Bills rates (0.00% to 3.50%)	109.09	109.09	-	218.18
	(331.82)	(543.18)	-	(875.00)
12 Month T-Bills rates (0.00% to 3.50%)	210.83	530.83	110.83	852.49
	(75.00)	(112.50)	-	(187.50)
Overnight Index Swap (OIS) (0.00% to 3.50%)	-	500.00	-	500.00
	-	(500.00)	-	(500.00)
Repo Rate (0.00% to 3.50%)	726.67	1,616.70	31.82	2,375.19
	(172.72)	(427.27)	-	(599.99)
Mumbai InterBank Offer rate (MIBOR) (0.00% to 3.50%)	197.92	450.00	27.12	675.04
	(1,000.00)	-	-	(1,000.00)
Total (b)	1,899.51	4,126.31	169.77	6,195.59
	(1,829.54)	(1,982.65)	-	(3,812.19)
Fixed Interest rate				
4.50% - 5.50%	318.18	1,090.91	90.91	1,500.00
	-	-	-	-
Total (a)+(b)	6,185.12	9,152.06	277.35	15,614.53
	(7,188.61)	(9,480.68)	(1,070.91)	(17,740.20)

17.5 - All the above Term loans are secured by specific charge on receivables under financing activities. Minimum security cover of 1.1 times is required to be maintained throughout the year.

17.6 Terms of repayment of Borrowing under Securitisation.

Previous Year figures are in (brackets)

Rate of interest (%)	0-1 year	1-3 years	3-5 years	Total
4.50% to 8.00%	1,198.04	793.05	45.32	2,036.41
	(1,345.91)	(1,234.26)	(46.00)	(2,626.16)

18 Subordinated Liabilities

	As at 31 March 2021	As at 31 March 2020
At Amortised Cost		
Unsecured		
(a) Privately placed subordinated (Tier II) redeemable bonds	3,500.00	3,143.50
(b) Redeemable non convertible perpetual bonds	500.00	500.00
Total	4,000.00	3,643.50
Less: Unamortised borrowing cost	12.39	12.95
Subordinated Liabilities net of unamortised cost	3,987.61	3,630.55
Subordinated Liabilities in India	4,000.00	3,643.50
Subordinated Liabilities outside India	-	-
Total	4,000.00	3,643.50
Less: Unamortised borrowing cost	12.39	12.95
Subordinated Liabilities net of unamortised cost	3,987.61	3,630.55

18.1 - No subordinate debts and any other borrowing is guaranteed by directors and / or others.

18.2 - Terms of repayment of Privately placed unsecured subordinated (Tier II) redeemable bonds and redeemable non convertible perpetual bonds

Previous Year figures are in (brackets)

Rate of interest	<5 years	>5 years	Total
7.5-10.5	1,330.00 (1,330.00)	2,670.00 (2,313.50)	4,000.00 (3,643.50)

19 Other financial liabilities

	As at 31 March 2021	As at 31 March 2020
Interest accrued	1,914.16	1,777.73
Overdrawn balances in current account with banks	576.42	111.72
Deposits (not as defined in Section 2(31) of Companies Act, 2013)	10.29	10.19
Creditors for other expenses	22.79	28.31
Statutory liabilities	73.72	59.00
Lease Liability (RTU)	247.55	267.43
Total	2,844.93	2,254.38

20 Current tax liabilities (Net)

	As at 31 March 2021	As at 31 March 2020
Provisions for tax (Net of advance tax ₹ 180.00 crore, Previous Year ₹ 237.00 crore)	173.05	74.60
Total	173.05	74.60

21 Provisions

	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits		
Gratuity (funded)	67.92	62.25
Salary, bonus and reimbursements	222.18	194.67
Contribution to provident fund	29.75	29.94
Total	319.85	286.86

22 Other non-financial liabilities

	As at 31 March 2021	As at 31 March 2020
Other payables	-	16.11
Provision for expenses	121.26	110.63
Total	121.26	126.74

23 Equity Share capital

	Face Value	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
	₹ each	Number of shares	Number of shares		
Authorised equity shares	10	1,001,550,000	1,001,550,000	1001.55	1001.55
Issued, Subscribed & Paid up equity shares fully paid up	10	789,185,216	787,579,656	789.19	787.58
Total				789.19	787.58

23.1 Reconciliation of the number of shares

	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
Equity shares of ₹10 fully paid up				
Shares outstanding at the beginning of the year	787,579,656	787.58	785,700,306	785.70
Shares issued - exercised for ESOP scheme	1,605,560	1.61	1,879,350	1.88
Shares outstanding at the end of the year	789,185,216	789.19	787,579,656	787.58

23.2 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.

23.3 Details of shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity shares of ₹ 10 fully paid up				
HDFC Bank Limited (Holding Company)	750,596,670	95.11	750,596,670	95.30

23.4 Number of shares reserved for ESOPs

Particulars	As at 31 March 2021	As at 31 March 2020
Equity shares of ₹10 fully paid up		
Number of Shares reserved for ESOPs (Refer note 34)	3,176,650	2,151,580

24 Other equity

		As at 31 March 2021	As at 31 March 2020
Other equity			
(i)	Securities Premium Account	2,960.70	2,925.43
(ii)	Employee stock Options Outstanding Account	62.97	49.42
(iii)	Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	1,090.94	1,012.65
(iv)	Retained Earnings-Other than Remeasurement of Post Employment Benefit Obligations	3,617.98	3,304.80
(v)	Retained Earnings- Remeasurement of Post Employment Benefit Obligations	(42.65)	(26.96)
(vi)	Cash Flow Hedges Reserve	(32.89)	(35.13)
		7,657.05	7,230.22

(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.

25 Interest Income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
On Financial Assets measured at Amortised Cost -		
Interest on Loans	8,420.35	8,191.79
Interest on deposits with Banks	22.67	14.65
On Financial Assets measured at fair value through profit or loss (FVTPL) -		
Interest income from Investment	44.86	27.02
Total	8,487.88	8,233.47

26 Net gain/ (loss) on fair value changes

	For the year ended 31 March 2021	For the year ended 31 March 2020
Net gain/(loss) on financial instruments at fair value through profit or loss (FVTPL)		
Investments	40.04	18.78
Unquoted equity shares	-	-
	40.04	18.78
Net gain/(loss) on financial instruments at fair value through profit or loss (FVTPL)		
Realised	34.89	16.83
Unrealised	5.15	1.95
Total	40.04	18.78

27 Finance Costs

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest expenses on financial liabilities measured at amortised cost		
Interest on borrowings (includes Interest on lease liabilities ₹ 25.47 Crore, Previous Year ₹ 23.06 crore)	1,684.74	1,679.71
Interest on debt securities	1,791.21	1,787.48
Interest on subordinated liabilities	346.70	305.61
Discount on commercial paper	25.71	284.69
Other borrowing costs	34.57	23.93
Total	3,882.93	4,081.42

28 Impairment on financial instruments

	For the year ended 31 March 2021	For the year ended 31 March 2020
Impairment on financial instruments at amortised cost		
Loans	3,071.52	1,439.85
Investment	(0.49)	0.00
Trade receivables	(2.26)	1.72
Total	3,068.77	1,441.57

29 Employee benefits expense

	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries and wages (including bonus)	2,684.48	2,924.30
Contribution to provident and other funds	233.35	226.47
Employee share based payment expenses	13.55	11.19
Staff welfare expenses	24.21	33.61
Total	2,955.59	3,195.57

30 Other expenses

	For the year ended 31 March 2021	For the year ended 31 March 2020
Rent	5.69	10.27
Rates and taxes	1.76	1.12
Telephone	31.56	30.22
Power and fuel	20.03	27.45
Repairs and maintenance-premises	3.37	3.99
Repairs and maintenance-others	2.24	2.11
Credit report charges	34.25	51.97
Commission and brokerage	2.22	3.02
Auditor's remuneration (Refer Note 32)	1.06	0.84
Insurance	1.64	0.01
Loss on sale of asset	1.91	(0.19)
Expenses towards Corporate Social Responsibility Initiative (Refer Note 40)	30.83	28.28
Others administrative expenses	292.43	304.68
Total	428.99	463.77

31 Earnings per Share

	For the year ended 31 March 2021	For the year ended 31 March 2020
Net Profit (₹ in crore)	391.47	1,004.85
Weighted average number of equity shares		
Basic	788,029,727	786,316,430
Diluted	788,347,209	787,011,436
Earnings per share (₹)		
Basic	4.97	12.78
Diluted	4.97	12.77
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 3,17,481 shares (Previous Year 6,95,005 shares).

32 Auditor's Remuneration

	For the year ended 31 March 2021	For the year ended 31 March 2020
As Auditor		
Statutory audit	0.90	0.40
Tax audit	-	-
Others	0.06	0.35
For certificates	0.01	0.03
Sub Total	0.97	0.78
GST	0.09	0.07
Total	1.06	0.84

33 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 31 March 2021

(i) Amounts recognised in the Balance sheet

S.N.	Particulars	31 March 2021	31 March 2020
a)	Right-of-use assets (net)	217.40	252.41
b)	Lease liabilities		
	Current	41.23	38.94
	Non-current	206.32	228.48
	Total Lease liabilities	247.55	267.42
c)	Additions to the Right-of-use assets	30.75	64.80

(ii) Amounts recognised in the Statement of Profit and Loss

S.N.	Particulars	31 March 2021	31 March 2020
a)	Depreciation charge for right-of-use assets	51.44	47.76
b)	Interest expense (included in finance cost)	25.47	23.06
c)	Expense relating to short-term leases	5.69	10.27

(iii) Cash Flows

Particulars	31 March 2021	31 March 2020
The total cash outflow of leases	61.78	55.80

(iv) Future Commitments

Particulars	31 March 2021	31 March 2020
Future undiscounted lease payments to which leases is not yet commenced	1.72	2.31

(v) Maturity analysis of undiscounted lease liability

Period	31 March 2021	31 March 2020
Not later than one year	60.03	60.22
Later than one year and not later than five years	189.86	208.14
Later than five years	64.18	85.50
Total	314.07	353.86

34 Accounting for Employee Share based Payments

In accordance with resolution approved by the shareholders, the Company has reserved shares, for issue to employees through ESOP Scheme. On the approval of Nomination and Remuneration Committee (NRC), each ESOP scheme is issued. The NRC has approved stock option schemes ESOP-10 on October 13, 2017, ESOP-11 on January 15, 2019, ESOP-12 on October 5, 2020 and ESOP-13 on January 14, 2021. Under the term of the schemes, 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 for ESOP-10, ESOP-11, ESOP-12 and ESOP-13.

Description of share based payments plans

Particulars		ESOP-10	ESOP-11	ESOP-12	ESOP-13
i.	Vesting requirements	30% at the end of each 12 and 24 months and 40% at the end of 36 months from 31 Oct 2017	30% at the end of each 12 and 24 months and 40% at the end of 36 months from 31 Jan 2019	60% at the end of 12 months and 40% at the end of 24 months from 31 Oct 2020	30% at the end of each 12 and 24 months and 40% at the end of 36 months from 31 Jan 2021
ii.	Maximum term of option	7 years	7 years	6 years	7 years
iii.	Method of settlement	Equity settled	Equity settled	Equity settled	Equity settled
iv.	Modifications to share based payment plans	NA	NA	NA	NA
v.	Any other details as disclosed in the audited Ind-AS financials	NA	NA	NA	NA

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 31 March 2021

Particulars	ESOP-10	ESOP-11	ESOP-12	ESOP-13	Total	Weighted average exercise price (₹)
Outstanding, beginning of year	1,283,200	868,380			2,151,580	237.65
Granted during the year	-	-	1,602,500	1,176,950	2,779,450	320.33
Exercised during the year	1,168,150	437,410	-	-	1,605,560	229.62
Forfeited / lapsed during the year	66,900	36,970	43,600	1,350	148,820	255.07
Outstanding, end of year	48,150	394,000	1,558,900	1,175,600	3,176,650	313.22
Options exercisable, end of year	48,150	71,280	-	-	119,430	249.41

Movement in the options outstanding under the Employees Stock Option Plan for the year ended 31 March 2020

Particulars	ESOP-8	ESOP-9	ESOP-10	ESOP-11	Total	Weighted average exercise price (₹)
Options outstanding, beginning of year	34,500	874,200	2,414,200	907,400	4,230,300	209.36
Granted during the year	-	-	-	-	-	-
Exercised during the year	34,500	803,400	1,041,450	-	1,879,350	178.22
Forfeited / lapsed during the year	-	70,800	89,550	39,020	199,370	197.95
Options outstanding, end of year	-	-	1,283,200	868,380	2,151,580	237.62
Options exercisable, end of year	-	-	49,800	261,270	311,070	264.23

Following summarises the information about stock options outstanding as at 31 March 2021

Plan	Exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)
ESOP - 10	213	48,150	3.59
ESOP - 11	274	394,000	4.58
ESOP - 12	300	1,558,900	5.07
ESOP - 13	348	1,175,600	5.94

Following summarises the information about stock options outstanding as at 31 March 2020

Plan	Exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)
ESOP - 10	213	1,283,200	4.54
ESOP - 11	274	868,380	4.94

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 12	ESOP 13
Dividend yield	0.62%	0.52%
Expected volatility	56.98%	54.92%
Risk-free interest rate	4.98%	5.03%
Expected life of the option	3.40 years	4.10 years

The Company recorded an employee stock compensation expense of ₹13.55 crore (previous year ₹11.19 crore) in Statement of Profit and Loss.

35 Segment reporting

S.N.	Particulars	31 March 2021	31 March 2020
i.	Segment Revenue		
	Lending business	8,924.35	8,643.24
	BPO Services	2,020.43	2,113.23
	Unallocated	-	-
	Income from Operations	10,944.78	10,756.47
ii.	Segment Results		
	Lending business	445.98	1,366.95
	BPO Services	103.72	104.28
	Unallocated	(48.99)	(6.75)
	Profit before tax	500.71	1,464.48
	Income Tax expenses		
	Current tax	419.09	471.78
	Deferred tax Asset	(309.85)	(12.15)
	Income tax for earlier year	-	-
	Net Profit	391.47	1,004.85

S.N.	Particulars	31 March 2021	31 March 2020
iii.	Capital Employed		
	Segment assets		
	Lending business	61,694.54	59,988.97
	BPO Services	147.52	216.68
	Unallocated	798.99	508.81
	Total Assets	62,641.05	60,714.46
	Segment Liabilities		
	Lending business	53,886.31	52,281.15
	BPO Services	50.43	216.06
	Unallocated	258.08	199.45
	Total Liabilities	54,194.82	52,696.66
	Net Segment assets/(liabilities)	8,446.23	8,017.80
iv.	Capital Expenditure (including net CWIP)		
	Lending business	22.48	53.85
	BPO Services	2.11	15.62
	Unallocated	-	3.36
	Total	24.59	72.83
v.	Depreciation		
	Lending business	87.83	86.60
	BPO Services	15.34	17.60
	Unallocated	4.62	5.46
	Total	107.79	109.66
vi.	Other non cash expenditure		
	Lending business	3,068.77	1,441.57
	BPO Services	-	-
	Unallocated	-	-
	Total	3,068.77	1,441.57

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 ('MD') 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.

36 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

Key Management Personnel :

Aditya Puri (Chairman & Non Executive Director) (resigned effective 5 November 2020)
Jimmy Tata (Non Executive Director) (resigned effective 30 June 2020)
Bhavesh Zaveri (Non Executive Director) (resigned effective 28 November 2019)
Smita Affinwalla (Independent Director)
Venkatraman Srinivasan (Independent Director)
Dr. Amla Samanta (Independent Director)
Adayapalam Viswanathan (Independent Director)
G Ramesh (Managing Director and CEO)

Other related parties :

HDFC Ergo General Insurance Company Limited
HDFC Life Insurance Company Limited
HDFC Asset Management Company Limited

Details of Related Party Transactions for the Year:

Related party	Nature of transaction	31 March 2021	31 March 2020
HDFC Bank Limited	Bank charges	11.98	11.06
	Charges for back office support services received / recoverable	907.26	878.53
	Charges for sales support services received / recoverable	1,233.14	1,391.50
	Commission Expenses	4.94	-
	Corporate logo license fees	3.72	10.26
	Dividend paid	-	135.11
	Fixed deposits placed	1,172.73	167.74
	Interest paid on non-convertible debentures	59.92	64.51
	Interest paid on term loan and OD account	379.94	366.13
	Interest received on fixed deposits	12.78	11.06
	Investment banking fees paid	1.26	1.42
	IPA charges	0.00	0.01
	Reimbursement of IT expense, secondment charge & other common expenses	2.74	2.12
	Rent paid for premises taken on sub-lease	2.42	2.27
	Securities purchased during the year	3,115.00	1,986.50
	Securitisation	473.06	1,982.47
	Term loan availed during the year	2,350.00	4,696.15
	Term loan paid during the year	1,959.09	2,614.41
	Tele collection charges / field collection charges received / recoverable for collection services rendered	206.53	189.48

Related party	Nature of transaction	31 March 2021	31 March 2020
HDFC Securities Limited	Commission on sourcing of loans	-	0.03
	Rent received / receivable for premises given on sub-lease	0.08	0.13
Key Management Personnel	Director sitting fees and commission paid	0.80	0.60
	Dividend paid	-	0.11
	Salary including perquisites and allowances	3.79	4.10
	Stock Options#	0.86	3.49
	Others Contribution to Funds*	0.00	0.12
HDFC Asset Management Company Limited	Investment in mutual fund during year	1,910.00	-
	Redemption of mutual fund during year	1,910.00	-
HDFC Life Insurance Company Limited	Insurance commission received / receivable	7.91	10.21
	Rent paid / payable	0.01	0.03
HDFC Ergo General Insurance Company Limited	Insurance commission received / receivable	9.77	13.06

* excludes amounts pertaining to gratuity and compensated absences, which are actuarially valued at the Company level.

\# 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 ₹1.10 crore (previous year ₹0.88 crore) with a corresponding credit to the reserves.

Balances outstanding:

Related party	Nature of transaction	31 March 2021	31 March 2020
HDFC Bank Limited	Securitisation	379.10	1,553.06
	Balance in current accounts	645.56	310.85
	Balance receivable	85.66	141.48
	Balance payable	1.92	7.92
	Fixed deposit	182.53	167.74
	Security deposit paid	0.11	0.07
	Security deposit received	9.85	9.85
	Term loan outstanding	5,572.73	5,181.82
	Non convertible debentures issued	3,115.00	650.00
	Undrawn commitment facility	500.00	1,000.00
HDFC Securities Ltd.	Balance receivable	0.13	0.22
HDFC Life Insurance Company Limited**	Balance payable - Securities	905.00	1,435.00
	Balance payable - Expenses	0.01	-
	Balance receivable	1.59	0.54
HDFC Asset Management Company Limited	Balance payable	811.90	971.90
	Balance receivable	0.36	-
HDFC Ergo General Insurance Company Limited**	Balance payable	70.00	20.00
	Balance receivable	1.22	0.64

** excludes amounts pertaining to insurance premiums payable that are in the nature of pass through.

37 Employee benefits

(A) Defined contribution plan

The contribution made to various statutory funds is recognised as expense and included in Note 29 'Employee benefits expense' under 'Contribution to provident and other funds' in Statement of Profit and Loss.

(B) Defined benefit plan (Gratuity)

The Company contributes to the group gratuity fund based on the actuarial valuation determined as at the year-end through the HDFC Life Insurance Company ('HDFC Life') Limited and Life Insurance Corporation of India Limited (LIC). HDFC Life and LIC have certified the Fair Value of the Plan Assets

Details of Actuarial Valuation as at March 31, 2021 :

	Particulars	31 March 2021	31 March 2020
A.	**Change in defined benefit obligation**		
1	Defined benefit obligation at beginning of period	116.48	76.88
2	Service cost		
	a. Current service cost	12.76	13.54
	b. Past service cost	-	-
	c. (Gain) / loss on settlements	-	-
3	Interest expenses	5.67	5.30
4	Cash flows		
	a. Benefit payments from plan	(10.00)	(11.01)
	b. Benefit payments from employer	-	-
	c. Settlement payments from plan	-	-
	d. Settlement payments from employer	-	-
5	Remeasurements		
	a. Effect of changes in demographic assumptions	4.36	0.19
	b. Effect of changes in financial assumptions	5.10	6.51
	c. Effect of experience adjustments	14.72	25.07
6	Transfer In / Out		
	a. Transfer In	-	-
	b. Transfer out	-	-
7	Defined benefit obligation at end of period	149.09	116.48
B.	Change in fair value of plan assets		
1	Fair value of plan assets at beginning of period	54.53	38.09
2	Interest income	2.66	2.63
3	Cash flows		
	a. Total employer contributions		
	(i) Employer contributions	32.78	19.66
	(ii) Employer direct benefit payments	-	-
	(iii) Employer direct settlement payments	-	-
	b. Participant contributions	-	-
	c. Benefit payments from plan assets	(10.00)	(11.01)
	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)	1.54	5.17
5	Transfer In /Out		
	a. Transfer In	-	-
	b. Transfer out	-	-
6	Fair value of plan assets at end of period	81.51	54.53

	Particulars	31 March 2021	31 March 2020
C.	Amounts recognised in the Balance Sheet		
1	Defined benefit obligation	149.09	116.48
2	Fair value of plan assets	(81.51)	(54.53)
3	Funded status	67.58	61.95
4	Effect of asset ceiling	-	-
5	Net defined benefit liability (asset)	67.58	61.95
D.	**Components of defined benefit cost**		
1	Service cost		
	a. Current service cost	12.76	13.54
	b. Past service cost	-	-
	c. (Gain)/loss on settlements	-	-
	d. Total service cost	12.76	13.54
2	Net interest cost		
	a. Interest expense on DBO	5.67	5.30
	b. Interest (income) on plan assets	2.66	2.63
	c. Interest expense on effect of (asset ceiling)	-	-
	d. Total net interest cost	3.01	2.67
3	Remeasurements (recognised in OCI/Retained Earnings)		
	a. Effect of changes in demographic assumptions	4.36	0.19
	b. Effect of changes in financial assumptions	5.10	6.51
	c. Effect of experience adjustments	14.72	25.07
	d. Return on plan assets (excluding interest income)	1.54	5.17
	e. Changes in asset ceiling (excluding interest income)	-	-
	f. Total remeasurements included in OCI/Retained Earnings	22.64	26.59
4	Total defined benefit cost recognised in P&L and OCI	38.41	42.81
E.	Re-measurement		
	a. Actuarial Loss/(Gain) on DBO	24.18	31.77
	b. Returns above Interest Income	(1.54)	(5.17)
	c. Change in Asset ceiling	-	-
	Total Re-measurements (OCI / Retained Earnings)	22.64	26.59
F.	Employer Expense (P&L)		
	a. Current Service Cost	12.76	13.54
	b. Interest Cost on net DBO	3.01	2.67
	c. Past Service Cost	-	-
	d. Total P&L Expenses	15.77	16.21
G.	**Net defined benefit liability (asset) reconciliation**		
1	Net defined benefit liability (asset)	61.95	38.79
2	Defined benefit cost included in P&L	15.77	16.21
3	Total remeasurements included in OCI/Retained Earnings	22.64	26.59
4	a. Employer contributions	(32.78)	(19.66)
	b. Employer direct benefit payments	-	-
	c. Employer direct settlement payments	-	-
5	Net transfer	-	-
6	Net defined benefit liability (asset) as of end of period	67.58	61.95
H.	Reconciliation of OCI (Re-measurement)		
1	Recognised in OCI at the beginning of period	34.46	7.87
2	Recognised in OCI during the period	22.64	26.59
3	Recognised in OCI/Retained Earnings at the end of the period	57.11	34.46

	Particulars	31 March 2021	31 March 2020
I.	Sensitivity analysis - DBO end of Period		
1	Discount rate + 100 basis points	(3.77)	(2.88)
2	Discount rate - 100 basis points	4.10	3.05
3	Salary Increase Rate + 1%	3.66	2.64
4	Salary Increase Rate - 1%	3.49	(2.68)
5	Attrition Rate + 1%	1.27	(0.68)
6	Attrition Rate - 1%	1.35	0.70
J.	**Significant actuarial assumptions**		
1	Discount rate Current Year (p.a.)	3.86%	4.87%
2	Discount rate Previous Year (p.a.)	4.87%	6.84% - 6.92%
3	Salary increase rate (p.a.)	5.00% - 9.00%	7.00% - 8.00%
4	Attrition Rate (%)	9.00% - 76.00%	26.00% - 89.00%
5	Retirement Age (years)	60	60
6	Pre-retirement mortality	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
7	Disability	Nil	Nil
K.	Data		
1	No.	99,629	105,029
2	Average age (yrs.)	29.23	28.70
3	Average past service (yrs.)	2.71	2.30
4	Average salary monthly (₹)	8,863.61	8,606.00
5	Future service (yrs.)	30.77	31.30
6	Weighted average duration of DBO	4.00	3.00
L.	**Expected cash flows for following year**		
1	Expected contributions/Addl. Provision Next Year	30.31	32.83
2	Expected total benefit payments		
	Year 1	47.88	57.04
	Year 2	30.37	35.32
	Year 3	20.98	24.00
	Year 4	15.27	16.58
	Year 5	10.90	11.90
	Next 5 years	25.22	24.19

Category of Plan asset	% of Fair value to total planned assets (as at 31 March 2021)
Government securities and corporate bonds/debentures	94.11%
Money market instruments and fixed deposits	3.22%
Net current assets and other approved security	2.67%
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.

38 Contingent liabilities

S.N.	Particulars	31 March 2021	31 March 2020
1	Claims against the Company not acknowledged as debt (Refer Note 38.1)	93.55	94.32
2	Estimated amount of contracts remaining to be executed on capital account and not provided for: (Net of Advances amounting to ₹1.22 crore, previous year ₹3.61 crore)	8.64	12.42
3	Undrawn committed sanctions to borrowers	26.65	88.84

38.1 Claims against the Company not acknowledged as debt

Particulars	31 March 2021	31 March 2020
Suit filed by borrowers	3.36	4.13
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. Income tax matter	4.85	4.85
4. Payment of Labour Welfare Fund	0.32	0.32
Total	93.55	94.32

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 in Note 10.

The Provident Fund department has challenged order of the appellate authority in the High Court. The management of the Company is of the view that no material losses will arise in respect of the legal claim and accordingly the same has been disclosed as a contingent liability. In the eventuality of any claim arising out of this case, the same will be billed to the customer in the year the claim is final and accordingly no provision has been made.

b) Payment of Bonus (Amendment) Act, 2015

As per the amendment to the Payment of Bonus (Amendment) Act, 2015 vide notification number DL-(N)04/70007/2003-16 issued on 1 January 2016 by Government of India, the Company would be required to pay statutory bonus to all eligible employees as per the amendments specified thereunder, with effect from 1 April 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.

38.2 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.

(Currency : Indian Rupees in crore)

38.3 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.

39 Maturity analysis of assets & liabilities

Particulars	31 March 2021		31 March 2020	
	Within 12 months	After 12 months	Within 12 months	After 12 months
ASSETS				
Financial Assets				
(a) Cash and cash equivalents (CCE)	753.51	-	355.95	-
(b) Bank balances other than CCE	220.50	2.37	207.23	-
(c) Derivative financial instruments	-	-	81.32	-
(d) Trade receivables	117.32	-	181.18	-
(e) Loans	18,500.34	40,101.10	17,730.01	39,415.87
(f) Investments	1,455.03	137.87	1,744.81	0.95
(g) Other financial assets	209.63	39.59	69.90	48.18
	21,256.33	40,280.93	20,370.40	39,465.00
Non-financial Assets				
(a) Current tax assets (Net)	56.91	-	77.42	-
(b) Deferred tax assets (Net)	-	729.99	-	415.62
(c) Property, plant and equipment	-	91.52	-	124.48
(d) Capital work-in-progress	-	-	-	0.06
(e) Other intangible assets	-	7.98	-	9.07
(f) Right of use assets	47.39	170.01	37.62	214.79
	104.30	999.50	115.04	764.02
TOTAL ASSETS	21,360.63	41,280.43	20,485.44	40,229.02
LIABILITIES				
Financial Liabilities				
(a) Derivative financial instruments	42.72	-	-	-
(b) Trade payables	334.26	-	149.99	-
(c) Debt securities	7,131.39	16,670.68	9,228.64	13,364.74
(d) Borrowings other than debt securities	8,352.32	14,216.75	8,661.58	14,918.58
(e) Subordinated liabilities	-	3,987.61	-	3,630.55
(f) Other financial liabilities	2,291.85	553.08	1,986.95	267.43
	18,152.54	35,428.12	20,027.16	32,181.30
Non-Financial Liabilities				
(a) Current tax liabilities (net)	173.05	-	74.60	-
(b) Provisions	282.24	37.61	224.61	62.25
(c) Other non-financial liabilities	121.26	-	45.51	81.23
	576.55	37.61	344.72	143.48
TOTAL LIABILITIES	18,729.09	35,465.73	20,371.88	32,324.78
NET	2,631.54	5,814.70	113.56	7,904.24

40 Corporate Social Responsibility

The average profit before tax of the Company for the last three financial years was ₹1,541.63 crore, basis which the Company was required to spend ₹30.83 crore towards Corporate Social Responsibility (CSR) activities for the current financial year.

a) Amount spent during the year on:

Particulars	31 March 2021			31 March 2020		
	Amount Spent	Amount Unpaid/ provision	Total	Amount Spent	Amount Unpaid/ provision	Total
Construction/acquisition of any asset	-	-	-	-	-	-
On purpose other than (i) above	23.52	7.31	30.83	24.81	3.47	28.28

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 ear	Closing Balance
-	Not Applicable	30.83	23.52	7.31

Note: ₹ 3.47 crore reported as unspent in financial year 2019-20 has been spent in first quarter of financial year 2020-21

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
Not Applicable			

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
NIL	Not Applicable	30.83	23.52	Not Applicable	7.31	NIL

Note: Closing balance of ₹ 7.31 crore available with the Company shall be transferred to an unspent CSR account by end of 30 April 2021.

41 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	31 March 2021	31 March 2020
The Principal amount remaining unpaid at the end of the year	0.01	-
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	0.01	-

Note - The above is based on the information available with the Company which has been relied upon by the auditors.

42 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.

Investments	Category	Fair value hierarchy	Fair Value	
			31 March 2021	31 March 2020
Mutual fund units	FVTPL	Level 1	572.21	750.02
Unquoted equity shares	FVTPL	Level 3	1.45	0.95
Treasury bills	FVTPL	Level 1	882.82	994.79
Securities receipt of ARC	FVTPL	Level 2	136.42	-
Derivative financial instruments	FVTPL	Level 2	-	81.32

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.

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	31 March 2021		31 March 2020	
			Carrying value	Fair value	Carrying value	Fair value
Financial Assets						
(a) Cash and cash equivalents (CCE)	Amortised cost		753.51	753.51	355.95	355.95
(b) Bank balances other than CCE	Amortised cost		222.87	222.87	207.23	207.23
(c) Derivative financial instruments	FVTPL	Level 2	-	-	81.32	81.32
(d) Trade receivables	Amortised cost		117.32	117.32	181.18	181.18
(e) Loans	Amortised cost	Level 3	58,601.44	55,503.95	57,145.88	53,256.66
(f) Investments - Mutual funds and Treasury bills	FVTPL	Level 1	1,455.03	1,455.03	1,744.81	1,744.81
Investments - In Security Receipts	FVTPL	Level 2	136.42	136.42	-	-
Investments - Unquoted equity shares	FVTPL	Level 3	1.45	1.45	0.95	0.95
(g) Other financial assets	Amortised cost		249.22	249.22	118.08	118.08
			61,537.26	58,439.77	59,835.40	55,946.18
Financial Liabilities						
(a) Derivative financial instruments	FVTPL	Level 2	42.72	42.72	-	-
(b) Trade payables	Amortised cost		334.26	334.26	150.00	150.00
(c) Debt securities	Amortised cost	Level 2	23,802.07	25,052.85	22,593.38	23,951.81
(d) Borrowings other than Securitisation	Amortised cost	Level 2	20,532.65	19,753.95	20,954.00	20,762.75
Borrowings under Securitisation	Amortised cost	Level 2	2,036.41	2,004.24	2,626.16	2,831.79
(e) Subordinated liabilities	Amortised cost	Level 2	3,987.61	4,281.90	3,630.55	3,913.97
(f) Other financial liabilities	Amortised cost		2,844.94	2,844.94	2,254.38	2,254.38
			53,580.66	54,314.86	52,208.47	53,864.69

(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.

43 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.

44 Risk Management

While risk is inherent in the Company's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls.

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Committee is responsible for managing risk decisions and monitoring risk levels and reports to the Supervisory Board.

The Company's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

a) Credit risk

The company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and industry concentrations, and by monitoring exposures in relation to such limits.

Financial assets measured on a collective basis

The company splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Secured/unsecured i.e. based on whether the loans are secured
- Nature of security i.e. the nature of the security if the loans are determined to be secured
- Nature of loan i.e. based on the nature of loan

Significant increase in credit risk

The company considers an exposure to have significantly increased in credit risk when the borrower crosses 30 DPD but is within 90 DPD.

Impairment assessment

The company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower crosses 90 days past due on its contractual payments. Further, the borrower is retained in Stage 3 (credit-impaired) till all the overdue amounts are repaid i.e borrower becomes 0 days past due on its contractual payments.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Loss given default

The credit risk assessment is based on a standardised LGD assessment framework that incorporates the probability of default and subsequent recoveries, discounted.

Current economic data and forward-looking economic forecasts and scenarios are used in order to determine the Ind AS 109 LGD rate. The company uses data obtained from third party sources and combines such data with inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios.

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	31 March 2021	31 March 2020
Stage 1: 0 to 30 days past due	55,263.27	54,243.55
Stage 2: 31 to 90 days past due	3,300.87	1,928.27
Stage 3: more than 90 days past due	2,760.86	2,259.13
Total	61,325.00	58,430.95

b) An analysis of changes in the gross carrying amount and corresponding ECL allowances in relations to loans is as under:

	31 March 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	54,243.55	1,928.27	2,259.13	58,430.95
Originated or new	24,165.19	269.87	142.71	24,577.77
Matured or repaid	(18,076.95)	(753.75)	(1,365.78)	(20,196.48)
Transfers to Stage 1	919.63	(650.27)	(269.36)	-
Transfers to Stage 2	(3,088.42)	3,229.17	(140.75)	-
Transfers to Stage 3	(2,899.73)	(722.42)	3,622.15	-
Amounts written off (net of recovery)	-	-	(1,487.24)	(1,487.24)
Gross carrying amount - closing balance	55,263.27	3,300.87	2,760.86	61,325.00

	31 March 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	52,537.04	1,171.99	1,000.38	54,709.41
Originated or new	29,206.43	436.03	210.94	29,853.40
Matured or repaid	(23,364.88)	(878.26)	(905.71)	(25,148.85)
Transfers to Stage 1	259.33	(188.06)	(71.27)	-
Transfers to Stage 2	(1,956.56)	1,967.09	(10.53)	-
Transfers to Stage 3	(2,437.81)	(580.52)	3,018.33	-
Amounts written off (net of recovery)	-	-	(983.01)	(983.01)
Gross carrying amount - closing balance	54,243.55	1,928.27	2,259.13	58,430.95

	31 March 2021			
	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	634.25	212.22	438.60	1,285.07
Originated or new	401.34	38.68	34.77	474.79
Matured or repaid	(175.73)	(66.92)	1,108.56	865.91
Transfers to Stage 1	111.71	(56.61)	(55.09)	-
Transfers to Stage 2	(61.34)	90.13	(28.79)	-
Transfers to Stage 3	(60.93)	(66.90)	127.83	-
Remeasurement	456.81	392.11	736.11	1,585.03
Amounts written off (net of recovery)	-	-	(1,487.24)	(1,487.24)
Impairment loss allowance - closing balance	1,306.11	542.71	874.74	2,723.56

	31 March 2020			
	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	358.37	148.18	321.69	828.24
Originated or new	241.75	33.84	36.09	311.68
Matured or repaid	(161.27)	(78.50)	557.42	317.66
Transfers to Stage 1	42.05	(18.13)	(23.93)	-
Transfers to Stage 2	(28.70)	32.23	(3.54)	-
Transfers to Stage 3	(57.46)	(59.47)	116.93	-
Remeasurement	239.50	154.07	416.94	810.51
Amounts written off (net of recovery)	-	-	(983.01)	(983.01)
Impairment loss allowance - closing balance	634.25	212.22	438.60	1,285.07

c) Modified financial assets

The Company renegotiates loans given to customers in financial difficulties (referred to as forbearance activities, restructuring or rescheduling) to maximise collection opportunities and minimise the risk of default. Under the Companies forbearance policy, loan forbearance is granted on a selective basis if the customer is currently in default on its debt or if there is a high risk of default, there is evidence that the customer made all reasonable efforts to pay under the original contractual terms and the customer is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Risk Management Committee regularly reviews reports on forbearance activities.

Upon renegotiation, such accounts are classified as Stage 3. Such accounts are upgraded to Stage 1 only upon observation of satisfactory repayments of one year from the date of such down-gradation and accordingly loss allowance is measured using 12 month PD.

Exposure to modified financial assets	31 March 2021	31 March 2020
Gross carrying amount	3,649.96	-
Impairment allowance	956.92	-
Net carrying amount	2,693.04	-

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:

	31 March 2021	31 March 2020
Carrying value of Loans	58,601.44	57,145.88
Mortgage backed loans	17,041.68	17,847.74
Other assets backed loans	25,430.92	23,817.31
Personal loans	13,322.88	13,234.91
Others	2,805.97	2,245.92
Total	58,601.44	57,145.88

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are, as follows:

- For corporate and small business lending, charges over real estate properties, inventory and trade receivables and, in special circumstances, government guarantees
- For retail lending, mortgages over residential properties

The Company also obtains guarantees from parent companies for loans to their subsidiaries.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

Collateral coverage - credit impaired loans

Loan to Value (LTV) range	31 March 2021	31 March 2020
Upto 50 % Coverage	1,476.62	1,202.22
51-75 % Coverage	402.89	555.54
76-100 % Coverage	5.95	51.94
Above 100% Coverage	0.65	10.83
Total	1,886.11	1,820.53

b) Liquidity risk and funding management

Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. To limit this risk, management has arranged for diversified funding sources, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

Maturity profile of financial liabilities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at 31st March.

31 March 2021	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
Trade payables	334.26	-	-	-	334.26
Derivative financial instruments	42.72	-	-	-	42.72
Debt securities	8,780.45	17,885.98	399.14	793.20	27,858.77
Borrowings	8,107.92	13,506.54	282.55	-	21,897.01
Borrowings under Securitization	1,342.04	842.97	14.75	-	2,199.76
Subordinated liabilities	363.54	1,497.86	1,013.71	3,396.56	6,271.67
Total	18,970.93	33,733.35	1,710.15	4,189.76	58,604.19

31 March 2020	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
Trade payables	150.00	-	-	-	150.00
Derivative financial instruments	-	-	-	-	-
Debt securities	10,828.66	14,631.49	833.87	420.75	26,714.76
Borrowings	8,580.57	13,821.56	1,097.94	-	23,500.07
Borrowings under Securitization	1,483.34	1,303.57	46.99	-	2,833.89
Subordinated liabilities	337.22	1,274.65	1,262.80	3,115.79	5,990.46
Total	21,379.79	31,031.27	3,241.59	3,536.54	59,189.19

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**	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Borrowings that are re-priced	0.25%	0.25%	38.00	44.35
Loans that are re-priced	0.25%	0.25%	40.31	42.07

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 arises majorly on account of foreign currency borrowings. The Company manages this foreign currency risk by entering into cross currency swaps and forward contract. When a derivative is entered into for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Company holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

d) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or from external events.

The operational risks of the Company are managed through comprehensive internal control systems and procedures and key back up processes. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The Company also undertakes Risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure.

The Company has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the Company's readiness.

45 Impact of hedging activities

a) Disclosure of effects of hedge accounting on financial position:

31 March 2021								
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)	3,874.83	-	-	42.72	30 Oct 2022, 29 Nov 2022, 10 Dec 2022 and 18 June 2023	(124.04)	(124.04)	Borrowings

31 March 2020								
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)	2,269.50	-	81.32	-	30 Oct 2022, 29 Nov 2022 and 10 Dec 2022	81.32	(81.32)	Borrowings

b) Disclosure of effects of hedge accounting on financial performance

31 March 2021				
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	(124.04)	-	127.03	Finance cost

31 March 2020				
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	81.32	-	(128.28)	Finance cost

46 Changes in Liabilities arising from financing activities

Particulars	1 April 2020	**Cash flows**	Exchange **Difference**	Other	31 March 2021
Debt securities	22,593.38	1,162.82	-	45.87	23,802.07
Borrowings other than debt securities	20,954.00	(450.24)	-	28.90	20,532.66
Borrowings under Securitization	2,626.16	(593.04)	-	3.29	2,036.41
Subordinated liabilities	3,630.55	344.67	-	12.39	3,987.61
Total	49,804.09	464.21	-	90.45	50,358.75

Particulars	1 April 2019	Cash flows	Exchange Difference	Other	31 March 2020
Debt securities	24,119.67	(1,727.00)	-	200.71	22,593.38
Borrowings other than debt securities	16,474.55	4,372.45	128.28	(21.28)	20,954.00
Borrowings under Securitization	1,621.10	1,005.06	-	-	2,626.16
Subordinated liabilities	2,889.78	743.50	-	(2.73)	3,630.55
Total	45,105.10	4,394.01	128.28	176.70	49,804.09

(i) Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc

(ii) Total Liabilities comprises of Debt securities, Borrowings (other than debt securities) and Subordinated Liabilities

47 Expenditure / Remittances in Foreign Currencies

a) Expenditure in Foreign Currencies

Particulars	31 March 2021	31 March 2020
Interest and processing charges for debt instrument	15.70	19.46
Professional charges	0.03	0.14
Annual software application fee	0.12	0.03

b) There is no dividend paid in foreign currency.

48 Event after Reporting Date

Subsequent events are tracked and evaluated by the Company. Necessary adjustments / disclosures have been provided in the financial statements for significant subsequent events.

49 Transfer of Financial Assets

49.1 Transferred financial assets that are not derecognised in their entirety

The following tables 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 17.

The following table 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:

Particulars	31 March 2021	31 March 2020
Carrying amount of transferred assets measured at amortised cost	2,167.91	2,632.39
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	2,036.41	2,626.16
Fair value of assets	1,964.93	2,364.33
Fair value of associated liabilities	2,004.24	2,831.79
Net position at Fair Value	(39.31)	(467.46)

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	31 March 2021	31 March 2020
Carrying amount of de-recognised financial asset	235.67	401.80
Carrying amount of retained assets at amortised cost*	26.37	47.40
Gain on sale of the de-recognised financial asset	Nil	Nil

*excludes Excess Interest Spread (EIS) on de-recognised financial assets

49.2 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 50 to 80 have been prepared as per RBI Circulars / Directives basis **Ind-AS financial statements. RBI disclosures are prepared basis gross carrying value of loans.**

50 A Disclosure relating to securitisation pursuant to Reserve Bank of India notification DNBS. PD. No. 301/3.10.01/2012-13 dated 21 August 2012 and DNBR (PD) CC. No.029/03.10.001/2014-15 dated 10 April 2015*

Sr. No	Particulars	31 March 2021	31 March 2020
1	No of SPVs sponsored by the NBFC for securitisation transactions	8.00	6.00
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	2,078.13	2,701.56
3	Total amount of exposures retained by the NBFC to comply with MRR		
	a) Off-balance sheet exposures		
	* First loss	98.71	76.85
	* Others	-	-
	b) On-balance sheet exposures		
	* First loss	262.81	279.59
	* Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	* First loss	-	-
	* loss	-	-
	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	-	-

50 B Disclosure relating to Securitisation pursuant to Reserve Bank of India notification DBOD. No.BP. 1502/21.04.048/ 2004-05 dated 1 February 2006*

Sr. No	Particulars	31 March 2021	31 March 2020
i)	Total number of contracts for loan assets securitised during the year	13,007	36,057
ii)	Book value of Loan assets securitised during the year	767.76	2,492.18
iii)	Sale consideration received for securitised assets during the year	767.76	2,492.18
iv)	Gain/ Loss (if any) on sale on securitised loan assets	Nil	Nil
v)	Quantum (Outstanding value) of service provided: Credit Enhancement (Fixed Deposit)	47.73	102.23

50 C Disclosure of financial assets sold to securitisation Company pursuant to Reserve Bank of India notification DNBR (PD) CC. No.029/03.10.001 / 2014-15 dated 10 April 2015*

a) Details of Financial assets sold to Securitisation / Reconstruction Company (SC / RC) for Asset Reconstruction

Sr. No	Particulars	31 March 2021	31 March 2020
i)	Number of Accounts	28,959	112.00
ii)	Aggregate value (net of provisions) of account sold to SC / RC	97.20	Nil
iii)	Aggregate consideration	310.88	22.80
iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
v)	Aggregate gain / (loss) over net book value	213.68	22.80

b) Details of Assignment Transactions

Sr. No	Particulars	31 March 2021	31 March 2020
i)	Number of Accounts	Nil	Nil
ii)	Aggregate value (net of provisions) of account sold	Nil	Nil
iii)	Aggregate consideration	Nil	Nil
iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
v)	Aggregate gain / loss over net book value	Nil	Nil

* The securitised loans disclosed in the above notes, i.e. 50A, 50B and 50C 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.

51 Total fixed deposits stands at ₹221.09 crore (previous year ₹204.19 crore) on account of securitisation transaction outstanding till 31st March 2021.

52 Loan against gold portfolio to Total assets is 1.09% (Previous year 0.98%).

53 Disclosure pursuant to Reserve Bank of India notification DNBS.CC.PD.No.356 /03.10.01/2013-14 dated 16 September 2013 pertaining to gold loans

Details of Gold auctions conducted*

Particulars	31 March 2021	31 March 2020
No of loan accounts	1,019	2,854
Outstanding loan amount	5.19	13.91
Sale Consideration of gold **	10.92	24.95

* 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.

(Currency : Indian Rupees in crore)

54 **Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No.109 /22.10.106/2019-20 dated 13 March 2020 pertaining to Asset Classification as per RBI Norms**

As at 31 March 2021

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	55,263.28	1,304.83	53,958.44	214.39	1,090.44
	Stage 2	3,300.87	542.71	2,758.16	8.10	534.61
Subtotal		58,564.14	1,847.54	56,716.60	222.49	1,625.05
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,760.86	874.74	1,886.11	322.47	552.28
Doubtful - up to 1 year	Stage 3	-	-	-	18.01	(18.01)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	18.01	(18.01)
Loss	Stage 3	-	-	-	9.25	(9.25)
Subtotal for NPA		2,760.86	874.74	1,886.11	349.73	525.01
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	428.62	5.31	423.31	-	5.31
	Stage 2	4.53	0.50	4.03	-	0.50
	Stage 3	0.02	0.02	(0.00)	1.02	(1.00)
Subtotal						
TOTAL	Stage 1	55,691.89	1,310.14	54,381.75	214.39	1,095.75
	Stage 2	3,305.40	543.22	2,762.18	8.10	535.11
	Stage 3	2,760.88	874.76	1,886.11	323.48	551.28
	Total	61,758.17	2,728.12	59,030.05	545.98	2,182.14

Column 6 in the above table discloses provisions amounts as per IRAC norms, while the Company has made a provision of non-performing assets of ₹1,202.04 crore as per Company's policy which is in excess of the IRAC norms.

(Currency : Indian Rupees in crore)

As at 31 March 2020

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	54,243.55	632.73	53,610.82	202.05	430.68
	Stage 2	1,928.27	212.22	1,716.05	11.86	200.36
Subtotal		56,171.82	844.95	55,326.87	213.91	631.04
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,259.13	438.60	1,820.53	240.60	198.00
Doubtful - up to 1 year	Stage 3	-	-	-	9.42	(9.42)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	9.42	(9.42)
Loss	Stage 3	-	-	-	0.86	(0.86)
Subtotal for NPA		2,259.13	438.60	1,820.53	250.88	187.72
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	573.14	7.17	565.97	-	7.17
	Stage 2	1.15	0.26	0.89	-	0.26
	Stage 3	0.92	0.92	-	2.71	(1.79)
Subtotal						
TOTAL	Stage 1	54,816.69	639.90	54,176.79	202.05	437.85
	Stage 2	1,929.42	212.48	1,716.94	11.86	200.62
	Stage 3	2,260.05	439.52	1,820.53	253.59	185.93
	Total	59,006.16	1,291.90	57,714.26	467.50	824.40

The above table discloses the provisions amounts as per IRAC norms, while the Company has made a provision of non-performing assets of ₹994.14 crore as per Company's policy which is in excess of the IRAC norms.

(Currency : Indian Rupees in crore)

Additional Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.029/03.10.001/ 2014-15 dated 10 April 2015

55 A Movement of Credit impaired loans under Ind-AS

S.N.	Particulars	31 March 2021	31 March 2020
(i)	Movement of Credit impaired loans under Ind-AS (Net) to Loans (Net) (%)	3.22%	3.24%
(ii)	Movement of Credit impaired loans under Ind-AS (Gross)		
	a) Opening balance	2,259.13	1,000.38
	b) Additions during the year	3,764.85	3,229.27
	c) Reductions during the year	3,263.12	1,970.52
	d) Closing balance	2,760.86	2,259.13
(iii)	Movement of Credit impaired loans under Ind-AS (Net)		
	a) Opening balance	1,820.53	678.70
	b) Additions during the year	2,866.15	2,659.30
	c) Reductions during the year	2,800.56	1,517.47
	d) Closing balance	1,886.12	1,820.53
(iv)	Movement of impairment loss allowance on credit impaired loans		
	a) Opening balance	438.60	321.68
	b) Impairment loss allowance made during the year	898.70	569.97
	c) Write-off / write-back of excess allowance	462.56	453.05
	d) Closing balance	874.74	438.60

55B Movement of impairment loss allowance for low credit risk loans and significant increase in credit risk loans

S.N.	Particulars	31 March 2021	31 March 2020
(i)	Movement of impairment allowance for low credit risk loans and significant increase in credit risk loans		
	a) Opening balance	846.46	506.55
	b) Additions during the year	1,372.83	696.61
	c) Reductions during the year	370.47	356.70
	d) Closing balance	1,848.82	846.46

56 Concentration of Loan, Exposures & Credit impaired loan

a) Concentration of Loan

Particulars	31 March 2021	31 March 2020
Total Advances to Twenty Largest Borrowers	184.69	209.66
Percentage of advances to twenty largest borrowers to Total Advances	0.30%	0.36%

b) Concentration of Exposures

Particulars	31 March 2021	31 March 2020
Total Exposure to Twenty Largest Borrowers	184.69	209.66
Percentage of exposures to twenty largest borrowers to Total Exposures	0.30%	0.36%

c) Concentration of credit impaired loans

Particulars	31 March 2021	31 March 2020
Total Exposure to Top four credit impaired accounts	26.24	31.07

d) Sector-wise distribution of credit impaired loans

Sr. No.	Sector	Percentage of Impairment loss allowance to Total credit impaired loans in that sector	
		31 March 2021	31 March 2020
1	Agriculture & allied activities	5.41%	4.42%
2	Corporate borrowers	4.96%	12.43%
3	Services	2.95%	2.82%
4	Unsecured personal loans	3.34%	1.42%
5	Auto loans	4.89%	4.68%
6	Other personal loans	-	-
7	Others	6.65%	5.94%

Note: MSME category is included in the above categories

57 Details of credit impaired financial assets purchased/sold

The Company has not purchased any credit impaired financial assets during the financial year 2020-21. However, the Company has transferred certain credit impaired assets to Asset Reconstruction Company in terms of guidelines issued by RBI circular no. DBR.No.BP.BC.2/21.04.048/2015-16 dated July 1, 2015 (Refer Note 50C). Further, the Company has not sold any credit impaired financial asset to institutions other than to Securitization / Reconstruction Company (SC / RC).

58 Customer Complaints

S.N.	Particulars	31 March 2021	31 March 2020
a)	No. of Complaints pending at the beginning of the year	130	293
b)	No. of Complaints received during the year	12,925	10,028
c)	No. of Complaints redressed during the year	12,664	10,191
d)	No. of Complaints pending at the end of the year	391	130

Note :- Complaints include any expression of dissatisfaction from a customer or any identified service deficiency

59 Investments

S.N.	Particulars	31 March 2021	31 March 2020
1	Value of Investments*		
i)	Gross value of Investments	1,584.13	1,742.14
ii)	Unrealised fair value movement	8.78	3.63
iii)	Fair value of Investments	1,592.90	1,745.76
	** Please note that all investments are held in India*		
2	Movement of unrealised fair value movement on investments		
i)	Opening Balance	3.63	0.33
ii)	Add : increase in unrealised fair value during the year	5.15	3.30
iii)	Less : decrease in unrealised fair value during the year	-	-
iv)	Closing Balance	8.78	3.63

60 Derivatives

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

S.N.	Particulars	31 March 2021	31 March 2020
i)	The notional principal of swap agreements	3,874.83	2,269.50
ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreement	-	118.53
iii)	Collateral required by the Company upon entering into swaps	-	-
iv)	Concentration of credit risk arising from the swaps	4.19%	1.49%
v)	The fair value of the swap book (Asset / (Liability))	1.00	1.00

b) Exchange Traded Interest Rate (IR) Derivatives

The Company has not entered into any exchange traded derivative.

c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures

i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run over the life of the underlying instrument, irrespective of profit or loss. Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and 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 are 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

S.N.	Particulars	31 March 2021		31 March 2020	
		Currency Derivatives*	Interest Rate Derivatives	Currency Derivatives*	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount)				
	- For hedging	3,874.83	-	2,269.50	-
ii)	Marked to Market Positions				
	(a) Asset [+] Estimated gain	-	-	81.32	-
	(b) Liability [-] Estimated loss	-	-	-	-
iii)	Credit exposure	3,874.83	-	2,269.50	-
iv)	Unhedged exposures	-	-	-	-

* Cross currency interest rate swap

(Currency : Indian Rupees in crore)

61 Exposure to Capital Market

Sr. No.	Particulars	31 March 2021	31 March 2020
i)	Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity- oriented mutual funds the corpus of which is not exclusively invested in corporate debt	2.30	2.30
ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPO's / ESOP's), convertible bonds, convertible debentures and units of equity oriented mutual funds	0.04	0.01
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security ;	-	1.36
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)	All exposures to Venture capital funds (both registered and unregistered)	-	-
	Total Exposure to Capital Market	2.34	3.67

62 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	31 March 2021	31 March 2020
CRAR%	18.89%	19.36%
CRAR - Tier I Capital %	13.44%	13.96%
CRAR - Tier II Capital %	5.45%	5.40%
Amount of Subordinated Debt raised as Tier-II capital	3,500	3,144
Amount Raised by the issue of Perpetual Debt Instruments	500	500

63 Exposure to Real Estate Sector

Categories	31 March 2021	31 March 2020
A. Direct Exposure		
i. Residential Mortgages - (Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	12,171.29	12,390.73
ii. Commercial Real Estate - (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 would also include non-fund based (NFB) limits)	5,506.12	5,741.33

Categories	31 March 2021	31 March 2020
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 (NHB) and Housing Finance Companies (HFCs).	-	-

64 Maturity pattern of certain items of assets and liabilities

Particulars	Deposits	Advances	Investments(*)	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day to 30/31 days	-	2,049.29	1,455.03	781.39	-	-
	-	*237.28*	*1,744.81*	*598.57*	-	-
Over one month to	-	1,583.03	-	1,650.10	-	-
2 months	-	*168.19*	-	*1,659.09*	-	-
Over 2 months upto	2.59	1,708.44	-	1,761.29	-	-
3 months	*25.00*	*2,259.37*	-	*2,483.78*	-	-
Over 3 months to 6	22.90	4,605.46	-	4,719.02	-	-
months	*0.03*	*4,713.86*	-	*5,556.97*	-	-
Over 6 months to 1	195.01	8,554.29	-	6,571.91	-	-
year	*179.19*	*9,138.71*	-	*7,463.53*	-	*128.27*
Over 1 year to 3	2.37	24,455.10	-	26,364.01	-	3,851.76
years	-	*25,375.76*	-	*24,613.08*	-	*2,141.23*
Over 3 years to 5	-	7,787.17	136.42	1,401.65	-	-
years	-	*6,913.14*	-	*2,554.29*	-	-
Over 5 years	-	7,858.66	1.45	3,257.62	-	-
	-	*9,624.62*	*0.95*	*2,605.27*	-	-
Total	222.87	58,601.44	1,592.90	46,506.99	-	3,851.76
	204.22	*58,430.93*	*1,745.76*	*47,534.58*	-	*2,269.50*

* Long-Term Investment in Clayfin Technologies Private Limited (Erstwhile Vayana Private Limited) are shown in "over 5 year"

Previous year figures are presented in *italics*.

65 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

Type of borrower	(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	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	43,854	2,405.03	-	191.39	609.85
Corporate persons*	419	250.96	-	16.47	36.72
Of which, MSMEs	403	178.03	-	12.20	27.14
Others	18,932	2,664.85	-	273.84	310.35
Total	63,205	5,320.84	-	481.70	956.92

The Company, being NBFC, has complied with Ind-AS and its Expected Credit Loss policy duly approved by the Board for the purpose of provision on such restructured accounts. Column E denotes total provision held on such accounts as at 31 March 2021.

(Currency : Indian Rupees in crore)

HDB FINANCIAL SERVICES

66 **Disclosure on restructuring pursuant to Reserve Bank of India notification DNBS.CO. PD. No. 367/03.10.01/2013-14 dated 23rd January 2014**

Sl No	Type of Restructuring		Under CDR Mechanism			Under SME Debt Restructuring Mechanism			MSME			Others			Total		
	Asset Classification Details		Low credit risk & Significant increase in credit risk	Credit-Impaired	Total	Low credit risk & Significant increase in credit risk	Credit-Impaired	Total	Low credit risk & Significant increase in credit risk	Credit-Impaired	Total	Low credit risk & Significant increase in credit risk	Credit-Impaired	Total	Low credit risk & Significant increase in credit risk	Credit-Impaired	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
		Amount outstanding	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
		Provision thereon	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
2	Fresh restructuring during the year	No. of borrowers	- -	- -	- -	- -	- -	- -	54,601.00 -	2,254.00 -	56,855.00 -	3,638.00 -	2,712.00 -	6,350.00 -	58,239.00 -	4,966.00 -	63,205.00 -
		Amount outstanding	- -	- -	- -	- -	- -	- -	4,710.18 -	268.39 -	4,978.57 -	178.90 -	163.37 -	342.27 -	4,889.08 -	431.76 -	5,320.84 -
		Provision thereon	- -	- -	- -	- -	- -	- -	868.67 -	94.19 -	962.86 -	7.55 -	64.45 -	72.00 -	876.22 -	158.64 -	1,034.86 -
3	Upgradations to restructured Low credit risk & Significant increase in credit risk during the FY	No. of borrowers	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
		Amount outstanding	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
		Provision thereon	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
4	Restructured Low credit risk & Significant increase in credit risk loan which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructures Low credit risk & Significant increase in credit risk loan at the beginning of the next FY	No. of borrowers	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
		Amount outstanding	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
		Provision thereon	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
5	Downgradations of restructures accounts during the FY	No. of borrowers	- -	- -	- -	- -	- -	- -	1,832.00 -	2,089.00 -	3,921.00 -	147.00 -	138.00 -	285.00 -	1,979.00 -	2,227.00 -	4,206.00 -
		Amount outstanding	- -	- -	- -	- -	- -	- -	170.11 -	246.94 -	417.05 -	6.32 -	18.47 -	24.79 -	176.43 -	265.41 -	441.84 -
		Provision thereon	- -	- -	- -	- -	- -	- -	17.01 -	87.60 -	104.61 -	0.63 -	5.52 -	6.15 -	17.64 -	93.12 -	110.76 -
6	Write-offs of restructured accounts during the FY	No. of borrowers	- -	- -	- -	- -	- -	- -	- -	2.00 -	2.00 -	- -	- -	- -	- -	2.00 -	2.00 -
		Amount outstanding	- -	- -	- -	- -	- -	- -	- -	0.04 -	0.04 -	- -	- -	- -	- -	0.04 -	0.04 -
		Provision thereon	- -	- -	- -	- -	- -	- -	- -	0.04 -	0.04 -	- -	- -	- -	- -	0.04 -	0.04 -
7	Closed of restructured account during the year	No. of borrowers	- -	- -	- -	- -	- -	- -	273.00 -	163.00 -	436.00 -	38.00 -	11.00 -	49.00 -	311.00 -	174.00 -	485.00 -
		Amount outstanding	- -	- -	- -	- -	- -	- -	24.09 -	21.41 -	45.50 -	1.36 -	0.44 -	1.80 -	25.45 -	21.85 -	47.30 -
		Provision thereon	- -	- -	- -	- -	- -	- -	0.96 -	6.55 -	7.51 -	0.05 -	0.18 -	0.23 -	1.01 -	6.73 -	7.74 -
8	Collection	No. of borrowers	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
		Amount collection	- -	- -	- -	- -	- -	- -	1,125.64 -	- -	1,125.64 -	32.46 -	23.60 -	56.06 -	1,158.10 -	23.60 -	1,181.70 -
		Provision thereon	- -	- -	- -	- -	- -	- -	(19.76) -	- -	(19.76) -	(28.12) -	7.28 -	(20.84) -	(47.88) -	7.28 -	(40.60) -
9	Restructured Accounts as on March 31 of the FY (closing figures)*	No. of borrowers	- -	- -	- -	- -	- -	- -	52,496.00 -	- -	52,496.00 -	3,453.00 -	2,563.00 -	6,016.00 -	55,949.00 -	2,563.00 -	58,512.00 -
		Amount outstanding	- -	- -	- -	- -	- -	- -	3,390.34 -	- -	3,390.34 -	138.76 -	120.86 -	259.62 -	3,529.10 -	120.86 -	3,649.96 -
		Provision thereon	- -	- -	- -	- -	- -	- -	870.46 -	- -	870.46 -	34.99 -	51.47 -	86.46 -	905.45 -	51.47 -	956.92 -

* 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.

(Currency : Indian Rupees in crore)

67 Disclosure on Liquidity Risk Management Framework pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No. 102/03.10.001/2019-20 dated 4 November 2019

Quantitative Disclosure on Liquidity Coverage Ratio (LCR) for year ended 31 March 2021 is given below:

	Particulars	Quarter Ended 31 March 2021		Quarter Ended 31 December 2020		Quarter Ended 30 September 2020		Quarter Ended 30 June 2020	
		Total Unweighted Value (average)*	Total Weighted value (average)*	Total Unweighted Value (average)*	Total Weighted value (average)*	Total Unweighted Value (average)*	Total Weighted value (average)*	Total Unweighted Value (average)*	Total Weighted value (average)*
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)	1,415.06	1,415.06	809.48	809.48	1,053.61	1,053.61	1,228.98	1,228.98
	Cash & Bank Balances	543.76	543.76	175.64	175.64	152.98	152.98	242.98	242.98
	Investment in T-Bills	871.30	871.30	633.84	633.84	900.63	900.63	986.00	986.00
Cash Outflows									
2	Deposits(for deposit taking companies)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
3	Unsecured wholesale funding	-	-	-	-	-	-	405.00	465.75
4	Secured wholesale funding	1,143.25	1,314.73	1,360.70	1,564.80	1,509.75	1,736.21	1,682.36	1,934.71
5	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other collateral requirements**	500.00	575.00	891.67	1,025.42	2,375.00	2,731.25	3,710.00	4,266.50
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	672.64	773.54	524.68	603.38	549.21	631.60	384.13	441.75
7	Other contingent funding obligations	15.94	18.33	14.21	16.34	8.19	9.41	0.78	0.90
8	**Total Cash Outflows**	2,331.83	2,681.60	2,791.25	3,209.93	4,442.15	5,108.47	6,182.28	7,109.62
Cash Inflows									
9	Secured Lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	1,989.25	1,491.94	1,892.59	1,419.45	1,956.19	1,467.15	1,426.42	1,069.81
11	Other cash inflows	360.09	270.06	1,498.29	1,123.71	568.43	426.32	1,412.77	1,059.58
12	TOTAL CASH INFLOWS	2,349.34	1,762.00	3,390.88	2,543.16	2,524.62	1,893.47	2,839.19	2,129.39
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	TOTAL HQLA		1,415.06		809.48		1,053.61		1,228.98
14	TOTAL NET CASH OUTFLOWS		919.59		802.48		3,215.01		4,980.23
15	LIQUIDITY COVERAGE RATIO (%)		153.88%		100.87%		32.77%		24.68%

* *The average weighted and unweighted amounts are calculated taking simple averages of monthly observations for the respective quarters*

** Consist of outflows related to collateral requirements where downgrade triggers upto and including 3 notches downgrade

Qualitative Disclosure on LCR

The Liquidity Coverage Ratio (LCR) is a global minimum standard to measure the Company's liquidity position. Reserve Bank 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 1 December 2020 with the minimum LCR to be 50% which would rise in equal annual steps to reach 100%, on 1 December 2024. The present requirement, as on 31 March 2021 is 50%. In order to determine High quality Liquid Assets, Company considers Cash and Bank Balances, Investment in Government Securities without any haircut. In order to determine net cash outflows, Company considers total expected cash outflow minus total expected cash inflows for the subsequent 30 calendar days. As per regulations, stressed cash flows is computed by assigning a predefined stress percentage to the overall cash inflows and cash outflows. Net cash outflow over next 30 days is computed as stressed outflows less minimum of stressed inflows, 75% of stressed outflow. Accordingly LCR would be computed by dividing Company's stock of HQLA by it's total net cash outflow.

Cash outflow under secured wholesale funding includes contractual obligations under Term loans, NCDs, Interest payable within 30 days. Outflow under other collateral requirement, the Company considers the loans which are callable under rating downgrade trigger up to and including 3- notch downgrade. Outflow under other contractual funding obligations primarily includes outflow on account of overdrawn balances with Banks and sundry payables. In order to determine Inflows from fully performing exposures, Company considers the collection from performing advances in next 30 days. Other Cash inflows includes investments in mutual funds, CPs which are maturing within 30 days. The Average LCR for the quarter ended March 31, 2021 was 153.88% as against 100.87% for the quarter ended 31 December 2020 which is well above present prescribed minimum requirement of 50%. The average HQLA for the quarter ended 31 March 2021 was 1,415.06 crore as against 809.48 crore for the quarter ended 31 December 2020. During the same period the composition of Government securities in the HQLA was 62% for the quarter ended 31 March 2021 as against 78% for the quarter ended 31 December 2020.

Public Disclosure on LCR

Fund Concentration based on Significant counter parties

Sr.No	**No of Significant counter Parties**	Amount	% of Total Liabilities
1	13	28,486.91	52.56%

Note : The above is arrived including Securitization exposure to Banks

Top Ten Borrowings as a % of Total Borrowings

Sr.No	Particulars	Amount	% of Total Borrowing
1	Top 10	25,306.74	50.26%

Fund Concentration Based on Significant Instrument /Products

Sr.No	No of Instruments	Amount	% of Total Liabilities
1	Non Convertible Debentures & Market Linked Debentures	23,356.20	43.10%
2	Term Loans from Banks	15,614.53	28.81%
3	Subordinate Debts & Perpetual Debts	4,000.00	7.38%
4	External Commercial Borrowings	4,849.67	8.95%
5	Securitization Borrowings	2,133.60	3.94%
6	Commercial Paper	400.00	0.74%

Stock Ratios

Sr.No	Stock Ratios	Ratio
1	Commercial Paper as a % of Total Public Funds	0.79%
2	Commercial Paper as a % of Total Liabilities*	0.74%
3	Commercial Paper as a % of Total Assets	0.64%
4	Non Convertible Debentures with (original maturity less than 1 year) as a % of Total Liabilities	N.A
5	Non Convertible Debentures with (original maturity less than 1 year) as a % of Total Assets	N.A
6	Other Short Term Liabilities** as % of Total Public Funds	36.40%
7	Other Short Term Liabilities as % of Total Liabilities	33.82%
8	Other Short Term Liabilities as a % of Total Assets	29.26%

* 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.

68 Provisions and Contingencies

Particulars	31 March 2021	31 March 2020
Category wise breakup of Provisions & Contingencies shown **in Statement of Profit and Loss**		
Provisions for depreciation on investment	(0.50)	-
Provision towards non-performing assets*	436.14	116.91
Provision made towards income tax	419.09	471.78
Provision for gratuity	15.78	42.81
Provisions for trade receivables	(2.26)	(0.01)
Provision for standard assets#	1,002.34	339.92

* Represents impairment loss allowance on stage 3 loans.

\# Represents impairment loss allowance on stage 1 and stage 2 loans.

(Currency : Indian Rupees in crore)

69 Schedule to the Balance Sheet of a non deposit taking Non-Banking Financial Company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

S.N.	Particulars	31 March 2021	31 March 2020
	Liabilities side:		
1	Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
	(a) Debentures		
	- Secured	23,410.94	22,678.30
	- Unsecured	3,987.61	3,810.33
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits	-	-
	(c) Term Loans	15,614.53	21,102.27
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	391.13	-
	(f) Other Loans	6,954.54	4,035.19
	(Represents Working Capital Demand Loans and Cash Credit from Banks)		
	Assets side:		
2	Break-up of Loans and Advances including Bills Receivables [other than those included in (4) below]:		
	(a) Secured	46,894.73	20,477.35
	(b) Unsecured	14,430.27	13,736.45
3	Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities		
	(i) Lease Assets including Lease Rentals sundry debtor:		
	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 AFC Activities		
	a) Loans where Assets have been Repossessed	62.29	180.08
	b) Loans other than (a) above	-	24,037.06
4	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	572.21	750.02
	iv. Government Securities	882.82	994.79
	v. Others (please specify)	136.42	-
	II. Unquoted:		
	i. Shares		
	a) Equity	-	0.95
	b) Preference	-	-
	ii. Debentures and Bonds	-	-
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	-	-
	v. Others (please specify)	-	-

(Currency : Indian Rupees in crore)

S.N.	Particulars	31 March 2021	31 March 2020
	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)	-	-
	II. Unquoted:		
	i. Shares		
	a) Equity	1.45	-
	b) Preference	-	-
	ii. Debentures and Bonds	-	-
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	-	-
	v. Others (please specify)	-	-
5	Borrower group-wise classification of assets financed as in (2) and (3) 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	46,894.73	44,662.81
	ii. Unsecured	14,430.27	13,768.14
	Total	61,325.00	58,430.95
6	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	-	-
	ii. Book Value (Net of Provisions)	1,591.45	1,745.76

S.N.	Particulars	31 March 2021	31 March 2020
7	Other Information		
	(i) Gross credit impaired assets		
	a. Related party	-	-
	b. Other than related party	2,760.86	2,259.13
	(ii) Net credit impaired assets		
	(a) Related party	-	-
	(b) Other than related party	1,886.11	1,820.53
	(iii) Assets Acquired in Satisfaction of Debt	-	-

70 Penalties imposed by RBI and Other Regulators

No penalties have been imposed by RBI and Other Regulators during current year (Previous year - NIL).

71 Disclosure on frauds pursuant to RBI Master direction

The frauds detected and reported for the year amounted to ₹11.65 crore (Previous year ₹0.86 crore).

72 Details of Financing of Parent Company Products

There is no financing during the current year.

73 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.

74 Advances against Intangible Securities

The Company has not given any loans against intangible securities.

75 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

There are no overseas asset owned by the Company.

76 Draw Down from Reserves

The Company has made no drawdown from existing reserves.

77 Off-balance Sheet SPVs sponsored

The Company is now required to provide its financial statements under Ind AS, which requires all securitization 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.

78 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	31 March 2021		31 March 2020	
	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	PP-MLD AAA/ Stable	PP-MLD AAAr/ Stable	PP-MLD AAA/ Stable	PP-MLD AAAr/ Stable

79 Registration under Other Regulators

The Company is not registered under any other regulator other than Reserve Bank of India, Insurance Regulatory & Development Authority of India (IRDAI) and Association of Mutual Funds in India (AMFI).

80 Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC.63/21.04.048/2020-21 dated **17 April 2020 pertaining to Asset Classification and Provisioning in terms of COVID19 Regulatory** Package

S.N.	Particulars	31 March 2021	31 March 2020
i)	Respective amounts in SMA/overdue categories, where moratorium/deferment was extended	2,302.14	378.97
ii)	Respective amount where asset classification benefits is extended	2,302.14	378.97
iii)	General provision made*	-	-
iv)	General provision adjusted during the period against slippages and the residual provisions	-	-

*The Company, being NBFC, has complied with Ind-AS and guidelines duly approved by the Board for recognition of the impairments. Refer Note 81.

81 Provision for impact of COVID-19

The Company had recognised provision on loans for which moratorium was granted in accordance with the COVID-19 Regulatory Package announced by the Reserve Bank of India vide notifications dated 27 March 2020, 17 April 2020 and 23 May 2020. The provision amount is reviewed regularly and is adjusted against the ECL provision when these loans are classified as impaired.

82 Supreme Court Order dated 23 March 2021

The Honourable Supreme Court of India vide order dated 23 March 2021 has stated that interim relief granted vide an interim order dated 3 September 2020 stands vacated. Accordingly, the Company has classified and recognised provision as at 31 March 2021 in accordance with the Company's Expected Credit Loss policy.

RBI circular dated 7 April 2021 advised all lending institutions to immediately put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. 1 March 2020 to 31 August 2020 in conformity with the above judgement. Further, the circular stated that in order to ensure that the Supreme Court judgement dated 23 March 2021 is implemented uniformly in letter and spirit by all lending institutions, methodology for calculation of the amount to be refunded/adjusted for different facilities shall be finalised by the Indian Banks Association (IBA) in consultation with other industry participants/bodies, which shall be adopted by all lending institutions and also advised all lending institutions to disclose the aggregate amount to be refunded/adjusted in respect of their borrowers based on the above reliefs in their financial statements for the year ended 31 March 2021. Pending clarification on the calculation methodology of the amount to be refunded/adjusted from IBA, the Company has made a provision in the financial statements as at 31 March 2021 based on proforma calculation.

The Government of India, Ministry of Finance, vide its notification dated 23 October 2020, had announced a scheme for COVID-19 Relief for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts. The Company had implemented the ex-gratia scheme and credited the accounts of or remitted amounts to the eligible borrowers as per the Scheme.

(Currency : Indian Rupees in crore)

83 Disclosure under clause 28 of the Listing Agreement for Debt Securities

Particulars	31 March 2021	31 March 2020
a) Loans and advances in the nature of loans to subsidiaries	-	-
b) Loans and advances in the nature of loans to associates	-	-
c) Loans and advances in the nature of loans where there is -	-	-
(i) no repayment schedule or repayment beyond seven years	-	-
(ii) no interest or interest below section 186 of Companies Act, 2013.	-	-
d) Loans and advances in the nature of loans to firms/companies in which directors are interested	-	-

84 Disclosure under clause 16 of the Listing Agreement for Debt Securities

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 further secured by way of hypothecation of receivables under financing activity with a minimum requirement of asset cover of 1.1 times.

85 Standards issued but not yet effective

On 24 March 2021, the Ministry of Corporate Affairs ('MCA') through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III are applicable from 1 April 2021.

86 Previous year figures have been regrouped/rearranged, where necessary.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firms' Registration No: 101248W/W-100022

Sd/-
Akeel Master
Partner
Membership No.: 046768

Mumbai
17 April 2021

For and on behalf of the Board of Directors of HDB Financial Services Limited

Sd/-
G Ramesh
Managing Director

Sd/-
Venkatraman Srinivasan
Director

Sd/-
Haren Parekh
Chief Financial Officer

Sd/-
Dipti Khandelwal
Company Secretary

To the members of HDB Financial Services Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated Financial Statements of HDB Financial Services Limited ("the Holding Company"), and its controlled structured entities (the Holding Company and its controlled structured entities together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

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 ethical requirements that are relevant to our audit of the Consolidated Financial Statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

Description of Key Audit Matters:

Key audit matter	How the matter was addressed in our audit
Impairment of Loans Charge: INR 3071.52 crore for year ended 31 March 2021 Provision: INR 2723.56 crore at 31 March 2021	
Refer Note 2.2(G), Note 3(B), Note 8 and Note 44 to the Consolidated Financial Statements	
Subjective estimate 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 in the Holding Company's estimation of ECL 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. • 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 Holding Company's modelling approach. • Economic scenarios - Ind AS 109 requires the Holding 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 especially when considering the current uncertain economic environment arising from COVID-19.	Our key audit procedures included: Design / controls We performed end to end process walkthroughs to identify the key systems, applications and controls used in the ECL process. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the ECL process. Key aspects of our controls testing involved the following: • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models. • Testing the 'Governance Framework' controls over validation, implementation, and model monitoring in line with the RBI guidance. • Testing the design and operating effectiveness of the key controls over the application of the staging criteria. • Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights. • Testing management's controls on compliance with Ind AS 109 disclosures related to ECL. • Testing key controls operating over restructuring process in relation to eligibility, approval and modification of terms.

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impairment of Loans	
• Restructuring - the Holding Company has restructured loans in the current year on account of COVID-19 related regulatory measures. This has resulted in increased management estimation over determination of provision for such restructured loans. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Consolidated Financial Statements as a whole, and possibly many times that amount. Disclosures The disclosures regarding the Holding Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	• Testing key controls operating over the information technology in relation to loan impairment management systems, including system access and system change management, program development and computer operations. Involvement of experts - we involved financial risk modelling experts for the following: • Evaluating the appropriateness of the Holding Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used. • The reasonableness of the Holding Company's considerations of the impact of the current economic environment due to COVID-19 on the ECL determination. Test of details Key aspects of our testing included: • Sample testing 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. • Model calculations testing through re-performance, where possible. • Test of details over restructuring provision approach and computation by assessing the reasonableness of key inputs used, inspecting the calculations and re-performance of ECL provision computation. Assessing disclosures - Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Consolidated Financial Statements are appropriate and sufficient.

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Information technology	
IT systems and controls The Holding Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. The Holding Company primarily uses three systems for it overall financial reporting. We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.	Our audit procedures to assess the IT system access management included the following: General IT controls / user access management controls • We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. • Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. • Other areas that were assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information to be included in the Holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. The other information is expected to be made available to us after the date of this auditor's report.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirement of the Act that give a true and fair view of the

Management's and Board of Directors' Responsibility for the Consolidated Financial Statements *(Continued)*

consolidated state of affairs, consolidated profit/loss and consolidated other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 Group 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the management of the controlled structured entities included within the Group are responsible for assessing the ability of each entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The management of the controlled structured entities included in the Group is responsible for overseeing the financial reporting process of each entity.

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 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 the internal financial controls with reference to the Consolidated Financial Statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and the Board of Directors.
- Conclude on the appropriateness of management's and Board of Directors use of the going concern basis of accounting in preparation of Consolidated Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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 such entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described the section titled 'Other Matters' in this audit report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

We believe that the audit evidence obtained by us referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

We communicate with those charged with governance of the Holding Company 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 financial information of 8 controlled structured entities, whose financial information reflect total assets of Rs.Nil as at 31 March 2021, total revenues of Rs.Nil and net cash flows amounting to Rs.Nil for the year ended on that date, as considered in the Consolidated Financial Statements, have not been audited either by us or by other auditors. These unaudited financial information have been furnished to us by the management and our opinion on the Consolidated Financial Statements is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial information certified by the management.

Report on Other Legal and Regulatory Requirements

(A) 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:

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 of the aforesaid Consolidated Financial Statements.

b) 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.

c) 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 flows dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company, none of the directors is disqualified as on 31 March 2021 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 Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

Report on other legal and Regulatory Requirements (Continued)

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and as noted in the 'Other Matters' paragraph:

i. The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March 2021 on its consolidated financial position of the Group - Refer Note 38.2 to the Consolidated Financial Statements;

ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 38.3 to the Consolidated Financial Statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sd/-

Akeel Master
Partner
Membership No: 046768
UDIN: 21046768AAAABM8254

Mumbai
17 April 2021

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

(Referred to in paragraph (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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 2021, we have audited the internal financial controls with reference to Consolidated Financial Statements of HDB Financial Services Limited (hereinafter referred to as "the Company") and it's controlled structured entities, as of that date.

In our opinion, the Company and its controlled structured entities, have, in all material respects, adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to Consolidated Financial Statements criteria established by such 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 Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to Consolidated Financial Statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Consolidated Financial Statements. 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 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 Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to 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 Consolidated Financial Statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to 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 financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 Consolidated Financial Statements to future periods are subject to the risk that the internal financial controls with reference to 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 reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Consolidated Financial Statements insofar as it relates to the Company, as Section 143(3)(i) of the Act is not applicable to controlled structured entities.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sd/-

Akeel Master
Partner
Membership No: 046768
UDIN: 21046768AAAABM8254

Mumbai
17 April 2021

Consolidated Balance Sheet
as at 31 March 2021
(Currency : Indian Rupees in crore)

		Note	As at 31 March 2021	As at 31 March 2020
	ASSETS			
1	Financial Assets			
	(a) Cash and cash equivalents	4	753.51	355.95
	(b) Bank balances other than (a) above	5	222.87	207.23
	(c) Derivative financial instruments	6	-	81.32
	(d) Trade receivables	7	117.32	181.18
	(e) Loans	8	58,601.44	57,145.88
	(f) Investments	9	1,592.90	1,745.76
	(g) Other financial assets	10	249.22	118.08
			61,537.26	59,835.40
2	Non-financial Assets			
	(a) Current tax assets (Net)	11	56.91	77.42
	(b) Deferred tax assets (Net)	12	729.99	415.62
	(c) Property, plant and equipment		91.52	124.48
	(d) Capital work-in-progress	13	-	0.06
	(e) Other intangible assets		7.98	9.07
	(f) Right of Use Assets	14	217.40	252.41
			1,103.80	879.06
	TOTAL ASSETS		62,641.06	60,714.46
	LIABILITIES AND EQUITY			
	Liabilities			
3	Financial Liabilities			
	(a) Derivative financial instruments	6	42.72	-
	(b) Trade payables	15		
	(i) Total outstanding dues of micro enterprises and small enterprises		0.01	-
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		334.25	149.99
	(c) Debt securities	16	23,802.07	22,593.38
	(d) Borrowings (other than debt securities)	17	22,569.07	23,580.16
	(e) Subordinated liabilities	18	3,987.61	3,630.55
	(f) Other financial liabilities	19	2,844.93	2,254.38
			53,580.66	52,208.46
4	Non-Financial Liabilities			
	(a) Current tax liabilities (net)	20	173.05	74.60
	(b) Provisions	21	319.85	286.86
	(c) Other non-financial liabilities	22	121.26	126.74
			614.16	488.20
5	Equity			
	(a) Equity share capital	23	789.19	787.58
	(b) Other equity	24	7,657.05	7,230.22
			8,446.24	8,017.80
	TOTAL LIABILITIES AND EQUITY		62,641.06	60,714.46
Significant accounting policies and notes to the Consolidated Financial Statements.		2-55		

The notes referred to above form an integral part of the Consolidated Financial Statements.
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firms' Registration No: 101248W/W-100022

Sd/-
Akeel Master
Partner
Membership No. 046768

Mumbai
17 April 2021

For and on behalf of the Board of Directors of HDB Financial Services Limited

Sd/-
G Ramesh
Managing Director

Sd/-
Venkatraman Srinivasan
Director

Sd/-
Haren Parekh
Chief Financial Officer

Sd/-
Dipti Khandelwal
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended 31 March 2021

(Currency : Indian Rupees in crore)

		Note	For the year ended 31 March 2021	For the year ended 31 March 2020
1	Revenue from operations			
	(a) Interest income	25	8,487.88	8,233.47
	(b) Sale of services		2,020.43	2,113.23
	(c) Other financial charges		405.05	408.32
	(d) Net gain on fair value changes	26	40.04	18.78
	(e) Net gain / (loss) on derecognition of financial instruments under amortised cost category		(8.62)	(17.33)
	Total Revenue from operations		10,944.78	10,756.47
2	Expenses			
	(a) Finance Costs	27	3,882.93	4,081.42
	(b) Impairment on financial instruments	28	3,068.77	1,441.57
	(c) Employee Benefits Expenses	29	2,955.59	3,195.57
	(d) Depreciation, amortization and impairment	13,14	107.79	109.66
	(e) Others expenses	30	428.99	463.77
	Total Expenses		10,444.07	9,291.99
3	Profit before tax		500.71	1,464.48
4	Tax Expense:	11,12		
	(a) Current tax		419.09	471.78
	(b) Deferred tax (credit)		(309.85)	(12.15)
	(c) Income tax for earlier year		-	-
	Total Tax expense		109.24	459.63
5	Profit for the year		391.47	1,004.85
6	Other Comprehensive Income			
	(a) Items that will not be reclassified to profit or loss			
	- Remeasurement gain/(loss) on defined benefit plan		(20.97)	(26.59)
	- Income tax relating to items that will not be reclassified to profit or loss		5.28	6.69
	Sub total (a)		(15.69)	(19.90)
	(b) Items that will be reclassified to profit or loss			
	- Movement in cash flow hedge reserve		2.99	(46.95)
	- Income tax relating to items that will be reclassified to profit or loss		(0.75)	11.82
	Sub total (b)		2.24	(35.13)
	Other Comprehensive Income		(13.45)	(55.03)
7	Total Comprehensive Income for the year		378.02	949.82
8	Earnings per equity share (for continuing operations)	31		
	Basic (₹)		4.97	12.78
	Diluted (₹)		4.97	12.77
Significant accounting policies and notes to the Consolidated Financial Statements.		2-55		

The notes referred to above form an integral part of the Consolidated Financial Statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firms' Registration No: 101248W/W-100022

Sd/-
Akeel Master
Partner
Membership No. 046768

Mumbai
17 April 2021

For and on behalf of the Board of Directors of HDB Financial Services Limited

Sd/-
G Ramesh
Managing Director

Sd/-
Venkatraman Srinivasan
Director

Sd/-
Haren Parekh
Chief Financial Officer

Sd/-
Dipti Khandelwal
Company Secretary

Consolidated Cash Flow Statement
for the year ended 31 March 2021
(Currency : Indian Rupees in crore)

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A	Cash flow from operating activities		
	Profit/(loss) before tax	500.71	1,464.48
	Adjustments for		
	(Profit)/loss on sale of asset	1.91	(0.19)
	Interest Expenses	3,857.22	3,796.73
	Interest Income	(8,487.88)	(8,233.47)
	Realised net (gain)/ loss on FVTPL investments	(79.75)	(43.85)
	Unrealised (gain)/loss on FVTPL investments	(5.15)	(1.95)
	Discount on commercial paper	25.71	284.69
	Impairment on financial instruments	3,065.52	1,441.57
	Provision for compensated absence and gratuity	15.78	16.21
	Employee share based payment expenses	13.55	11.19
	Rent expenses reversal	(61.78)	(55.80)
	Depreciation, amortization and impairment	107.79	109.66
	Operating cash flow before working capital changes	(1,046.37)	(1,210.73)
	Adjustments for working capital changes:		
	(Increase)/decrease in trade receivables	66.12	(66.76)
	(Increase)/decrease in other financial assets and others	(65.41)	(207.27)
	(Increase)/decrease in Loans	(4,482.17)	(4,608.28)
	Increase/(decrease) in other financial and non financial liabilities & provisions	7.85	(1,768.36)
	Increase/(decrease) in trade payables	184.27	(244.92)
	Interest Paid	(3,695.31)	(3,296.85)
	Interest Received	8,447.48	8,134.29
	Cash generated from operations	(583.54)	(3,268.88)
	Direct taxes paid (net of refunds)	180.00	237.00
	Net cash flow generated from/(used in) operating activities (A)	(403.54)	(3,031.88)
B	Cash flow from investing activities		
	Purchase of fixed assets	(24.64)	(72.83)
	Proceeds from sale of fixed assets	0.38	0.54
	Purchase of investments	(15,557.50)	(16,678.65)
	Proceeds of investments	15,713.15	15,547.05
	Net cash generated from/(used in) investing activities (B)	131.38	(1,203.89)

Consolidated Cash Flow Statement
for the year ended 31 March 2021 (Continued)

(Currency : Indian Rupees in crore)

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
C	Cash flow from financing activities		
	Proceeds from issue of shares and security premium	36.87	33.49
	Debt securities issued	10,541.10	9,426.00
	Debt securities repaid	(9,378.90)	(11,153.00)
	Borrowings other than debt securities issued	9,309.34	24,679.56
	Borrowings other than debt securities repaid	(10,195.20)	(19,302.05)
	Subordinated debt issued	356.50	743.50
	Dividend & Tax paid on dividend	-	(170.50)
	Net cash generated from/(used in) financing activities (C)	669.71	4,257.00
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	397.56	21.23
	Add : Cash and cash equivalents as at the beginning of the year	355.95	334.72
	Cash and cash equivalents as at the end of the year*	753.51	355.95
	*Components of cash and cash equivalents		
	Balances with banks	650.42	347.71
	Demand drafts on hand	12.88	2.36
	Cash on hand	29.62	5.88
	Collateral with Banks for Derivative	60.59	-
		753.51	355.95
	Significant accounting policies and notes to the Consolidated Financial Statements.	Note 2 - 55	

The notes referred to above form an integral part of the Consolidated Financial Statements.

The above Consolidated statement of cash flow has been prepared under the indirect method set out in Ind AS 7 - Statement of Cash Flow.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firms' Registration No: 101248W/W-100022

Sd/-
Akeel Master
Partner
Membership No. 046768

Mumbai
17 April 2021

For and on behalf of the Board of Directors of HDB Financial Services Limited

Sd/-
G Ramesh
Managing Director

Sd/-
Venkatraman Srinivasan
Director

Sd/-
Haren Parekh
Chief Financial Officer

Sd/-
Dipti Khandelwal
Company Secretary

Consolidated Statement of Changes in Equity
as at 31 March 2021

(Currency : Indian Rupees in crore)

Statement of Changes in Equity

A Equity Share Capital

Balance as at April 1, 2019	785.70
Changes in Equity Share Capital during the year	1.88
Balance as at March 31, 2020	787.58
Changes in Equity Share Capital during the year	1.61
Balance as at March 31, 2021	789.19

B Other Equity

	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 1, 2020	2,925.43	49.42	1,012.65	3,304.80	(26.96)	(35.13)	7,230.22
Adjustment on initial application of IndAS 116	-	-	-	-	-	-	-
Profit for the year	-	-	-	391.47	-	-	391.47
Other Comprehensive Income	-	-	-	-	(15.69)	2.24	(13.45)
Total Comprehensive Income for the year	-	-	-	391.47	(15.69)	2.24	378.01
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	-	-	78.29	(78.29)	-	-	-
Premium on issue of shares	35.27	-	-	-	-	-	35.27
Share based payment	-	13.55	-	-	-	-	13.55
Dividends	-	-	-	-	-	-	-
Dividend Distribution Tax	-	-	-	-	-	-	-
Balance As At March 31, 2021	2,960.70	62.97	1,090.94	3,617.98	(42.65)	(32.89)	7,657.05

Consolidated Statement of Changes in Equity
as at 31 March 2021 (Continued)

(Currency : Indian Rupees in crore)

B Other Equity (Contd.)

	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 1, 2019	2,893.82	38.23	811.68	2,656.10	(7.06)	-	6,392.78
Adjustment on initial application of Ind AS 116	-	-	-	15.33	-	-	15.33
Profit for the year	-	-	-	1,004.85	-	-	1,004.85
Other Comprehensive Income	-	-	-	-	(19.90)	(35.14)	(55.03)
Total Comprehensive Income for the year	-	-	-	1,020.18	(19.90)	(35.14)	965.15
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	-	-	200.97	(200.97)	-	-	-
Premium on issue of shares	31.61	-	-	-	-	-	31.61
Share based payment	-	11.19	-	-	-	-	11.19
Dividends	-	-	-	(141.43)	-	-	(141.43)
Dividend Distribution Tax	-	-	-	(29.08)	-	-	(29.08)
Balance As At March 31, 2020	2,925.43	49.42	1,012.65	3,304.80	(26.96)	(35.13)	7,230.22

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 date RBI has not specified any purpose for appropriation of Reserve fund maintained under section 45-IC of RBI Act,1984.

Significant accounting policies and notes to the Consolidated Financial Statements. Note 2 - 55

The notes referred to above form an integral part of the Consolidated Financial Statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firms' Registration No: 101248W/W-100022

Sd/-
Akeel Master

Partner
Membership No. 046768

Mumbai
17 April 2021

For and on behalf of the Board of Directors of HDB Financial Services Limited

Sd/-
G Ramesh
Managing Director

Sd/-
Venkatraman Srinivasan
Director

Sd/-
Haren Parekh
Chief Financial Officer

Sd/-
Dipti Khandelwal
Company Secretary

1 Group overview

HDB Financial Services Limited ('the Company'), 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.

It provides lending services and business process outsourcing services. It also provides services related to the marketing and promotion of various financial products.

It's registered office is situated at Ahmedabad, India, while its corporate office is located in Mumbai, India. It is a subsidiary of HDFC Bank Limited.

2 Significant accounting policies

2.1 Statement of Compliance, Basis of Preparation and Presentation of Financial Statements

(A) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act. Any directions issued by the RBI or other regulators are implemented as and when they become applicable. Further, it has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC).CC.PD.No.109/22.10.106/ 2019-20 dated 13 March 2020.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use. These consolidated financial statements have been subjected to audit by the Statutory Auditors, have been reviewed by the Audit Committee and approved by the Board of Directors and authorized for issue on 17 April 2021.

(B) Presentation of financial statements

The Balance Sheet, the Statement of Changes in Equity and the Statement of Profit and Loss are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies ('NBFCs') that are required to comply with Ind AS. The Statement of Cash Flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its controlled structured entities (collectively known as 'the Group') as at 31 March 2021. The Group consolidates an entity when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of the entity begins when the Group obtains control over the entity and ceases when the Group loses control of the entity.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of structured entities to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The financial statement of the following controlled structured trusts (all incorporated in India) have been consolidated as per Ind-AS 110 - Consolidated Financial Statements.

Name of the entity	Proportion of Ownership Interest (%)*	
	31 March 2021	31 March 2021
Venus Trust March 2021	1.10%	-
Venus Trust September 2020	0.84%	-
Venus Trust March 2020	1.46%	1.46%
Venus Trust December 2019	1.86%	1.86%
Venus Trust June 2019	4.40%	4.40%
Venus Trust March 2019	3.33%	3.33%
Venus Trust November 2018 Series 2	3.34%	3.34%
Venus Trust November 2018 Series 1	4.12%	4.12%

* the Group's share of pass through certificates issued by the trust.

The above structured entities are the entities that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, but the relevant activities are directed by means of contractual agreements. The primary use of structured entities is to provide the Group access to liquidity through asset securitisations.

(C) Basis of preparation

The financial statements have been prepared under the historical cost convention on the accrual basis except for certain financial instruments and plan assets of defined benefit plans, which are measured at fair values at the end of each reporting period as explained in the accounting policies below. All amounts disclosed in the financial statements and notes have been rounded off to the nearest INR crores in compliance with Schedule III of the Act, unless otherwise stated.

(D) Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Group's functional currency. All amounts are rounded-off to the nearest crores, unless otherwise indicated.

(E) Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) and disclosures as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period.

Actual results could differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are recognised in the periods in which the Group becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised and future periods. The estimates and judgements that have significant impact on the carrying amount of assets and liabilities at each balance sheet date are discussed at Note 3.

2.2 Financial Instruments

(A) Date of recognition

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

(B) Initial measurement

Recognised financial instruments are initially measured at transaction price, which equates fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in statement of profit and loss.

(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 at amortised cost.

(b) Financial assets at fair value through other comprehensive income

Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the assets, ('Contractual cash flows of assets collected through hold and sell model') and contractual cash flows that are SPPI, are subsequently measured at FVOCI. Movements in the carrying amount of such financial assets are recognised in Other Comprehensive Income ('OCI'), except dividend income which is recognised in statement of profit and loss. Amounts recorded in OCI are not subsequently transferred to the statement of profit and loss. Equity instruments at FVOCI are not subject to an impairment assessment.

(c) Financial assets at fair value through profit and loss

Financial assets, which do not meet the criteria for categorization as at amortized 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, mutual funds and Treasury bills at FVTPL.

(ii) Financial liabilities and equity instrument

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(a) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group is recognised at the proceeds received, net of directly attributable transaction costs.

(b) Financial liabilities

Financial liabilities are measured at amortised cost. The carrying amounts are determined based on the EIR method. Interest expense is recognised in statement of profit and loss.

Any gain or loss on de-recognition of financial liabilities is also recognised in statement of profit and loss.

Undrawn loan commitments are not recorded in the balance sheet. However, these financial instruments are in the scope of expected credit loss ('ECL') calculation.

(D) Reclassification

Financial assets are not reclassified subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line or in the period the Group changes its business model for managing financial assets. Financial liabilities are not reclassified.

(E) Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, the Group has a legally enforceable right to offset the recognised amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(F) Derecognition

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The contractual rights to receive cash flows from the financial asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset and the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Group neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amount it may have to pay.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de-recognised and the proceeds received are recognised as a collateralised borrowing.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit and loss.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying value of the original financial liability and the new financial liability with modified terms is recognised in statement of profit and loss.

(G) Impairment of financial assets

The Group applies the expected credit loss ('ECL') model in accordance with Ind AS 109 for recognising impairment loss on financial assets. The ECL allowance is based on the credit losses expected to arise from all possible default events over the expected life of the financial asset ('lifetime ECL'), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12-month ECL. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is calculated on a collective basis, considering the retail nature of the underlying portfolio of financial assets.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. When determining whether the risk of default on a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on a provision matrix which takes into account the Group's historical credit loss experience, current economic conditions, forward looking information and scenario analysis.

The expected credit loss is a product of exposure at default ('EAD'), probability of default ('PD') and loss given default ('LGD'). The Group has devised an internal model to evaluate the PD and LGD based on the parameters set out in Ind AS 109. Accordingly, the financial assets have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial asset. The Group categorises financial assets at the reporting date into stages based on the days past due ('DPD') status as under:

- Stage 1: 0 to 30 days past due
- Stage 2: 31 to 90 days past due
- Stage 3: more than 90 days past due

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 recognized at prevailing exchange rates between reporting currency and foreign currency on transaction date.

(B) Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized 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 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 capitalized 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 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 Rs. 5,000 are fully depreciated in the year of purchase. Depreciation is pro-rated in the year of acquisition as well as in the year of disposal.

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Consequently, the useful life of certain computer-related assets, furniture and fixtures, office equipment and motor cars differ from the life prescribed in Schedule II of the Act.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate, and treated as changes in accounting estimates.

Property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income/expense in the statement of profit and loss in the year the asset is de-recognised.

2.9 Other intangible assets

Software and system development expenditure are capitalised at cost of acquisition including cost attributable to readying the asset for use. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. The useful life of these intangible assets is estimated at 3 years with zero residual value. Any expenses on such software for support and maintenance payable annually are charged to the statement of profit and loss.

2.10 Dividends

Provision is made for the amount of any dividend declared on or before the end of the reporting period but not distributed at the end of the reporting period, being appropriately authorised and no longer at the discretion of the Group. The final dividend on shares is recorded as a liability on the date of approval by the shareholders, and interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors.

2.11 Revenue recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments is applicable) is measured at fair value of the consideration received or receivable. 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 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 amortized 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 recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(B) Provident fund

Retirement benefit in the form of provident fund, is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

(C) ESIC and Labour welfare fund

The Group's contribution paid/payable during the year to ESIC and Labour welfare fund are recognised in the statement of profit and loss.

(D) Gratuity

The Group operates a defined benefit gratuity plan that provides for gratuity benefit to all employees. The Group makes annual contributions to a fund administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. The benefit is in the form of lump sum payments to vested employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non- routine settlements; and
- Net interest expense or income

(E) Share-based payments

The Group recognizes 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 contingencies

The Group recognises a provision when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that may arises from past events but probably will not require an outflow of resources to settle the obligation.

When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resource is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

2.15 Leases

Effective 01 April 2019, the Group has adopted Ind AS 116 - Leases and applied it to all lease contracts existing on 01 April 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, 1 April 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease , it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in statement of profit and loss.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

2.16 Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables, respectively, in the balance sheet.

2.17 Income tax

(A) Current tax

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 in respect of taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years.

(B) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

2.18 Earnings per share

The Group reports basic and diluted earnings per equity share. Basic earnings per equity share have been computed by dividing net profit / loss attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share have been computed by dividing the net profit attributable to the equity share holders after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Managing Director ('MD') of the Group has been identified as the CODM as defined by Ind AS 108 Operating Segments, who assesses the financial performance and position of the Group and makes strategic decisions.

Operating segments identified by the Group comprises as under:

- Lending services
- BPO services

The accounting policies consistently used in the preparation of the financial statements are also applied to item of revenue and expenditure in individual segments. Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprises as a whole and are not allocable to a segment on a reasonable basis have been disclosed as 'Unallocated'. Segment assets and segment liabilities represent assets and liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as 'Unallocated'.

2.20 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.

2.21 Statement of cash flows

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

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 42.

(B) Expected credit loss

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and credit assessment and including forward looking information.

The inputs used and process followed by the Group in determining the ECL have been detailed in Note 44.

(C) Effective interest rate

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected behavioural life of the financial asset to the gross carrying amount of the financial asset.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges) as well expected changes to the base rate and other transaction costs and fees paid or received that are integral parts of the instrument.

(D) Business model assessment

Classification and measurement of financial assets depends on the results of the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

(E) Useful life and expected residual value of assets

Depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values 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 contingencies

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.

(Currency : Indian Rupees in crore)

4 Cash and cash equivalents

	As at 31 March 2021	As at 31 March 2020
Cash on hand	29.62	5.88
Balances with banks	650.42	347.71
Demand drafts on hand	12.88	2.36
Collateral with Banks for Derivative	60.59	-
Total	753.51	355.95

5 Bank balances Other than cash and cash equivalents

	As at 31 March 2021	As at 31 March 2021
Deposits with bank	0.03	0.03
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments.	221.09	204.19
Interest accrued but not due on fixed deposits	1.75	3.01
Total	222.87	207.23

6 Derivative financial Instruments

	As at 31 March 2021			As at 31 March 2020		
	Notional amounts	Fair Value-Assets	Fair Value-Liabilities	Notional amounts	Fair Value-Assets	Fair Value-Liabilities
Part I						
(i) Currency derivatives:						
Currency swaps	3,874.83	-	42.72	2,269.50	81.32	-
Subtotal (i)	3,874.83	-	42.72	2,269.50	81.32	-
(ii)Interest rate derivatives						
Forward Rate Agreements and Interest Rate swaps	-	-	-	-	-	-
Subtotal (ii)	-	-	-	-	-	-
Total Derivative Financial Instruments (i)+(ii)	3,874.83	-	42.72	2,269.50	81.32	-
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)	-	-	-	-	-	-
(ii) Cash flow hedging:						
Currency derivatives	3,874.83	-	42.72	2,269.50	81.32	-
Interest rate derivatives	-	-	-	-	-	-
Subtotal (ii)	3,874.83	-	42.72	2,269.50	81.32	-
(iii) Undesignated Derivatives						
Currency Swaps	-	-	-	-	-	-
Subtotal (iii)	-	-	-	-	-	-
Total Derivative Financial Instruments (i)+(ii)+(iii)	3,874.83	-	42.72	2,269.50	81.32	-

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 31 March 2021	As at 31 March 2020
Receivables Considered good - Secured	-	-
Receivables Considered good - Unsecured	117.33	185.94
Receivables which have significant increase in the credit risk	4.53	1.15
Receivables credit impaired	0.02	0.92
Less: Impairment loss allowance	121.88	188.00
	4.56	6.82
Total	117.32	181.18

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 31 March 2021	As at 31 March 2020
Balance as at beginning of the year	6.82	5.10
Increase during the year	0.73	2.69
Decrease during the year	(2.99)	(0.97)
Balance at end of the year	4.56	6.82

8 Loans

		As at 31 March 2021	As at 31 March 2020
A	Term Loans in India	61,325.00	58,430.95
B	Public sector	-	-
	Others	61,325.00	58,430.95
	Total	61,325.00	58,430.95
C	Secured (Secured by tangible assets)	46,894.73	44,662.81
	Unsecured	14,430.27	13,768.14
	Total	61,325.00	58,430.95
D	Less: Impairment loss allowance	2,723.56	1,285.07
	Total	58,601.44	57,145.88

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 31 March 2021	As at 31 March 2020
Stage 1	55,263.27	54,243.55
Stage 2	3,300.87	1,928.27
Stage 3	2,760.86	2,259.13
	61,325.00	58,430.95

(Currency : Indian Rupees in crore)

9 Investments

	As at 31 March 2021	As at 31 March 2020
Recorded at Fair value through profit and loss account		
Outside India	-	-
In India		
Mutual fund units	572.21	750.02
Treasury bills / G-Sec	882.82	994.79
Securities receipt of ARC	136.42	-
Recorded at Amortised Cost		
Outside India	-	-
In India		
Unquoted equity shares	1.45	0.95
Total	1,592.90	1,745.76

10 Other financial assets

	As at 31 March 2021	As at 31 March 2020
Capital advances	1.22	3.61
Security deposits at amortised cost (Unsecured, considered good)	19.78	20.28
Prepaid rent (Security deposits, Unsecured, considered good)	7.62	8.42
Retained interest on assigned loan	8.71	17.32
Servicing assets on assigned loan	2.26	4.28
Advances recoverable in cash or in kind (Unsecured, considered good)	209.63	64.17
Total	249.22	118.08

11 Current tax assets (Net)

	As at 31 March 2021	As at 31 March 2020
Current tax assets		
Advance tax and tax deducted at source (Net of provision for tax ₹ 419.09 crore (Previous Year: ₹ 471.78 crore)	56.91	77.42
Total	56.91	77.42

12 Deferred tax assets (Net)

	Balance as at 1 April 2019	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2020	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2021
Deferred Tax Asset							
Depreciation and amortisation	17.73	(0.96)	-	16.77	4.05	-	20.82
Provision for employee benefits	9.35	(8.46)	6.69	7.58	(2.86)	5.28	10.00
Provision for diminution of investment	0.46	(0.12)	-	0.34	(0.13)	-	0.21
Loans - Impairment	291.19	33.94	-	325.13	371.33	-	696.46
Loans - DSA	78.37	(15.10)	-	63.27	(34.82)	-	28.45
Lease	-	3.78	-	3.78	3.64	-	7.42
Cash Flow Hedges Reserve	-	-	11.82	11.82	-	(0.75)	11.07
Deferred Tax Asset	397.10	13.08	18.51	428.69	341.21	4.53	774.43

(Currency : Indian Rupees in crore)

	Balance as at 1 April 2019	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2020	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2021
Deferred Tax Liabilities							
Borrowings	(8.86)	(3.21)	-	(12.07)	0.60	-	(11.47)
Investments - MTM and others	(0.59)	(0.32)	-	(0.91)	(1.30)	-	(2.21)
Securitization and others	(2.69)	2.60	-	(0.09)	(30.67)	-	(30.76)
Deferred Tax Liabilities	(12.14)	(0.93)	-	(13.07)	(31.37)	-	(44.44)
Net Deferred Tax Assets	384.96	12.15	18.51	415.62	309.85	4.53	729.99

The components of income tax expense for the years ended 31 March 2021 and 2020 are:

	As at 31 March 2021	As at 31 March 2020
Current tax:		
In respect of current year	419.09	471.78
In respect of prior years	-	-
Deferred Tax:		
Deferred tax relating to origination and reversal of temporary differences	(309.85)	(12.15)
In respect of prior years	-	-
Total Income Tax recognised in profit or loss	109.24	459.63
Current tax	419.09	471.78
Deferred tax (Debit)	(309.85)	(12.15)

Income Tax recognised in Other comprehensive income

	As at 31 March 2021	As at 31 March 2020
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	5.28	6.69
Income tax relating to items that will be reclassified to profit or loss	(0.75)	11.82
Total income tax recognised in other comprehensive income (debit)	4.53	18.51

The reconciliation of estimated income tax expense at tax rate to income tax expense reported in profit or loss is as follows:

	As at 31 March 2021	As at 31 March 2020
Profit before tax	500.71	1,464.48
Applicable income tax rate (%)	25.17	25.17
Income tax expense calculated at applicable income tax rate	126.02	368.58
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	11.65	103.20
Effect of tax incentives (net)	(28.43)	-
Effects of income not considered as taxable on compliance of condition	-	-
Income tax for earlier year	-	-
Income tax expense recognised in profit and loss	109.24	471.78

The Group has elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has recognised provision for income tax for the year ended 31 March 2021 and re-measured its deferred tax assets basis the rate prescribed in the said section. The full impact of above mentioned change amounting to ₹ 107.55 crores has been recognised in the consolidated statement of profit and loss for the year ended 31 March 2021.

13 Property, Plant and Equipment (PPE), Other Intangible assets & Capital work-in-progress

Description	Office equipment	Furniture and fixtures	Leasehold improve-ments	Computers	Building	Motor cars	Total PPE Tangibles	Software and System development	Total Other Intangibles	Total
Balance as at 1st April, 2020	59.26	93.79	79.00	137.68	0.15	7.39	377.27	33.43	33.43	410.70
Additions during the year	3.45	2.41	4.18	7.61	-	1.13	18.79	5.80	5.80	24.58
Disposals/Adjustments during the year	1.09	2.74	4.12	2.41	-	0.49	10.85	-	-	10.85
Balance as at 31st March, 2021	61.62	93.46	79.06	142.88	0.15	8.03	385.21	39.23	39.23	424.43
Accumulated Depreciation / impairment as at 1st April, 2020	40.43	66.75	38.49	103.40	0.04	3.67	252.79	24.36	24.36	277.15
Depreciation charge during the year	7.83	8.90	9.44	21.46	0.00	1.84	49.46	6.88	6.88	56.34
Disposals/Adjustments during the year	1.03	2.15	2.57	2.41	0.02	0.38	8.56	-	-	8.56
Accumulated Depreciation / impairment as at 31st March, 2021	47.23	73.50	45.36	122.45	0.02	5.13	293.69	31.25	31.25	324.93
Net carrying amount as at 31st March, 2021	14.39	19.96	33.70	20.43	0.13	2.91	91.52	7.98	7.98	99.50
Balance as at 1st April, 2019	48.04	84.90	67.91	107.08	0.15	6.68	314.77	26.44	26.44	341.20
Additions during the year	11.73	9.62	12.26	30.80	-	1.38	65.78	6.99	6.99	72.77
Disposals/Adjustments during the year	0.50	0.73	1.16	0.20	-	0.68	3.27	-	-	3.27
Balance as at 31st March, 2020	59.26	93.79	79.00	137.68	0.15	7.39	377.27	33.43	33.43	410.70
Accumulated Depreciation / impairment as at 1st April, 2019	33.22	55.17	30.72	79.35	0.02	2.41	200.89	17.30	17.30	218.18
Depreciation charge for the year	7.72	12.27	8.86	24.25	0.02	1.71	54.83	7.06	7.06	61.90
Disposals/Adjustments during the year	0.50	0.69	1.08	0.20	-	0.45	2.92	-	-	2.92
Accumulated Depreciation / impairment as at 31st March, 2020	40.43	66.75	38.49	103.40	0.04	3.67	252.79	24.36	24.36	277.15
Net carrying amount as at 31st March, 2020	18.83	27.04	40.51	34.28	0.11	3.72	124.48	9.07	9.07	133.55

Capital work-in-progress

	As at 31 March 2021	As at 31 March 2020
Capital work-in-progress	-	0.06
Total	-	0.06

14 Right of Use Assets

	As at 31 March 2021	As at 31 March 2020
Right of Use Assets	217.40	252.41
Total	217.40	252.41

(Currency : Indian Rupees in crore)

15 Trade Payables

	As at 31 March 2021	As at 31 March 2020
Trade payables		
i) total outstanding dues to micro and small enterprises	0.01	-
ii) total outstanding dues of creditors other than micro and small enterprises	334.25	149.99
Total	334.26	149.99

15.1 Trade Payables includes ₹ 0.01 Crore (Previous Years: Rs. 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 Debt Securities

	As at 31 March 2021	As at 31 March 2020
At Amortised Cost		
Secured		
Privately placed redeemable non convertible debenture	23,356.20	21,189.00
Secured by pari passu charge by mortgage of Company's Office no.130, 3rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and receivables under financing activity.		
Unsecured		
Commercial paper	400.00	1,405.00
Total	23,756.20	22,594.00
Less: Unamortised borrowing cost/Unmatured discount on Commercial paper/Premium and discount on NCD	(45.87)	0.62
Debt Securities net of unamortised cost	23,802.07	22,593.38
Debt securities in India	23,756.20	22,594.00
Debt securities outside India	-	-
Total	23,756.20	22,594.00
Less: Unamortised borrowing cost/Unmatured discount on Commercial paper/Premium and discount on NCD	(45.87)	0.62
Debt Securities net of unamortised cost	23,802.07	22,593.38

16.1 No non convertible debentures, non convertible perpetual debentures and any other borrowing is guaranteed by directors and/or others.

16.2 Terms of repayment of privately placed redeemable non convertible debentures.

Previous Year figures are in (brackets)

Rate of interest (%)	0-1 year	1-3 years	3-5 years	>5 years	Total
4.5-5.5	575.00 -	2,330.00 -	- -	- -	2,905.00 -
5.5-6.5	- -	3,050.00 -	- -	- -	3,050.00 -
6.5-7.5	- (1,700.00)	6,311.10 (2,850.00)	- (430.00)	- -	6,311.10 (4,980.00)
7.5-8.5	1,942.00 (3,273.90)	2,129.00 (4,241.00)	280.00 (280.00)	600.00 (300.00)	4,951.00 (8,094.90)
8.5-9.5	4,207.50 (2,850.00)	1,931.60 (5,264.10)	- 	- -	6,139.10 (8,114.10)
9.5-10.5	- -	- -	- -	- -	- -
Total	6,724.50 (7,823.90)	15,751.70 (12,355.10)	280.00 (710.00)	600.00 (300.00)	23,356.20 (21,189.00)

16.3 All the above non convertible debentures are secured by specific charge on receivables under financing activities. Minimum security cover of 1.1 times is required to be maintained throughout the year(Refer Note 53).

17 Borrowings (Other than Debt Securities)

	As at 31 March 2021	As at 31 March 2020
At Amortised Cost		
Borrowings (other than debt securities)		
Secured		
(a) External commercial borrowings (ECB)	4,849.83	3,244.50
(b) Term loan against hypothecation of Receivables under financing activity	15,614.53	17,740.20
(c) Borrowing under Securitisation	2,036.41	2,626.16
(d) Borrowing under ARC	97.20	-
Total	22,597.97	23,610.86
Less: Unamortised borrowing cost	28.90	30.70
Borrowings (Other than Debt Securities) net of unamortised cost	22,569.07	23,580.16
Borrowings in India	18,723.14	21,341.36
Borrowings outside India	3,874.83	2,269.50
Total	22,597.97	23,610.86
Less: Unamortised borrowing cost	28.90	30.70
Borrowings (Other than Debt Securities) net of unamortised cost	22,569.07	23,580.16

17.1 No term loans, external commercial borrowings , commercial paper and any other borrowing is guaranteed by directors and / or others.

17.2 During the period presented there were no defaults in the repayment of principal and interest.

17.3(a)Terms of repayment of External commercial borrowings from International Finance Corporation.

Previous Year figures are in (brackets)

Rate of interest (%)	0-3 years	3-5 years	>5 years	Total
8 - 9	975.00	-	-	975.00
	(975.00)	-	-	(975.00)

17.3(b)Terms of repayment of External commercial borrowings in foreign currency

Previous Year figures are in (brackets)

Rate of interest (%)	0-3 years	3-5 years	>5 years	Total
6 - 9	3,874.83	-	-	3,874.83
	(2,269.50)	-	-	(2,269.50)

The Company had availed total External Commercial Borrowing (ECBs) of USD 580 million for financing prospective borrower as per the ECB guidelines issued by Reserve Bank of India (“RBI”) from time to time. Out of same USD 280 million was raised in FY 20-21. The borrowing had 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 currency swaps. The charges for raising of the aforesaid ECB has been amortised over the tenure of the ECB.

(Currency : Indian Rupees in crore)

17.4 Terms of repayment of Term loans from Banks.

Previous Year figures are in (brackets)

Marginal Cost of Funds Based Lending Rate (MCLR) (a)	0-1 year	1-3 years	3-5 years	Total
1 Month MCLR + (0.00% to 0.75%)	733.33	716.67	16.67	1,466.67
	(1,090.00)	(75.00)	-	(1,165.00)
3 Month MCLR + (0.00% to 1.5%)	1,797.73	2,164.39	-	3,962.12
	(1,967.44)	(3,866.21)	(612.58)	(6,446.23)
6 Month MCLR + (0.00% to 0.75%)	804.55	1,008.33	-	1,812.88
	(547.69)	(1,054.55)	(175.00)	(1,777.24)
1 Year MCLR + (0.00% to 0.25%)	631.82	45.45	0.00	677.27
	(1,753.94)	(2,502.27)	(283.33)	(4,539.54)
1 Year MCLR + (0.25% to 1.25%)	-	-	-	-
	-	-	-	-
Total (a)	3,967.43	3,934.84	16.67	7,918.94
	(5,359.07)	(7,498.03)	(1,070.91)	(13,928.01)
Rate linked to T-Bills rates (b)	0-1 year	1-3 years	3-5 years	Total
3 Month T-Bills rates (0.00% to 4.00%)	655.00	919.69	-	1,574.69
	(250.00)	(399.70)	-	(649.70)
6 Month T-Bills rates (0.00% to 3.50%)	109.09	109.09	-	218.18
	(331.82)	(543.18)	-	(875.00)
12 Month T-Bills rates (0.00% to 3.50%)	210.83	530.83	110.83	852.49
	(75.00)	(112.50)	-	(187.50)
Overnight Index Swap (0.00% to 3.50%)	-	500.00	-	500.00
	-	(500.00)	-	(500.00)
Repo Rate (0.00% to 3.50%)	726.67	1,616.70	31.82	2,375.19
	(172.72)	(427.27)	-	(599.99)
Mumbai Inter Bank Offer Rate (0.00% to 3.50%)	197.92	450.00	27.12	675.04
	(1,000.00)	-	-	(1,000.00)
Total (b)	1,899.51	4,126.31	169.77	6,195.59
	(1,829.54)	(1,982.65)	-	(3,812.19)
Fixed Interest rate				
4.50% - 5.50%	318.18	1,090.91	90.91	1,500.00
	-	-	-	-
Total (a)+(b)	6,185.12	9,152.06	277.35	15,614.53
	(7,188.61)	(9,480.68)	(1,070.91)	(17,740.20)

17.5 All the above Term loans are secured by specific charge on receivables under financing activities. Minimum security cover of 1.1 times is required to be maintained throughout the year.

17.6 Terms of repayment of Borrowing under Securitisation.

Previous Year figures are in (brackets)

Rate of Interest (%)	0-1 year	1-3 years	3-5 years	Total
4.50% to 8.00%	1,198.04	793.05	45.32	2,036.41
	(1,345.91)	(1,234.26)	(46.00)	(2,626.16)

18 Subordinated Liabilities

	As at 31 March 2021	As at 31 March 2020
At Amortised Cost		
Unsecured		
(a) Privately placed subordinated (Tier II) redeemable bonds	3,500.00	3,143.50
(b) Redeemable non convertible perpetual bonds	500.00	500.00
Total	4,000.00	3,643.50
Less: Unamortised borrowing cost	12.39	12.95
Subordinated Liabilities net of unamortised cost	3,987.61	3,630.55
Subordinated Liabilities in India	4,000.00	3,643.50
Subordinated Liabilities outside India	-	-
Total	4,000.00	3,643.50
Less: Unamortised borrowing cost	12.39	12.95
Subordinated Liabilities net of unamortised cost	3,987.61	3,630.55

18.1 No subordinate debts and any other borrowing is guaranteed by directors and / or others.

18.2 Terms of repayment of Privately placed unsecured subordinated (Tier II) redeemable bonds and redeemable non convertible perpetual bonds

Previous Year figures are in (brackets)

Rate of interest	<5 years	>5 years	Total
7.5-10.5	1,330.00 (1330.00)	2,670.00 (2313.50)	4,000.00 (3643.50)

19 Other financial liabilities

	As at 31 March 2021	As at 31 March 2020
Interest accrued	1,914.16	1,777.73
Overdrawn balances in current account with banks	576.42	111.72
Deposits (not as defined in Section 2(31) of Companies Act, 2013)	10.29	10.19
Creditors for other expenses	22.79	28.31
Statutory liabilities	73.72	59.00
Lease Liability (RTU)	247.55	267.43
Total	2,844.93	2,254.38

20 Current tax liabilities (Net)

	As at 31 March 2021	As at 31 March 2020
Provisions for tax (Net of advance tax ₹ 180.00 crore, Previous Year ₹ 237.00 crore)	173.05	74.60
Total	173.05	74.60

21 Provisions

	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits		
Gratuity (funded)	67.92	62.25
Salary, bonus and reimbursements	222.18	194.67
Contribution to provident fund	29.75	29.94
Total	319.85	286.86

22 Other non-financial liabilities

	As at 31 March 2021	As at 31 March 2020
Other payables	-	16.11
Provision for expenses	121.26	110.63
Total	121.26	126.74

23 Equity Share capital

	Face Value ₹ each	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
		Number of shares	Number of shares		
Authorised equity shares	10	1,001,550,000	1,001,550,000	1001.55	1001.55
Issued, Subscribed & Paid up equity shares fully paid up	10	789,185,216	787,579,656	789.19	787.58
Total				789.19	787.58

23.1 Reconciliation of the number of shares

	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
Equity shares of ₹10 fully paid up				
Shares outstanding at the beginning of the year	787,579,656	787.58	785,700,306	785.70
Shares issued - exercised for ESOP scheme	1,605,560	1.61	1,879,350	1.88
Shares outstanding at the end of the year	789,185,216	789.19	787,579,656	787.58

23.2 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.

23.3 Details of shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity shares of ₹ 10 fully paid up				
HDFC Bank Limited (Holding Company)	750,596,670	95.11	750,596,670	95.30

23.4 Number of shares reserved for ESOPs

Particulars	As at 31 March 2021	As at 31 March 2020
Equity shares of ₹10 fully paid up		
Number of Shares reserved for ESOPs (Refer note 34)	3,176,650	2,151,580

24 Other equity

		As at 31 March 2021	As at 31 March 2020
(i)	Securities Premium Account	2,960.70	2,925.43
(ii)	Employee stock Options Outstanding Account	62.97	49.42
(iii)	Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	1,090.94	1,012.65
(iv)	Retained Earnings-Other than Remeasurement of Post Employment Benefit Obligations	3,617.98	3,304.80
(v)	Retained Earnings- Remeasurement of Post Employment Benefit Obligations	(42.65)	(26.96)
(vi)	Cash Flow Hedges Reserve	(32.89)	(35.13)
		7,657.05	7,230.22

(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.

25 Interest Income

	For the year ended 31 March 2021	For the year ended 31 March 2020
On Financial Assets measured at Amortised Cost -		
Interest on Loans	8,420.35	8,191.79
Interest on deposits with Banks	22.67	14.65
On Financial Assets measured at fair value through profit or loss (FVTPL) -		
Interest income from Investment	44.86	27.02
Total	8,487.88	8,233.47

26 Net gain / (loss) on fair value changes

	For the year ended 31 March 2021	For the year ended 31 March 2020
Net gain/ (loss) on financial instruments at fair value through profit or loss (FVTPL)		
Investments	40.04	18.78
Unquoted equity shares	-	-
	40.04	18.78
Net gain/ (loss) on financial instruments at fair value through profit or loss (FVTPL)		
Realised	34.89	16.83
Unrealised	5.15	1.95
Total	40.04	18.78

27 Finance Costs

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest expenses on financial liabilities measured at amortised cost		
Interest on borrowings (includes Interest on lease liabilities ₹ 25.47 Crore, Previous Year ₹ 23.06 crore)	1,684.74	1,679.71
Interest on debt securities	1,791.21	1,787.48
Interest on subordinated liabilities	346.70	305.61
Discount on commercial paper	25.71	284.69
Other borrowing costs	34.57	23.93
Total	3,882.93	4,081.42

28 Impairment on financial instruments

	For the year ended 31 March 2021	For the year ended 31 March 2020
Impairment on financial instruments at amortised cost		
Loans	3,071.52	1,439.85
Investment	(0.49)	0.00
Trade receivables	(2.26)	1.72
Total	3,068.77	1,441.57

29 Employee benefits expenses

	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries and wages (including bonus)	2,684.48	2,924.30
Contribution to provident and other funds	233.35	226.47
Employee share based payment expenses	13.55	11.19
Staff welfare expenses	24.21	33.61
Total	2,955.59	3,195.57

30 Other expenses

	For the year ended 31 March 2021	For the year ended 31 March 2020
Rent	5.69	10.27
Rates and taxes	1.76	1.12
Telephone	31.56	30.22
Power and fuel	20.03	27.45
Repairs and maintenance- premises	3.37	3.99
Repairs and maintenance-others	2.24	2.11
Credit report charges	34.25	51.97
Commission and brokerage	2.22	3.02
Auditor's remuneration (Refer Note 32)	1.06	0.84
Insurance	1.64	0.01
Loss on sale of asset	1.91	(0.19)
Expenses towards Corporate Social Responsibility Initiative (Refer Note 40)	30.83	28.28
Others administrative expenses	292.43	304.68
Total	428.99	463.77

31 Earnings per Share

	For the year ended 31 March 2021	For the year ended 31 March 2020
Net Profit	391.47	1,004.85
Weighted average number of equity shares		
Basic	788,029,727	786,316,430
Diluted	788,347,209	787,011,436
Earnings per share (₹)		
Basic	4.97	12.78
Diluted	4.97	12.77
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 3,17,481 shares (Previous Year 6,95,005 shares).

32 Auditor's Remuneration

	For the year ended 31 March 2021	For the year ended 31 March 2020
As Auditor		
Statutory audit	0.90	0.40
Tax audit	-	-
Others	0.06	0.35
For certificates	0.01	0.03
Sub Total	0.97	0.78
GST	0.09	0.07
Total	1.06	0.84

33 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 31 March 2021

(i) Amounts recognised in the Balance sheet

Particulars	31 March 2021	31 March 2020
a) Right-of-use assets (net)	217.40	252.41
b) Lease liabilities		
Current	41.23	38.94
Non-current	206.32	228.48
Total Lease liabilities	247.55	267.42
c) Additions to the Right-of-use assets	30.75	64.80

(ii) Amounts recognised in the Statement of Profit and Loss

Particulars	31 March 2021	31 March 2020
a) Depreciation charge for right-of-use assets	51.44	47.76
b) Interest expense (included in finance cost)	25.47	23.06
c) Expense relating to short-term leases	5.69	10.27

(iii) Cash Flows

Particulars	31 March 2021	31 March 2020
The total cash outflow of leases	61.78	55.80

(iv) Future Commitments

Particulars	31 March 2021	31 March 2020
Future undiscounted lease payments to which leases is not yet commenced	1.72	2.31

(v) Maturity analysis of undiscounted lease liability

Period	31 March 2021	31 March 2020
Not later than one year	60.03	60.22
Later than one year and not later than five years	189.86	208.14
Later than five years	64.18	85.50
Total	314.07	353.86

34 Accounting for Employee Share based Payments

In accordance with resolution approved by the shareholders, the Group has reserved shares, for issue to employees through ESOP Scheme. On the approval of Nomination and Remuneration Committee (NRC), each ESOP scheme is issued. The NRC has approved stock option schemes ESOP-10 on 13 October 2017, ESOP-11 on 15 January 2019, ESOP-12 on 5 October 2020 and ESOP-13 on 14 January 2021. Under the term of the schemes, 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 for ESOP-10, ESOP-11, ESOP-12 and ESOP-13.

Description of share based payments plans

Particulars		ESOP-10	ESOP-11	ESOP-12	ESOP-13
i.	Vesting requirements	30% at the end of each 12 and 24 months and 40% at the end of 36 months from 31 Oct 2017	30% at the end of each 12 and 24 months and 40% at the end of 36 months from 31 Jan 2019	60% at the end of 12 months and 40% at the end of 24 months from 31 Oct 2020	30% at the end of each 12 and 24 months and 40% at the end of 36 months from 31 Jan 2021
ii.	Maximum term of option	7 years	7 years	6 years	7 years
iii.	Method of settlement	Equity settled	Equity settled	Equity settled	Equity settled
iv.	Modifications to share based payment plans	NA	NA	NA	NA
v.	Any other details as disclosed in the audited Ind-AS financials	NA	NA	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.

Movement in the options outstanding under the Employees Stock Option Plan for the year ended 31 March 2021

Particulars	ESOP-10	ESOP-11	ESOP-12	ESOP-13	Total	Weighted average exercise price (₹)
Outstanding, beginning of year	1,283,200	868,380			2,151,580	237.65
Granted during the year	-	-	1,602,500	1,176,950	2,779,450	320.33
Exercised during the year	1,168,150	437,410	-	-	1,605,560	229.62
Forfeited / lapsed during the year	66,900	36,970	43,600	1,350	148,820	255.07
Outstanding, end of year	48,150	394,000	1,558,900	1,175,600	3,176,650	313.22
Options exercisable, end of year	48,150	71,280	-	-	119,430	249.41

Movement in the options outstanding under the Employees Stock Option Plan for the year ended 31 March 2020

Particulars	ESOP-8	ESOP-9	ESOP-10	ESOP-11	Total	Weighted average exercise price (₹)
Outstanding, beginning of year	34,500	874,200	2,414,200	907,400	4,230,300	209.36
Granted during the year	-	-	-	-	-	-
Exercised during the year	34,500	803,400	1,041,450	-	1,879,350	178.22
Forfeited / lapsed during the year	-	70,800	89,550	39,020	199,370	197.95
Options outstanding, end of year	-	-	1,283,200	868,380	2,151,580	237.62
Options exercisable, end of year	-	-	49,800	261,270	311,070	264.23

Following summarises the information about stock options outstanding as at 31 March 2021

Plan	Exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)
ESOP - 10	213	48,150	3.59
ESOP - 11	274	394,000	4.58
ESOP - 12	300	1,558,900	5.07
ESOP - 13	348	1,175,600	5.94

Following summarises the information about stock options outstanding as at 31 March 2020

Plan	Exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)
ESOP - 10	213	1,283,200	4.54
ESOP - 11	274	868,380	4.94

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 12	ESOP 13
Dividend yield	0.62%	0.52%
Expected volatility	56.98%	54.92%
Risk-free interest rate	4.98%	5.03%
Expected life of the option	3.40 years	4.10 years

The Group recorded an employee stock compensation expense of ₹13.55 crore (previous year ₹11.19 crore) in Statement of Profit and Loss.

35 Segment reporting

(Currency : Indian Rupees in crore)

S.N.	Particulars	31 March 2021	31 March 2020
i.	Segment Revenue		
	Lending business	8,924.35	8,643.24
	BPO Services	2,020.43	2,113.23
	Unallocated	-	-
	Income from Operations	10,944.78	10,756.47
ii.	Segment Results		
	Lending business	445.98	1,366.95
	BPO Services	103.72	104.28
	Unallocated	(48.99)	(6.75)
	Profit before tax	500.71	1,464.48
	Income Tax expenses		
	Current tax	419.09	471.78
	Deferred tax Asset	(309.85)	(12.15)
	Income tax for earlier year	-	-
	Net Profit	391.47	1,004.85

S.N.	Particulars	31 March 2021	31 March 2020
iii.	Capital Employed		
	Segment assets		
	Lending business	61,694.54	59,988.97
	BPO Services	147.52	216.68
	Unallocated	798.99	508.81
	Total Assets	62,641.05	60,714.46
	Segment Liabilities		
	Lending business	53,886.31	52,281.15
	BPO Services	50.43	216.06
	Unallocated	258.08	199.45
	Total Liabilities	54,194.82	52,696.66
	Net Segment assets / (liabilities)	8,446.23	8,017.80
iv.	Capital Expenditure (including net CWIP)		
	Lending business	22.48	53.85
	BPO Services	2.11	15.62
	Unallocated	-	3.36
	Total	24.59	72.83
v.	Depreciation		
	Lending business	87.83	86.60
	BPO Services	15.34	17.60
	Unallocated	4.62	5.46
	Total	107.79	109.66
vi.	Other non cash expenditure		
	Lending business	3,068.77	1,441.57
	BPO Services	-	-
	Unallocated	-	-
	Total	3,068.77	1,441.57

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 ('MD') of the Group has been identified as the CODM as defined by Ind AS 108 Operating Segments, who assesses the financial performance and position of the Group and makes strategic decisions.

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 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.

36 Related party disclosures

Name of the related party and nature of relationship

Holding Group : HDFC Bank Limited

Enterprise under common control of Holding Group : HDFC Securities Limited

Key Management Personnel (KMP) :

Aditya Puri (Chairman & Non Executive Director) (resigned effective 5 November 2020)

Jimmy Tata (Non Executive Director) (resigned effective 30 June 2020)

Bhavesh Zaveri (Non Executive Director) (resigned effective 28 November 2019)

Smita Affinwalla (Independent Director)

Venkatraman Srinivasan (Independent Director)

Dr. Amla Samanta (Independent Director)

Adayapalam Viswanathan (Independent Director)

G Ramesh (Managing Director and CEO)

Other related parties :

HDFC Ergo General Insurance Group Limited

HDFC Life Insurance Group Limited

HDFC Asset Management Group Limited

Details of Related Party Transactions for the Year:

Related party	Nature of transaction	31 March 2021	31 March 2020
HDFC Bank Limited	Bank charges	11.98	11.06
	Charges for back office support services received / recoverable	907.26	878.53
	Charges for sales support services received / recoverable	1,233.14	1,391.50
	Commission Expenses	4.94	-
	Corporate logo license fees	3.72	10.26
	Dividend paid	-	135.11
	Fixed deposits placed	1,172.73	167.74
	Interest paid on non-convertible debentures	59.92	64.51
	Interest paid on term loan and OD account	379.94	366.13
	Interest received on fixed deposits	12.78	11.06
	Investment banking fees paid	1.26	1.42
	IPA charges	0.00	0.01
	Reimbursement of IT expense, secondment charge & other common expenses	2.74	2.12
	Rent paid for premises taken on sub-lease	2.42	2.27
	Securities purchased during the year	3,115.00	1,986.50
	Securitisation	473.06	1,982.47
	Term loan availed during the year	2,350.00	4,696.15
	Term loan paid during the year	1,959.09	2,614.41
	Tele collection charges / field collection charges received / recoverable for collection services rendered	206.53	189.48
HDFC Securities Limited	Commission on sourcing of loans	-	0.03
	Rent received / receivable for premises given on sub-lease	0.08	0.13
Key Management Personnel	Director sitting fees and commission paid	0.80	0.60
	Dividend paid	-	0.11
	Salary including perquisites and allowances	3.79	4.10
	Stock Options#	0.86	3.49
	Others Contribution to Funds*	0.00	0.12
HDFC Asset Management Group Limited	Investment in mutual fund during year	1,910.00	-
	Redemption of mutual fund during year	1,910.00	-
HDFC Life Insurance Company Limited	Insurance commission received / receivable	7.91	10.21
	Rent paid / payable	0.01	0.03
HDFC Ergo General Insurance Company Limited	Insurance commission received / receivable	9.77	13.06

* excludes amounts pertaining to gratuity and compensated absences, which are actuarially valued at the Group level.

\# 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 ₹1.10 crore (previous year ₹0.88 crore) with a corresponding credit to the reserves.

Balances outstanding:

Related party	Nature of transaction	31 March 2021	31 March 2020
HDFC Bank Limited	Securitisation	379.10	1,553.06
	Balance in current accounts	645.56	310.85
	Balance receivable	85.66	141.48
	Balance payable	1.92	7.92
	Fixed deposit	182.53	167.74
	Security deposit paid	0.11	0.07
	Security deposit received	9.85	9.85
	Term loan outstanding	5,572.73	5,181.82
	Non convertible debentures issued	3,115.00	650.00
	Undrawn commitments facility	500.00	1,000.00
HDFC Securities Ltd.	Balance receivable	0.13	0.22
HDFC Life Insurance Company Limited**	Balance payable - Securities	905.00	1,435.00
	Balance payable - Expenses	0.01	-
	Balance receivable	1.59	0.54
HDFC Asset Management Group Limited	Balance payable	811.90	971.90
	Balance receivable	0.36	-
HDFC Ergo General Insurance Company Limited**	Balance payable	70.00	20.00
	Balance receivable	1.22	0.64

** excludes amounts pertaining to insurance premiums payable that are in the nature of pass through.

37 Employee benefits

(A) Defined contribution plan

The contribution made to various statutory funds is recognized as expense and included in Note 29 'Employee benefits expense' under 'Contribution to provident and other funds' in Statement of Profit and Loss.

(B) Defined benefit plan (Gratuity)

The Group contributes to the group gratuity fund based on the actuarial valuation determined as at the year-end through the HDFC Life Insurance Group ('HDFC Life') Limited and Life Insurance Corporation of India Limited (LIC). HDFC Life and LIC have certified the Fair Value of the Plan Assets.

Details of Actuarial Valuation as at March 31, 2021

	Particulars	31 March 2021	31 March 2020
A.	**Change in defined benefit obligation.**		
1	Defined benefit obligation at beginning of period	116.48	76.88
2	Service cost		
	a. Current service cost	12.76	13.54
	b. Past service cost	-	-
	c. (Gain) / loss on settlements	-	-
3	Interest expenses	5.67	5.30
4	Cash flows		
	a. Benefit payments from plan	(10.00)	(11.01)
	b. Benefit payments from employer	-	-
	c. Settlement payments from plan	-	-
	d. Settlement payments from employer	-	-

	Particulars	31 March 2021	31 March 2020
5	Remeasurements		
	a. Effect of changes in demographic assumptions	4.36	0.19
	b. Effect of changes in financial assumptions	5.10	6.51
	c. Effect of experience adjustments	14.72	25.07
6	Transfer In / Out		
	a. Transfer In	-	-
	b. Transfer out	-	-
7	Defined benefit obligation at end of period	149.09	116.48
B.	Change in fair value of plan assets		
1	Fair value of plan assets at beginning of period	54.53	38.09
2	Interest income	2.66	2.63
3	Cash flows		
	a. Total employer contributions		
	(i) Employer contributions	32.78	19.66
	(ii) Employer direct benefit payments	-	-
	(iii) Employer direct settlement payments	-	-
	b. Participant contributions	-	-
	c. Benefit payments from plan assets	(10.00)	(11.01)
	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)	1.54	5.17
5	Transfer In /Out		
	a. Transfer In	-	-
	b. Transfer out	-	-
6	Fair value of plan assets at end of period	81.51	54.53
C.	Amounts recognised in the Balance Sheet		
1	Defined benefit obligation	149.09	116.48
2	Fair value of plan assets	(81.51)	(54.53)
3	Funded status	67.58	61.95
4	Effect of asset ceiling	-	-
5	Net defined benefit liability (asset)	67.58	61.95
D.	**Components of defined benefit cost**		
1	Service cost		
	a. Current service cost	12.76	13.54
	b. Past service cost	-	-
	c. (Gain) / loss on settlements	-	-
	d. Total service cost	12.76	13.54
2	Net interest cost		
	a. Interest expense on DBO	5.67	5.30
	b. Interest (income) on plan assets	2.66	2.63
	c. Interest expense on effect of (asset ceiling)	-	-
	d. Total net interest cost	3.01	2.67
3	Remeasurements (recognised in OCI / Retained Earnings)		
	a. Effect of changes in demographic assumptions	4.36	0.19
	b. Effect of changes in financial assumptions	5.10	6.51
	c. Effect of experience adjustments	14.72	25.07

	Particulars	31 March 2021	31 March 2020
	d. Return on plan assets (excluding interest income)	1.54	5.17
	e. Changes in asset ceiling (excluding interest income)	-	-
	f. Total remeasurements included in OCI / Retained Earnings	22.64	26.59
4	Total defined benefit cost recognised in P&L and OCI	38.41	42.81
E.	Remeasurement		
	a. Actuarial Loss / (Gain) on DBO	24.18	31.77
	b. Returns above Interest Income	(1.54)	(5.17)
	c. Change in Asset ceiling	-	-
	Total Re-measurements (OCI / Retained Earnings)	22.64	26.59
F.	Employer Expense (P&L)		
	a. Current Service Cost	12.76	13.54
	b. Interest Cost on net DBO	3.01	2.67
	c. Past Service Cost	-	-
	d. Total P&L Expenses	15.77	16.21
G.	**Net defined benefit liability (asset) reconciliation**		
1	Net defined benefit liability (asset)	61.95	38.79
2	Defined benefit cost included in P&L	15.77	16.21
3	Total remeasurements included in OCI / Retained Earnings	22.64	26.59
4	a. Employer contributions	(32.78)	(19.66)
	b. Employer direct benefit payments	-	-
	c. Employer direct settlement payments	-	-
5	Net transfer	-	-
6	Net defined benefit liability (asset) as of end of period	67.58	61.95
H.	Reconciliation of OCI (Re-measurement)		
1	Recognised in OCI at the beginning of period	34.46	7.87
2	Recognised in OCI during the period	22.64	26.59
3	Recognised in OCI / Retained Earnings at the end of the period	57.11	34.46
I.	Sensitivity analysis - DBO end of Period		
1	Discount rate +100 basis points	(3.77)	(2.88)
2	Discount rate -100 basis points	4.10	3.05
3	Salary Increase Rate +1%	3.66	2.64
4	Salary Increase Rate -1%	3.49	(2.68)
5	Attrition Rate +1%	1.27	(0.68)
6	Attrition Rate -1%	1.35	0.70
J.	**Significant actuarial assumptions**		
1	Discount rate Current Year (p.a.)	3.86%	4.87%
2	Discount rate Previous Year (p.a.)	4.87%	6.84% - 6.92%
3	Salary increase rate (p.a.)	5.00% - 9.00%	7.00% - 8.00%
4	Attrition Rate (%)	9.00% - 76.00%	26.00% - 89.00%
5	Retirement Age (years)	60	60
6	Pre-retirement mortality	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
7	Disability	Nil	Nil
K.	Data		
1	No.	99,629	105,029
2	Average age (yrs.)	29.23	28.70
3	Average past service (yrs.)	2.71	2.30
4	Average salary monthly (₹)	8,863.61	8,606.00
5	Future service (yrs.)	30.77	31.30
6	Weighted average duration of DBO	4.00	3.00

	Particulars	31 March 2021	31 March 2020
L.	**Expected cash flows for following year**		
1	Expected contributions / Addl. Provision Next Year	30.31	32.83
2	Expected total benefit payments		
	Year 1	47.88	57.04
	Year 2	30.37	35.32
	Year 3	20.98	24.00
	Year 4	15.27	16.58
	Year 5	10.90	11.90
	Next 5 years	25.22	24.19

Category of Plan asset	% of Fair value to total planned assets (as at 31 March 2021)
Government securities and corporate bonds / debentures	94.11%
Money market instruments and fixed deposits	3.22%
Net current assets and other approved security	2.67%
Total	100.00%

The Group's gratuity plan obligation is determined by actuarial valuation and is funded by investments in government securities. As such, the valuation and the funding are exposed to certain risks, including mainly salary increments, attrition levels, interest rates and investment yields. If salaries and interest rates rise faster than assumed or if the attrition rates are lower than assumed, then the Group's gratuity obligation would rise faster in future periods and an increase in market yields of government securities would reduce the value of the plan's investments, leading to higher future funding requirements. The Group monitors plan obligations and investments regularly with a view to ensuring that there is adequate funding on an ongoing basis, thus mitigating any potential adverse consequences of the risks described.

C) Compensated absences

The Group neither has a policy of encashment of unavailed leaves for its employees nor allow the leaves to be carry forward to next year.

D) The Parliament has approved the Code on Social Security, 2020 ('Code') which may impact the contribution by the Group towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed after which the financial impact can be ascertained. The Group will complete its evaluation and will give appropriate impact, if any, in the financial result following the Code becoming effective and the related rules being framed and notified.

38 Contingent liabilities

S.N.	Particulars	31 March 2021	31 March 2020
1	Claims against the Group not acknowledged as debt (Refer Note 38.1)	93.55	94.32
2	Estimated amount of contracts remaining to be executed on capital account and not provided for:	8.64	12.42
	(Net of Advances amounting to ₹1.22 crore, previous year ₹3.61 crore)		
3	Undrawn committed sanctions to borrowers	26.65	88.84

38.1 Claims against the Group not acknowledged as debt

Particulars	31 March 2021	31 March 2020
Suit filed by borrowers	3.36	4.13
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. Income tax matter	4.85	4.85
4. Payment of Labour Welfare Fund	0.32	0.32
Total	93.55	94.32

a) Provident Fund matter

The Group had 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 favorable 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 in Note 10.

The Provident Fund department has challenged the 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 1 January 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 1 April 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.

38.2 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.

38.3 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 adeqaute 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.

39 Maturity analysis of assets & liabilities

Particulars	31 March 2021		31 March 2020	
	Within 12 months	After 12 months	Within 12 months	After 12 months
ASSETS				
Financial Assets				
(a) Cash and cash equivalents (CCE)	753.51	-	355.95	-
(b) Bank balances other than CCE	220.50	2.37	207.23	-
(c) Derivative financial instruments	-	-	81.32	-
(d) Trade receivables	117.32	-	181.18	-
(e) Loans	18,500.34	40,101.10	17,730.01	39,415.87
(f) Investments	1,455.03	137.87	1,744.81	0.95
(g) Other financial assets	209.63	39.59	69.90	48.18
	21,256.33	40,280.93	20,370.40	39,465.00

Particulars	31 March 2021		31 March 2020	
	Within 12 months	After 12 months	Within 12 months	After 12 months
Non-financial Assets				
(a) Current tax assets (Net)	56.91	-	77.42	-
(b) Deferred tax assets (Net)	-	729.99	-	415.62
(c) Property, plant and equipment	-	91.52	-	124.48
(d) Capital work-in-progress	-	-	-	0.06
(e) Other intangible assets	-	7.98	-	9.07
(f) Right of Use Assets	47.39	170.01	37.62	214.79
	104.30	999.50	115.04	764.02
TOTAL ASSETS	21,360.63	41,280.43	20,485.44	40,229.02
LIABILITIES				
Financial Liabilities				
(a) Derivative financial instruments	42.72	-	-	-
(b) Trade payables	334.26	-	149.99	-
(c) Debt securities	7,131.39	16,670.68	9,228.64	13,364.74
(d) Borrowings other than debt securities	8,352.32	14,216.75	8,661.58	14,918.58
(e) Subordinated liabilities	-	3,987.61	-	3,630.55
(f) Other financial liabilities	2,291.85	553.08	1,986.95	267.43
	18,152.54	35,428.12	20,027.16	32,181.30
Non-Financial Liabilities				
(a) Current tax liabilities (net)	173.05	-	74.60	-
(b) Provisions	282.24	37.61	224.61	62.25
(c) Other non-financial liabilities	121.26	-	45.51	81.23
	576.55	37.61	344.72	143.48
TOTAL LIABILITIES	18,729.09	35,465.73	20,371.88	32,324.78
NET	2,631.54	5,814.70	113.56	7,904.24

40 Corporate social responsibility

The average profit before tax of the Group for the last three financial years was ₹1,541.63 crore, basis which the Group was required to spend ₹30.83 crore towards Corporate Social Responsibility (CSR) activities for the current financial year.

a) Amount spent during the year on:

Particulars	31 March 2021			31 March 2020		
	Amount Spent	Amount Unpaid/ provision	Total	Amount Spent	Amount Unpaid/ provision	Total
Construction/acquisition of any asset	-	-	-	-	-	-
On purpose other than (i) above	23.52	7.31	30.83	24.81	3.47	28.28

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	30.83	23.52	7.31

Note: ₹ 3.47 crore reported as unspent in financial year 2019-20 has been spent in first quarter of financial year 2020-21

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
Not Applicable			

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 Group	In Separate CSR Unspent Account		From Group's Bank Account	From Separate CSR Unspent A/c	With Group	In Separate CSR Unspent Account
NIL	Not Applicable	30.83	23.52	Not Applicable	7.31	NIL

Note: Closing balance of ₹ 7.31 crore available with the Company shall be transferred to an unspent CSR account by end of 30 April 2021.

41. 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	31 March 2021	31 March 2020
The Principal amount remaining unpaid at the end of the year	0.01	-
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	0.01	-

Note - The above is based on the information available with the Group which has been relied upon by the auditors.

42 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	
			31 March 2021	31 March 2020
Mutual fund units	FVTPL	Level 1	572.21	750.02
Unquoted equity shares	FVTPL	Level 3	1.45	0.95
Treasury bills	FVTPL	Level 1	882.82	994.79
Securities receipt of ARC	FVTPL	Level 2	136.42	-
Derivative financial instruments	FVTPL	Level 2	-	81.32

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.

Level 3:

Fair value of loans have estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product.

Unquoted equity shares are measured at fair value using suitable valuation models viz., net asset value technique.

c) The table below presents information pertaining to the fair values and carrying values of the Group's financial assets and liabilities.

Particulars	Category	Fair value hierarchy	31 March 2021		31 March 2020	
			Carrying value	Fair value	Carrying value	Fair value
Financial Assets						
(a) Cash and cash equivalents (CCE)	Amortised cost		753.51	753.51	355.95	355.95
(b) Bank balances other than CCE	Amortised cost		222.87	222.87	207.23	207.23
(c) Derivative financial instruments	FVTPL	Level 2	-	-	81.32	81.32
(d) Trade receivables	Amortised cost		117.32	117.32	181.18	181.18
(e) Loans	Amortised cost	Level 3	58,601.44	55,503.95	57,145.88	53,256.66

Particulars	Category	Fair value hierarchy	31 March 2021		31 March 2020	
			Carrying value	Fair value	Carrying value	Fair value
(f) Investments - Mutual funds and Treasury bills	FVTPL	Level 1	1,455.03	1,455.03	1,744.81	1,744.81
Investments - In Security Receipts	FVTPL	Level 2	136.42	136.42	-	-
Investments - Unquoted equity shares	FVTPL	Level 3	1.45	1.45	0.95	0.95
(g) Other financial assets	Amortised cost		249.22	249.22	118.08	118.08
			61,537.26	58,439.77	59,835.40	55,946.18
Financial Liabilities						
(a) Derivative financial instruments	FVTPL	Level 2	42.72	42.72	-	-
(b) Trade payables	Amortised cost		334.26	334.26	150.00	150.00
(c) Debt securities	Amortised cost	Level 2	23,802.07	25,052.85	22,593.38	23,951.81
(d) Borrowings other than Securitisation	Amortised cost	Level 2	20,532.65	19,753.95	20,954.00	20,762.75
Borrowings under Securitisation	Amortised cost	Level 2	2,036.41	2,004.24	2,626.16	2,831.79
(e) Subordinated liabilities	Amortised cost	Level 2	3,987.61	4,281.90	3,630.55	3,913.97
(f) Other financial liabilities	Amortised cost		2,844.94	2,844.94	2,254.38	2,254.38
			53,580.66	54,314.86	52,208.47	53,864.69

(i) Short-term and other financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months) and for other financial assets and other financial liabilities that are insignificant in value, the carrying amounts, net of impairment, if any, are a reasonable approximation of their fair value. Such instruments include cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, trade payables, other financial assets and other financial liabilities.

(ii) Loans

These financial assets are recorded at amortised cost, the fair values of which are estimated at portfolio level using a discounted cash flow model based on contractual cash flows discounted using market rates incorporating the counterparties' credit risk.

(iii) Debt securities, borrowings and subordinated liabilities

Fair value is estimated at portfolio level by a discounted cash flow model incorporating market interest rates and the Group's own credit risk or based on market-observable data such as secondary market prices for its traded debt, as relevant.

43 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.

44 Risk Management

While risk is inherent in the Group's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls.

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Committee is responsible for managing risk decisions and monitoring risk levels and reports to the Supervisory Board.

The Group's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

a) Credit risk

The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical 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 company 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.

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.

(Rupees in crore)

Stage	31 March 2021	31 March 2020
Stage 1: 0 to 30 days past due	55,263.27	54,243.55
Stage 2: 31 to 90 days past due	3,300.87	1,928.27
Stage 3: more than 90 days past due	2,760.86	2,259.13
Total	61,325.00	58,430.95

b) An analysis of changes in the gross carrying amount and corresponding ECL allowances in relations to loans is as under:

	31 March 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	54,243.55	1,928.27	2,259.13	58,430.95
Originated or new	24,165.19	269.87	142.71	24,577.77
Matured or repaid	(18,076.95)	(753.75)	(1,365.78)	(20,196.48)
Transfers to Stage 1	919.63	(650.27)	(269.36)	-
Transfers to Stage 2	(3,088.42)	3,229.17	(140.75)	-
Transfers to Stage 3	(2,899.73)	(722.42)	3,622.15	-
Amounts written off (net of recovery)	-	-	(1,487.24)	(1,487.24)
Gross carrying amount - closing balance	55,263.27	3,300.87	2,760.86	61,325.00

	31 March 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	52,537.04	1,171.99	1,000.38	54,709.41
Originated or new	29,206.43	436.03	210.94	29,853.40
Matured or repaid	(23,364.88)	(878.26)	(905.71)	(25,148.85)
Transfers to Stage 1	259.33	(188.06)	(71.27)	-
Transfers to Stage 2	(1,956.56)	1,967.09	(10.53)	-
Transfers to Stage 3	(2,437.81)	(580.52)	3,018.33	-
Amounts written off (net of recovery)	-	-	(983.01)	(983.01)
Gross carrying amount - closing balance	54,243.55	1,928.27	2,259.13	58,430.95

	31 March 2021			
	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	634.25	212.22	438.60	1,285.07
Originated or new	401.34	38.68	34.77	474.79
Matured or repaid	(175.73)	(66.92)	1,108.56	865.91
Transfers to Stage 1	111.71	(56.61)	(55.09)	-
Transfers to Stage 2	(61.34)	90.13	(28.79)	-
Transfers to Stage 3	(60.93)	(66.90)	127.83	-
Remeasurement	456.81	392.11	736.11	1,585.03
Amounts written off (net of recovery)			(1,487.24)	(1,487.24)
Impairment loss allowance - closing balance	1,306.11	542.71	874.74	2,723.56

	31 March 2020			
	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	358.37	148.18	321.69	828.24
Originated or new	241.75	33.84	36.09	311.68
Matured or repaid	(161.27)	(78.50)	557.42	317.66
Transfers to Stage 1	42.05	(18.13)	(23.93)	-
Transfers to Stage 2	(28.70)	32.23	(3.54)	-
Transfers to Stage 3	(57.46)	(59.47)	116.93	-
Remeasurement	239.50	154.07	416.94	810.51
Amounts written off (net of recovery)	-	-	(983.01)	(983.01)
Impairment loss allowance - closing balance	634.25	212.22	438.60	1,285.07

c) Modified financial assets

The Group renegotiates loans given to customers in financial difficulties (referred to as forbearance activities, restructuring or rescheduling) to maximise collection opportunities and minimise the risk of default. Under the Companies forbearance policy, loan forbearance is granted on a selective basis if the customer is currently in default on its debt or if there is a high risk of default, there is evidence that the customer made all reasonable efforts to pay under the original contractual terms and the customer is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Risk Management Committee regularly reviews reports on forbearance activities.

Upon renegotiation, such accounts are classified as Stage 3. Such accounts are upgraded to Stage 1 only upon observation of satisfactory repayments of one year from the date of such down-gradation and accordingly loss allowance is measured using 12 month PD.

Exposure to modified financial assets	31 March 2021	31 March 2020
Gross carrying amount	3,649.96	-
Impairment allowance	956.92	-
Net carrying amount	2,693.04	-

Analysis of risk concentration

The following table shows risk concentration of the Group's loans basis risk exposure into smaller homogeneous portfolios, based on shared credit risk characteristics as under:

	31 March 2021	31 March 2020
Carrying value of Loans	58,601.44	57,145.88
Mortgage backed loans	17,041.68	17,847.74
Other assets backed loans	25,430.92	23,817.31
Personal loans	13,322.88	13,234.91
Others	2,805.97	2,245.92
Total	58,601.44	57,145.88

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	31 March 2021	31 March 2020
Upto 50 % Coverage	1,476.62	1,202.22
51-75 % Coverage	402.89	555.54
76-100 % Coverage	5.95	51.94
Above 100% Coverage	0.65	10.83
Total	1,886.11	1,820.53

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 31st March.

31 March 2021	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
Trade payables	334.26	-	-	-	334.26
Derivative financial instruments	42.72	-	-	-	42.72
Debt securities	8,780.45	17,885.98	399.14	793.20	27,858.77
Borrowings	8,107.92	13,506.54	282.55	-	21,897.01
Borrowings under Securitization	1,342.04	842.97	14.75	-	2,199.76
Subordinated liabilities	363.54	1,497.86	1,013.71	3,396.56	6,271.67
Total	18,970.93	33,733.35	1,710.15	4,189.76	58,604.19

31 March 2020	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
Trade payables	150.00	-	-	-	150.00
Derivative financial instruments	-	-	-	-	-
Debt securities	10,828.66	14,631.49	833.87	420.75	26,714.76
Borrowings	8,580.57	13,821.56	1,097.94	-	23,500.07
Borrowings under Securitization	1,483.34	1,303.57	46.99	-	2,833.89
Subordinated liabilities	337.22	1,274.65	1,262.80	3,115.79	5,990.46
Total	21,379.79	31,031.27	3,241.59	3,536.54	59,189.19

c) Market risk

Market risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

i) Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Group's statement of profit and loss.

	% Increase/decrease in rate		**Increase/decrease in profit**	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Borrowings that are re-priced	0.25%	0.25%	38.00	44.35
Loans that are re-priced	0.25%	0.25%	40.31	42.07

ii) Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Group arise majorly on account of foreign currency borrowings. The Group manages this foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge, the Group negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Group's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Group holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

d) Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or from external events.

The operational risks of the Group are managed through comprehensive internal control systems and procedures and key back up processes. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The Group also undertakes Risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure.

The Group has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the Group's readiness.

45 Impact of hedging activities

a) Disclosure of effects of hedge accounting on financial position:

31 March 2021								
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)	3,874.83	-	-	42.72	30 Oct 2022, 29 Nov 2022, 10 Dec 2022 and 18 June 2023	(124.04)	(124.04)	Borrowings

31 March 2020								
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)	2,269.50	-	81.32	-	30 Oct 2022, 29 Nov 2022 and 10 Dec 2022	81.32	(81.32)	Borrowings

b) Disclosure of effects of hedge accounting on financial performance

31 March 2021				
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** and loss	**Line item affected in statement of profit** and loss because of **the reclassification**
Cash flow hedge				
Foreign exchange risk and interest rate risk	(124.04)	-	127.03	Finance cost

31 March 2020				
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 and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge				
Foreign exchange risk and interest rate risk	81.32	-	(128.28)	Finance cost

46 Changes in Liabilities arising from financing activities

Particulars	1 April 2020	**Cash flows**	Exchange **Difference**	Other	31 March 2021
Debt securities	22,593.38	1,162.82	-	45.87	23,802.07
Borrowings other than debt securities	20,954.00	(450.24)	-	28.90	20,532.66
Borrowings under Securitisation	2,626.16	(593.04)	-	3.29	2,036.41
Subordinated liabilities	3,630.55	344.67	-	12.39	3,987.61
Total	49,804.09	464.21	-	90.45	50,358.75

Particulars	1 April 2019	Cash flows	Exchange Difference	Other	31 March 2020
Debt securities	24,119.67	(1,727.00)	-	200.71	22,593.38
Borrowings other than debt securities	16,474.55	4,372.45	128.28	(21.28)	20,954.00
Borrowings under Securitisation	1,621.10	1,005.06	-	-	2,626.16
Subordinated liabilities	2,889.78	743.50	-	(2.73)	3,630.55
Total	45,105.10	4,394.01	128.28	176.70	49,804.09

(i) Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc

(ii) Total Liabilities comprises of Debt securities, Borrowings (other than debt securities) and Subordinated Liabilities

47 Expenditure / Remittances in Foreign Currencies

a) Expenditure in Foreign Currencies

Particulars	31 March 2021	31 March 2020
Interest and processing charges for debt instrument	15.70	19.46
Professional charges	0.03	0.14
Annual software application fee	0.12	0.03

b) There is no dividend paid in foreign currency.

48 Event after Reporting Date

Subsequent events are tracked and evaluated by the Group. Necessary adjustments / disclosures have been provided in the financial statements for significant subsequent events.

49 Transfer of Financial Assets

49.1 Transferred financial assets that are not derecognised in their entirety

The following tables 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 the Originator of these loan receivables, also acts as a 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 require 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 17.

The following table provides 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:

Particulars	31 March 2021	31 March 2020
Carrying amount of transferred assets measured at amortised cost	2,167.91	2,632.39
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	2,036.41	2,626.16
Fair value of assets	1,964.93	2,364.33
Fair value of associated liabilities	2,004.24	2,831.79
Net position at Fair Value	(39.31)	(467.46)

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	31 March 2021	31 March 2020
Carrying amount of de-recognised financial asset	235.67	401.80
Carrying amount of retained assets at amortised cost*	26.37	47.40
Gain on sale of the de-recognised financial asset	Nil	Nil

*excludes Excess Interest Spread (EIS) on de-recognised financial assets

49.2 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.

50 Provision for impact of COVID-19

The Group had recognized provision on loans for which moratorium was granted in accordance with the COVID-19 Regulatory Package announced by the Reserve Bank of India vide notifications dated 27 March 2020, 17 April 2020 and 23 May 2020. The provision amount is reviewed regularly and is adjusted against the ECL provision when these loans are classified as impaired.

51 Supreme Court Order dated 23 March 2021

The Honourable Supreme Court of India vide order dated 23 March 2021 has stated that interim relief granted vide an interim order dated 3 September 2020 stands vacated. Accordingly, the Group has classified and recognised provision as at 31 March 2021 in accordance with the Group's Expected Credit Loss policy.

RBI circular dated 7 April 2021 advised all lending institutions to immediately put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. 1 March 2020 to 31 August 2020 in conformity with the above judgement. Further, the circular stated that in order to ensure that the Supreme Court judgement dated 23 March 2021 is implemented uniformly in letter and spirit by all lending institutions, methodology for calculation of the amount to be refunded/adjusted for different facilities shall be finalised by the Indian Banks Association (IBA) in consultation with other industry participants/bodies, which shall be adopted by all lending institutions and also advised all lending institutions to disclose the aggregate amount to be refunded/adjusted in respect of their borrowers based on the above reliefs in their financial statements for the year ended 31 March 2021. Pending clarification on the calculation methodology of the amount to be refunded/adjusted from IBA, the Group has made a provision in the financial statements as at 31 March 2021 based on proforma calculation.

The Government of India, Ministry of Finance, vide its notification dated 23 October 2020, had announced a scheme for COVID-19 Relief for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts. The Group had implemented the ex-gratia scheme and credited the accounts of or remitted amounts to the eligible borrowers as per the Scheme.

52 Disclosure under clause 28 of the Listing Agreement for Debt Securities

S.N.	Particulars	31 March 2021	31 March 2020
a)	Loans and advances in the nature of loans to subsidiaries	-	-
b)	Loans and advances in the nature of loans to associates	-	-
c)	Loans and advances in the nature of loans where there is -	-	-
	(i) no repayment schedule or repayment beyond seven years	-	-
	(ii) no interest or interest below section 186 of Companies Act, 2013	-	-
d)	Loans and advances in the nature of loans to firms/companies in which directors are interested	-	-

53 Disclosure under clause 16 of the Listing Agreement for Debt Securities

The Debentures are secured by way of a first and pari passu mortgage in favour of the Security Trustee on the Group's Office no 319, 3rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and further secured by way of hypothecation of receivables under financing activity with a minimum requirement of asset cover of 1.1 times.

54 Standards issued but not yet effective

On 24 March 2021, the Ministry of Corporate Affairs ('MCA') through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III are applicable from 1 April 2021.

55 Previous year figures have been regrouped/rearranged, where necessary.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firms' Registration No: 101248W/W-100022

Sd/-
Akeel Master

Partner
Membership No. 046768

Mumbai
17 April 2021

For and on behalf of the Board of Directors of HDB Financial Services Limited

Sd/-
G Ramesh
Managing Director

Sd/-
Venkatraman Srinivasan
Director

Sd/-
Haren Parekh
Chief Financial Officer

Sd/-
Dipti Khandelwal
Company Secretary

www.hdbfs.com

HDB FINANCIAL SERVICES

REIMAGINING OPPORTUNITIES

Total branches - **1319**

Disclaimer : All efforts have been made to make this image accurate. However, the Company and it's Directors do not own the responsibility for the correctness or the authenticity of the same.

MISSION MILLION TREES | HDBFS | MISSION MILLION TREES | HDBFS | MISSION MILLION TREES | HDBFS | MISSION MILLION TREES | HDBFS

MISSION MILLION TREES

50000+ CONTINUE

TREES PLANTED

#ReimaginingOpportunities

REIMAGINING OPPORTUNITIES

ANNUAL REPORT 2021-2022

www.hdbfs.com

HDB FINANCIAL SERVICES

REIMAGINING OPPORTUNITIES

DIGITAL SERVICES
Missed Call Service
Whatsapp
#AskPriya
My Portal
Mobile App
Email

HDB FINANCIAL SERVICES
REIMAGINING OPPORTUNITIES

FINANCIAL HIGHLIGHTS

(₹ in crore)

Particulars	2018-19	2019-20	2020-21	2021-22
Total Revenue	8,724.81	10,756.47	10,944.78	11,306.29
Profit before Tax	1,724.06	1,464.48	500.71	1,347.56
Profit after Tax	1,153.24	1,004.85	391.47	1,011.40
Assets under Management	55,425	58,833	61,561	61,444
Shareholders' Funds	7,178.48	8,017.80	8,446.24	9,539.73
Borrowings	45,105.10	49,804.09	50,358.75	48,973.08
Earnings per Share (₹)	14.71	12.78	4.97	12.81
Book value per Share (₹)	91.36	101.80	107.02	120.69

CORPORATE SOCIAL RESPONSIBILITY (CSR)

FY 22 was a year of surviving through the COVID-19 crisis and regaining strength to rebuild our communities, institutions and society in India.

During the year, your Company continued its efforts to make communities resilient through a series of development-centric initiatives such as strengthening the healthcare systems and services, imparting employment-linked skill training for better livelihoods, and programs promoting environmental sustainability.

The programs supported by your Company are aligned with Companies (CSR Policy) Amendment Rules, 2021 and Sustainability Development Goals (SDGs) that promote prosperity while protecting the environment at a global-level.

In FY 22, your Company spent ₹ 25.83 crore towards CSR programs and activities that had a direct positive impact on the lives of over 600,000 families across the Country. During the year, your Company reimagined CSR opportunities in its constant pursuit of empowering communities.

Highlighted here are key program outcomes that have contributed towards nation-building in a responsible and a sustained manner.

Introducing Transport Aarogyam Kendras:

With the primary motto to serve India's Truck Drivers, your Company introduced Transport Aarogyam Kendras - a physiotherapy counseling and treatment center for the trucker community. HDB's Transport Aarogyam Kendra initiative is India's first full-time physiotherapy program dedicated for truck drivers.

- To ensure easy access to physiocare services, Transport Aarogyam Kendras were set up in three prominent transport hubs in Delhi, Namakkal (TN) and Kalamboli (MH).
- Each Transport Aarogyam Kendra is well-equipped and adequately staffed to offer preventive and curative care for musculoskeletal disorders often caused owing to long driving hours in fixated place, repetitive twisting of neck and back, working and sleeping in tight spaces, inadequate rest and poor diet.
- Besides the three Kendras (static clinics), your Company conducts week-long physio camps in other major transport nagars in tier II and III cities involving the local transporters and the industry associations.
- 24,000 truckers availed the physio counseling services in the Kendras and 20 camps during the year. Response received from truckers and other stakeholder groups on HDB's Transport Aarogyam Kendra initiative has been very encouraging.

Reducing the Prevalence of Preventable Illnesses:

In FY 22, your Company continued its collaboration with healthcare agencies to strengthen the public health systems and to further complement nation's efforts in improving capacity and infrastructure.

- Promoting personal hygiene to curb the spread of the COVID-19 virus remained the primary focus through the year.
- Medical infrastructure of a multi-specialty tribal-rural hospital in Mysore District to cater to 40,000 patients annually was upgraded with advanced surgical tools and infrastructure.
- Clinic on Wheels was introduced to provide free primary care services to indigent communities in and around Thiruvallur, while continuing to operate the program in Sonebhadra.
- 3,000 individuals were screened for cataract, and treatment cost for indigent patients was substantially subsidized to prevent permanent blindness.
- 10,000 dialysis sessions were subsidised for indigent patients to further improve life expectancy.
- 3,600+ women in reproductive age were screened for anemia, those diagnosed with anemia were put on a healthy diet and medication to prevent its impact on childbirth and lactating mothers.
- 54 sanitation blocks were developed in schools and communities to promote personal hygiene for safe health and dignified living.

Taking Nano Steps to Mitigate Climate Change:

Climate change is real, and the impact is visible at a global-level. Your Company recognizes the need to contribute towards the climate action plan, and hence supports environmentally sustainable programs that has the potential to avert the impact of climate change.

- 26 waterbodies, of small to medium size, were scientifically restored to maintain ecological balance, protect local flora and fauna and recharge natural aquifers within the catchment area.
- 670 other water harvesting structures along with various integrated watershed management activities were implemented to promote soil and moisture conservation in the region.
- 11 farm ponds were developed for small & marginal farmers to ensure water security for irrigation and domestic purposes, and nearly 230 hectare of land was treated through environment-friendly practices.
- Under the Waste Management initiative, 39,000 tons of waste was diverted from going into the landfills by introducing tools and techniques to effectively and efficiently manage segregated waste.
- Under Mission Million Trees initiative, 80,000 trees were responsibly planted during the year in an attempt to create mini carbon sinks within the urban and peri-urban areas of Tier I and II cities.

Enabling Lives through Literacy & Livelihoods:

Basic skills and literacy training are inter-connected, and having access to quality training, mentoring and employment-linkages can create a long lasting impact on one's career and personal well-being.

- HDB's Youth Training and Development program imparted training to 3,300 youth for entry-level job roles pertaining to sectors such as Beauty & Wellness, BFSI, FMCG, ITeS, Logistics and Retail.
- 85 % of youth trained in diverse vocations have been linked to jobs in the formal sector.
- Besides this, small clusters of artisans and farmers were trained to start nano and micro enterprises and to market their produce directly to end buyers. Nearly 500 individuals benefitted from this program.
- Financial literacy sessions were conducted at HDB's Skill Training Centers to create awareness on simple financial concepts such as the financial planning, credit score, budgeting rules, etc. Over 1,000 individuals benefitted from this program, and more than 10,000 individuals were sensitized through mass awareness sessions.

Honoring The Real Heroes:

In FY22, your Company celebrated 73rd National Republic Day with The Indian Army Soldiers along with their family members.

The Martyr's Family and the Wounded Soldiers were honoured for their heroic contribution in protecting our borders in difficult terrains and harsh weather conditions.

As an expression of gratitude towards their service to our nation, the Honoring Ceremony was conducted in the presence of the civil society and senior dignitaries from The Indian Army.

Celebrating Acts of Simple Kindness (ASK):

ASK is an employee-driven initiative, celebrated in the month of January with much joy and enthusiasm by HDBians across regions and functions.

The initiative offers HDBians an opportunity to experience and express the gratitude by voluntarily engaging in performing Acts of Simple Kindness towards frontline workers, elderly citizens, children, adults, animals as well as our natural environment.

HDBians made generous voluntary contributions to conduct ASK activities such as distributing blankets, providing cooked meals and ration material, masks & sanitizers, wearable clothes, books and stationary kits, water purifiers, and many more essential utility items.

In FY22, 15,000 HDBians from close to 800 branches across 23 states participated in ASK'22.

Glimpses of Acts of Simple Kindness

Welcoming the New Year in January 2022, employee volunteers across 800 branches participate in ASK 2022.

ASK Testimonials:

"It was indeed a unique and heart filling experience when we visited Shaktidhama as a part of our ASK'22 activity. I could feel the joy of giving which inspired me to give more and serve the needy. I realised there is no specific time or age when it comes to giving back to the society. I have been part of the ASK initiative for over five years now. Every time it is a new place, new memories and new level of satisfaction. I am thankful to HDBFS for imbibing this culture in every employee and bringing difference in others' lives. Alone we can do so little; together we can do so much!!"

- Mahesh D.K., Cluster Manager, Lending, Mysore, Karnataka

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"With ASK activity, we are not only helping others & being good to them - but it also makes them happier from within & gives us feeling of fulfilment. Acts of Simple Kindness connects us to others & helping us to create a happier society."

Viren Mehta, Regional Manager, Commercial vehicle - Ahmedabad, Gujarat

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"Visiting Grace Care Academy as a part of ASK initiative has been such a vivid experience of my life. I never thought we would get an opportunity to spread smiles this New Year. It's the best New Year gift ever."

Srishty Nathani, Training Manager, Noida Sector 58, UP

CSR Projects at a Glance:

Financial Literacy Awareness Sessions Held at HDB's Youth Training & Development Centers

Physiotherapy Counseling and Treatment at HDB's Transport Aarogyam Kendras

Other Community Initiatives

CORPORATE INFORMATION

HDB FINANCIAL SERVICES

Board of Directors

Mr. Arijit Basu	-	**Chairman and Non-Executive Director**
Mr. Adayapalam Viswanathan	-	**Independent Director**
Dr. Amla Samanta	-	**Independent Director**
Ms. Arundhati Mech	-	**Independent Director**
Ms. Smita Affinwalla	-	**Independent Director**
Mr. Venkatraman Srinivasan	-	**Independent Director**
Mr. G Ramesh	-	**Managing Director & Chief Executive Officer**

Joint Statutory Auditors

M/s. Khimji Kunverji & Co LLP (ICAI Reg. no. 105146W/W100621)
M/s. B K Khare & Co (ICAI Reg. no. 105102W)

Secretarial Auditors

M/s. Ashish Bhatt & Associates, Company Secretaries

Registered Office

Radhika, 2nd Floor, Law Garden Road,
Navrangpura, Ahmedabad - 380 009
Tel No.: +91 79 48914518
Website: www.hdbfs.com Email: compliance@hdbfs.com
CIN: U65993GJ2007PLC051028

Corporate Office

Ground Floor, Zenith House,
Keshavrao Khadye Marg, Mahalaxmi,
Mumbai - 400 034
Tel No.: +91 22 49116300
Fax: +91 22 49116666

Bankers

* Axis Bank * Bank of Baroda * BNP Paribas * Canara Bank * Central Bank of India * Citibank NA* CSB Bank* CTBC Bank* Deutche Bank * Dhanlaxmi Bank * Federal Bank * HDFC Bank * HSBC * ICICI Bank * IndusInd Bank * Jammu & Kashmir Bank * JP Morgan Chase Bank, NA * Karnataka Bank* Karur Vysya Bank * Kotak Mahindra Bank * Punjab National Bank * State Bank of India * Union Bank of India

Key Managerial Personnel

Mr. G. Ramesh, Managing Director & Chief Executive Officer
Mr. Haren Parekh, Chief Financial Officer (Upto March 10, 2022)
Mr. Jaykumar Shah, Chief Financial Officer (Appointed w.e.f. March 11, 2022)
Ms. Dipti Khandelwal, Company Secretary

Registrar & Share Transfer Agent

M/s. Link Intime India Private Limited
C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083

Debenture Trustees

M/s. IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17, R. Kamani Marg,
Ballard Estate, Mumbai - 400 001
Tel.: +91 22 40807000, Fax: +91 22 66311776,
Email: itsl@idbitrustee.com

M/s. Axis Trustee Services Limited
Axis House, Wadia International Centre, Pandurang
Budhkar Marg, Worli, Mumbai - 400 025.
Tel.: +91 22 62300451, Fax: +91 22 62300700,
Email: debenturetrustee@axistrustee.in

15th Annual General Meeting

Date	:	June 23, 2022
Day	:	Thursday
Time	:	12 p.m.

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HDB FINANCIAL SERVICES LIMITED

Corporate Identity Number: U65993GJ2007PLC051028
Registered Office: Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad - 380 009.
Corporate Office: Ground Floor, Zenith House, Keshavrao Khadye Marg, Mahalaxmi, Mumbai 400 034
Tel: +91 22 49116300; **Fax:** +91 22 49116666, **Website:** www.hdbfs.com, **Email:** compliance@hdbfs.com

NOTICE OF 15TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifteenth Annual General Meeting of HDB Financial Services Limited will be held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") on Thursday, 23rd day of June, 2022 at 12 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2022 and the Reports of the Board of Directors and Auditors thereon.

2. To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2022 and the Reports of Auditors thereon.

3. To declare final dividend @ 10% i.e. ₹ 1.00 (Rupee One only) on each equity share for the financial year ended March 31, 2022.

4. To appoint a Director in place of Mr. Arijit Basu (DIN: 06907779), who retires by rotation and, being eligible, offers himself for re-appointment.

5. To ratify the appointment and approve continuation of Joint Statutory Auditors of the Company and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Circular issued by Reserve Bank of India vide no. RBI/2021-22/25 Ref. No. DoS. CD.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 ('RBI Guidelines'), and any other applicable laws (including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force) and pursuant to the recommendations of the Audit Committee and Board of Directors, the appointment of M/s. Khimji Kunverji & Co. LLP (ICAI Firm Registration No. 105146W/ W100621) and M/s. B. K. Khare & Co. (ICAI Firm Registration No. 105102W), as Joint Statutory Auditors of the Company, be and is hereby ratified to continue to hold office for a period of three years until the conclusion of 17th Annual General Meeting of the Company to be held in year 2024 at a remuneration to be determined by the Board of Directors or any other person(s) authorised by the Board of Directors or the Audit Committee and additionally out of pocket expenses, outlays and taxes as applicable;

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

SPECIAL BUSINESS:

6. **TO APPROVE RE-APPOINTMENT OF MR. G. RAMESH AS A MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER OF THE COMPANY**

   To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 196, 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of

Managerial Personnel) Rules, 2014 and any other applicable rules made thereunder of the Companies Act, 2013 ("Act") and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), regulatory approval, if any and the relevant provisions of the Articles of Association of the Company, and pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company, the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. G. Ramesh (DIN: 05291597) as Managing Director and Chief Executive Officer of the Company, not liable to retire by rotation, for the period of 5 (Five) years w.e.f. July 1, 2022 upto June 30, 2027 (both days inclusive) at the remuneration & perquisites, as set out in the explanatory statement to this item of the Notice of the Annual General Meeting;

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be 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) be and are hereby authorised to alter, vary, increase, enhance, widen the said terms and conditions of appointment and remuneration of Mr. G. Ramesh in the best interests of the Company;

RESOLVED FURTHER THAT in case of absence or inadequacy of profit in any financial year, the aforesaid remuneration and perquisites (subject to annual review from time to time) as approved by the Nomination and Remuneration Committee / Board of Directors shall be paid as minimum remuneration to Mr. G. Ramesh subject to restrictions, if any, set out in Schedule V to the Companies Act, 2013, from time to time;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorised to do all such acts, deeds and things and execute all such agreements, documents, instruments and writings as may be required, file requisite forms or applications with statutory/regulatory authorities and to delegate all or any of its powers herein conferred to any Committee of Directors or Directors, to give effect to the aforesaid resolution."

7. TO APPROVE SELLING, ASSIGNMENT, SECURITISATION OF RECEIVABLES / BOOK DEBTS OF THE COMPANY UPTO ₹ 7,500 CRORE

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of section 180(1)(a), all other applicable provisions, if any, of the Companies Act, 2013, read with the Rules made thereunder (including any amendment, modification, variation or re-enactment thereof), and the relevant provisions of the Memorandum of Association and the Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "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 ₹ 7,500 crore (Rupees Seven Thousand Five Hundred Crore Only);

RESOLVED FURTHER THAT the Board be and is hereby severally authorised to negotiate, finalise and execute with the Lender(s)/ Debenture Trustees/ Financial Institutions 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 its powers herein conferred to any Committee and/ or Director(s) and/ or Officer(s) of the Company, to give effect to this resolution."

8. AUTHORITY TO ISSUE REDEEMABLE NON-CONVERTIBLE DEBENTURES AND/OR OTHER INSTRUMENTS ON PRIVATE PLACEMENT BASIS

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 42, 71 and all other applicable provisions, if any of the Companies Act, 2013, 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 - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016 ("RBI Master Directions"), the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Securities and Exchange Board of India's Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the relevant provisions of the Memorandum of Association and the Articles of Association of the Company, any other 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 modifications or re-enactments thereof for the time being in force), and subject to such terms, conditions and modifications as may be considered necessary and proper by the board of directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee of the Board constituted/to be constituted by the Board, from time to time, to exercise its powers conferred by this resolution), the consent of the Members be and is hereby accorded to the Board to offer and /or invite for issue of non-convertible debentures whether secured or unsecured, listed / unlisted, fixed rate or market /benchmark linked and /or any other hybrid Instruments (not in the nature of equity shares) including but not limited to Subordinated Bonds, Perpetual Debt Instruments which may or may not be classified as being additional Tier I or Tier II capital under the provisions of the RBI Master Directions, on a private placement basis (collectively "Debentures / Instruments"), in one or more tranches /series, with the consent being valid for a period of 1 (one) year from the date hereof, on such terms and conditions including the price, coupon, premium /discount, tenor etc., as may be determined by the Board (or any other person so authorised by the Board), based on the prevailing market condition;

RESOLVED FURTHER THAT the aggregate amount to be raised through the issuance of Debentures / Instruments pursuant to the authority under this Resolution aggregating up to ₹ 18,078.90 crore (Rupees Eighteen Thousand Seventy Eight Crore and Ninety Lakh Only) under one or more shelf placement memorandums and /or in one or more letter(s) of offer as may be issued by the Company and in one or more tranches /series as the Board may decide;

RESOLVED FURTHER THAT the Board be and is hereby 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 its powers herein conferred to any of the Directors and/or Officers of the Company, to give effect to this Resolution."

By order of the Board
For HDB Financial Services Limited
Sd/-
Dipti Khandelwal
Company Secretary
Membership No.: F11340

Registered Office:
Radhika, 2nd Floor,
Law Garden Road, Navrangpura,
Ahmedabad -380009

Place: Mumbai
Date: May 18, 2022

Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts and reasons in respect of the business under Item No. 5 to 8 the Resolution as set out above, are annexed hereto and forms part of this Notice.

2. The Ministry of Corporate Affairs, Government of India (the "MCA") in terms of the General Circular No. 20/2020 dated May 5, 2020 read with General Circular No. 21/2021 dated December 14, 2021 and General Circular No. 2/2022 dated May 5, 2022 (the "MCA Circulars"), have allowed the Companies to conduct their Annual General Meeting through Video Conferencing (VC) or Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue, subject to the fulfilment of conditions as specified in the MCA Circulars. In compliance with the provisions of the Companies Act, 2013 and MCA Circulars, the AGM of the Company is being held through VC / OAVM.

3. In terms of the MCA circulars and applicable regulations, the financial statements (including Board's report, Auditor's report or other documents required to be attached therewith), shall be sent only by email to the Members, trustees for the debenture-holder of any debentures issued by the Company, holders of non-convertible securities and to all other persons so entitled. Further, the notice for AGM shall be given only through emails registered with the Company or with the depository participant / depository.

4. Accordingly, the financial statements (including Board's report, Auditor's report and other documents required to be attached therewith) / Annual Report for the financial year 2021-22 and AGM Notice are being sent to the Members whose email addresses are registered with the Company or with the Depository Participant / Depository. Members may note that the Annual Report for the financial year 2021-22 and the AGM Notice will also be available on the Company's website www.hdbfs.com and on the website of NSDL https://www.evoting.nsdl.com. The detailed process for registration of email address of the Members whose email address is not registered with the Company or depository participants / depository is forming part of this Notice.

5. As per the MCA Circulars, the Members may also note that the Company would not be sending the Annual Report for the financial year 2021-22 and AGM notice by post to the Members whose email address is not registered with the Company or depository participants/depository.

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

7. Institutional / Corporate Shareholders intending to participate in the AGM through their authorised representatives are requested to send a duly certified copy of their Board Resolution / Governing Body resolution / Authorisation letter, etc. authorising their representatives to attend and vote through remote e-voting on their behalf at the said Meeting to mitesh@mjshah.com and compliance@hdbfs.com with a copy marked to evoting@nsdl.co.in

8. 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 electronic means and business may be transacted through the e-Voting services.

9. In addition to the remote e-voting facility provided by the Company, the members who have not cast their vote on resolutions through remote e-voting would be given a facility to cast their vote through e-voting during the AGM. The instruction for the same is forming part of this Notice.

10. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

11. Members seeking any information with regard to the accounts or any matter to be placed at AGM are requested to submit their questions in advance, on or before June 21, 2022 through the Company's email address i.e. compliance@hdbfs.com. The same will be replied by the Company suitably.

12. The investors are requested to attend the meeting and cast their vote through remote e-voting / e-voting.

13. The Members attending the meeting through VC / OAVM shall be counted for the purpose of reckoning the quorum of the meeting under Section 103 of the Companies Act, 2013.

14. The Members desiring to inspect the documents referred to in this Notice and other statutory registers are required to send requests on the Company's email address: compliance@hdbfs.com. An extract of such documents would be sent to the members on their registered email address.

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

16. **Dividend Related Information**

The record date for determining the names of members eligible for dividend on equity shares, if declared at the Meeting, is **Thursday, June 16, 2022.**

The final dividend, as recommended by the Board of Directors, if approved at the AGM, will be paid on or after Monday, June 27, 2022 to the Members, after deducting 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 dematerialized form are requested to intimate any change in their address or bank account details (including 9 digit MICR no., 11 digit IFSC code no. and core banking account no.) to their respective Depository Participants with whom they are maintaining demat accounts before June 16, 2022.

In case, the Company is unable to pay the dividend to any shareholder 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 shareholder 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 1, 2020, shall be taxable in the hands of the shareholders and the Company shall be required to deduct TDS at the prescribed rates from the dividend to be paid to shareholders, subject to approval of dividend by the shareholders in the ensuing AGM. The TDS rate would vary depending on the residential status of the shareholder 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 Income Tax Act, 1961 on the amount of dividend declared and paid by the Company in the FY 2022-23 provided valid PAN is registered by the members. If the valid PAN is not registered, the TDS is required to be deducted at the rate of 20% under Section 206AA of the Income Tax Act, 1961.

However, no tax shall be deducted on the dividends paid to resident individuals if aggregate dividend distributed or likely to be distributed during the FY 2022-23 does not exceed ₹ 5,000. Even in the cases where the members provide valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income), no TDS shall be deducted.

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

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

ii. **Mutual Funds**: Declaration by Mutual Fund shareholder eligible for exemption u/s 10(23D) of the Income- tax Act, 1961 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 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 Act for lower / nil rate of deduction or an exemption certificate issued by the income tax authorities along with Declaration.

b. **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 Act at applicable rates in force. As per the relevant provisions of the Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, as per Section 90 of the Act, a non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if they are more beneficial to the shareholder. For this purpose, i.e. to avail the tax treaty benefits, the non-resident shareholder will have to provide the following:

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

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

c) Self-declaration in Form 10F, if all the details required in this form are not mentioned in the TRC;

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

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

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

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

Accordingly, in order to enable the Company to determine the appropriate TDS / withholding tax rate applicable, we request the members to provide these details and documents as mentioned above before June 18, 2022.

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

Section 206AB of the Act:

Rate of TDS @10% u/s 194 of the Act is subject to provisions of section 206AB of Act (effective from 1 July 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in section 206AB, tax is required to be deducted at higher of following rates in case of payments to specified persons:

- at twice the rate specified in the relevant provision of the Act; or

- at twice the rate or rates in force; or

- at the rate of 5%.

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

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

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

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

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

Shareholders are requested to upload the relevant documents on or before Saturday, June 18, 2022 on the link: https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html, 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 Saturday, June 18, 2022 shall be considered for payment of dividend for FY 2021-22, if approved, at the ensuing Annual General Meeting.

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.

17. In terms of the provisions of Section 107 of the Companies Act, 2013, since the resolutions as set out in this Notice are being conducted through e-voting, the said resolutions will not be decided on a show of hands at the AGM, however facility for casting vote during the AGM though e-voting would be provided to the members who have not cast their vote through remote e-voting.

18. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Secretarial Standards on General Meetings 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 10.00 am on Monday, June 20, 2022 and ends at 05:00 p.m. on Wednesday, June 22, 2022, 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 shareholders of the Company, holding shares in dematerialised form, as on the cut-off date of Thursday, June 16, 2022 may cast their vote electronically.
    - Instructions for e-voting are given at point no.21.

- The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on Thursday, June 16, 2022

19. The Members, who have cast their vote prior to the meeting by remote e-voting may also attend the meeting 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.

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

    i. Pursuant to the aforesaid Circular issued by Ministry of Corporate Affairs, the shareholders who have not registered their email address and in consequence the AGM notice could not be serviced to them may temporarily get their email address registered with the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited, by clicking the link: https://linkintime.co.in/emailreg/email_register.html and follow the registration process as guided thereafter. Post successful registration of the email, the shareholder 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, shareholder may write to rnt.helpdesk@linkintime.co.in

    ii. It is clarified that for permanent registration of email address, the members are however requested to register their email address, in respect of demat holdings with the Depository through the concerned Depository Participants.

21. **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 Members	Login Method
Individual Members holding securities in demat mode with NSDL	**A. NSDL IDEAS facility** If you are already registered, follow the below steps: 1. Visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. 2. Once the home page of e-Services is launched, click on the "**Beneficial Owner**" icon under "**Login**" which is available under "**IDEAS**" section. 3. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. 4. Click on "Access to e-voting" appearing on the left hand side under e-voting services and you will be able to see e-voting page. 5. Click on options available against Company name or **e-voting service provider - NSDL** and you will be re-directed to NSDL e-voting website for casting your vote during the remote e-voting period.

Type of Members	Login Method
Individual Members holding securities in demat mode with NSDL (continued)	**If you are not registered, follow the below steps:** 1. Option to register is available at https://eservices.nsdl.com 2. Select "**Register Online for IDEAS**" Portal or click at: https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Please follow steps given in points 1-5. **B. E-voting website of NSDL** 1. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile phone. 2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. 3. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL website wherein you can see e-voting page. Click on options available against Company name or e-voting service provider - NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period 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 Members holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, 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 is 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 ESP i.e. NSDL portal. 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. Alternatively, the user can directly access e-voting page by providing demat account number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile and e-mail 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 Members (holding securities in demat mode) logging through their depository participants	1. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-voting facility. 2. Once logged-in, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-voting feature. 3. Click on options available against Company name or e-voting service provider - NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot User ID / Forgot Password option available at respective websites.

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 Members 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 Members 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 remote 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)	Your User ID is:
A) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******
B) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12********** then your User ID is 12**********

6) Your password details are given below:

a. If you are already registered for e-voting, then you can use your existing password to login and cast your vote.

b. If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you by NSDL. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c. How to retrieve your 'initial password'?

i. If your email address is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email address. Trace the email sent to you from NSDL in your mailbox from evoting@nsdl.com. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL

account, last 8 digits of client ID for CDSL account. The .pdf file contains your 'User ID' and your 'initial password'.

ii. In case you have not registered your email address with the Company/ Depository, please follow instructions mentioned above in this notice.

7) If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:

a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) If you are still unable to get the password by aforesaid option, you can send a request at evoting@nsdl.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?

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 is in active status.

2) Select the EVEN for the Company which is 119955. 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 and you will receive a confirmation by way of a SMS on your registered mobile number from depository.

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

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

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

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

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

General Guidelines for shareholders

1. Institutional / Corporate shareholders (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 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.: 1800 1020 990 and 1800 22 44 30 or send a request at evoting@nsdl.co.in.

4. In case of any grievances connected with facility for e-voting, please contact Ms. Pallavi Mhatre, Manager, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. Email: evoting@nsdl.co.in 1800 1020 990 and 1800 22 44 30.

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

22. **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 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 shareholders attending the meeting through VC/OAVM whereby they can pose questions concurrently, during the preceding of the meeting.

5. Please note that shareholders 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. Shareholders 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/ 1800 1020 990 and 1800 22 44 30 or contact Mr. Amit Vishal, Assistant Vice President or Mr. Abhijeet Gunjal, Assistant Manager - NSDL at evoting@nsdl.co.in/ 1800 1020 990 and 1800 22 44 30.

7. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker 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 June 16, 2022 (10:00 a.m. IST)

to June 21, 2022 (5:00 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.

23. **Instruction for e-voting during the AGM**
The members 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 22 above. The e-voting facility will be enabled during the AGM on June 23, 2022 at 12 pm till the conclusion of the AGM.

24. 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, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. 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.

25. 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.

26. 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 48 hours from the conclusion of the AGM to the Chairman. The result of the voting will be announced within 48 (Forty-Eight) hours after the conclusion of the meeting at the Company's website at www.hdbfs.com.

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

Item No. 5

The Board of Directors at its meeting held on July 16, 2021 had approved appointment of M/s. Khimji Kunverji & Co LLP (ICAI Firm Registration No. 105146W/ W100621) and M/s. B. K. Khare & Co. (ICAI Firm Registration No. 105102W) as Joint Statutory Auditors of the Company, to fill the causal vacancy caused due to ineligibility of M/s. B S R & Co., LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022) to continue as the statutory auditors of the Company in terms of the Circular issued by Reserve Bank of India vide no. RBI/2021-22/25 Ref. No. DoS. CD.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 ('RBI Guidelines'), to hold office for a continuous period of three years until the conclusion of 17th Annual General Meeting of the Company to be held in year 2024 at a remuneration and reimbursement of out of pocket expenses as may be mutually decided. The Shareholders through resolution passed by Postal Ballot on September 18, 2021 had approved appointment of M/s. Khimji Kunverji & Co. LLP and M/s. B. K. Khare & Co. as Joint Statutory Auditors of the Company for a continuous period of three years until the conclusion of 17th Annual General Meeting of the Company to be held in year 2024 in terms of the RBI Guidelines.

As per the provisions of Section 139(8) and other applicable provision of the Companies Act, 2013, and the Rules framed thereunder, any casual vacancy caused by resignation in the office of the Statutory Auditors could be filled up by the Company in General Meeting as per recommendations made by the Audit Committee and Board of Directors and such Auditor can hold office till the conclusion of next annual general meeting. However, RBI Guidelines stipulates that the Company shall appoint Statutory Auditor for a continuous period of three years, subject to the Statutory Auditor satisfying the eligibility norms as stipulated therein, each year. RBI being the sectoral regulator, the Company had appointed the statutory auditor as per the RBI guidelines for a period of 3 years.

Hence, as a prudent practice, it is now proposed to seek ratification for continuation of joint statutory auditors in the Annual General Meeting of the Company, for a period of three years until the conclusion of 17th Annual General Meeting of the Company to be held in year 2024 at a remuneration to be determined by the Board of Directors of the Company and reimbursement of out of pocket expenses as may be incurred by them during the course of the Audit. M/s. Khimji Kunverji & Co LLP and M/s. B. K. Khare & Co. have provided their consent and confirmed their eligibility to continue as Joint Statutory Auditors of the Company as laid under the applicable provisions of Section 141 of the Companies Act, 2013 read with the relevant rules made thereunder and the RBI Guidelines.

None of the Directors and the Key Managerial Personnel of the Company and their relatives are in any way financially or otherwise concerned or interested in passing of the Ordinary Resolution as set out in Item No. 5 of this Notice.

The Board recommends passing of the Ordinary Resolution, as set out in Item No. 5 of this Notice, for the approval of the Members.

Item No. 6

The Board of Directors, at their meeting held on April 18, 2017, appointed Mr. G. Ramesh as Managing Director of the Company for a period of 5 years from July 1, 2017 to June 30, 2022. The said appointment was also approved by the members at their 10th Annual General Meeting held on June 23, 2017.

Under the dynamic and able leadership of Mr. G. Ramesh the Company has crossed various milestones and has enhanced the stakeholders' value. Taking into consideration, the valuable contributions made by Mr. G. Ramesh and the need for his strategic directions for the future growth of the Company and based on the recommendation of the Nomination & Remuneration Committee, the Board of Directors at its meeting held on May 18, 2022, re-appointed Mr. G. Ramesh (DIN: 05291597), as the Managing Director and Chief Executive Officer of the Company for a period of 5 (Five) years w.e.f. July 01, 2022 upto June 30, 2027, pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V of the Companies Act, 2013, on the terms and conditions including remuneration as set out hereunder.

Brief profile of Mr. G. Ramesh:

Mr. G. Ramesh holds a bachelor's degree in Engineering from Faculty of Engineering and Technology, Annamalai University and a post graduate diploma in management from Indian Institute of Management, Lucknow. He has also completed a course in International Banking from the Bank of New York. He has over 30 years of experience in the financial services industry.

He is the Managing Director and Chief Executive Officer of the Company. He had joined the Company as the Chief Operating Officer in 2007. He was appointed as Chief Executive Officer of the Company with effect from April 1, 2010 and Managing Director of the Company on July 1, 2012. He has been associated with the Company for over 14 years.

Mr. G. Ramesh has confirmed that he satisfies the fit & proper criteria pursuant to RBI Master Direction and that he has not been disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Managing Director of the Company. In the opinion of the Board, Mr. G. Ramesh fulfils the conditions specified in the Companies Act, 2013 and the applicable RBI guidelines for his re-appointment as Managing Director of the Company.

The Compensation payable to Mr. G. Ramesh on his re-appointment will be as under:

Salary	₹ 10,39,500 per month
Allowances	₹ 20,15,560 per month

In addition to the above salary, Mr. G. Ramesh will also be entitled for the following:

i. Rent free furnished accommodation including upkeep and maintenance or cash in lieu of accommodation as House rent allowance of ₹ 1,75,000 per month.

ii. Leave Travel allowance of ₹ 30,000 per month.

iii. Education allowance of ₹ 200 per month.

iv. Car for personal and official use in accordance with the Policy of the Company or car allowance for an amount of ₹ 75,000 per month.

v. Reimbursement of Telephone / Communication expenses at actual subject to limit of ₹ 5,000 per month for use at his residence.

vi. Covered under Company Hospitalisation Insurance Scheme.

vii. Contribution to provident fund, superannuation and gratuity as per relevant policies / schemes / rules of the Company.

viii. Annual performance bonus as may be determined by the Board of Directors / Nomination & Remuneration Committee of the Board in terms of the Nomination & Remuneration Policy of the Company.

ix. Stock options under the Employee Stock Option Schemes as may be approved by the Nomination & Remuneration Committee of the Board of Directors or any other person authorised by the Board of Directors or Nomination and Remuneration Committee of the Board in this regard from time to time and to avail of stock options already granted to him as an employee.

x. Reimbursement of all actual expenses or charges including travel, entertainment or other out of pocket expenses incurred by him for and on behalf of the Company, in furtherance of its business.

xi. The above remuneration and perquisites may be revised annually in accordance with the terms of the Nomination and Remuneration policy of the Company.

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

Name of Director	Mr. G. Ramesh
DIN	05291597
Age	52 years
A brief resume, Qualification(s), Experience and Nature of his expertise in specific functional areas, Recognition or awards	As mentioned in explanatory statement above
Terms and conditions of appointment or reappointment	Managing Director, not liable to retire by rotation.
Details of remuneration sought to be paid	As mentioned in the explanatory statement
Details of the remuneration last drawn by such person (FY 2021-22)	₹ 5,00,88,851
Date of first appointment on the Board	July 01, 2012
Shareholding in the Company	7,50,500 equity shares
Relationship with other Directors, Manager and other Key Managerial Personnel	None
The number of Meetings of the Board attended during FY 2021-22	8
Other Directorships (excluding HDB Financial Services Limited)	Nil
Membership / Chairmanship of Committees of other Board	Nil

Accordingly, the approval of the Members is being sought to approve the terms and conditions for the re-appointment of Mr. G. Ramesh as Managing Director of the Company, including the payment of remuneration, with effect from July 1, 2022.

This resolution is being proposed as a special resolution in view of the relevant provisions of schedule V to the Act requiring a special resolution for payment of minimum remuneration in the event of loss or inadequacy of profits.

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

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

Item No. 7

The Members of the Company at the 14th Annual General Meeting held on June 25, 2021 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 exceed ₹ 7,500 crore (Rupees Seven Thousand Five Hundred Crore Only).

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

The sale / 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 a 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, 2022, has subject to the approval of Members, approved 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 ₹ 7,500 crore (Rupees Seven Thousand Five Hundred crore Only).

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

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

Item No. 8

The Company has been raising funds by offer and/or invite for issuing non-convertible debentures, secured or unsecured, listed/unlisted, fixed rate or market /bench mark linked and /or any other hybrid 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 Debt Securities 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 Debt Securities only after receipt of prior approval of its shareholders 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 Debt Securities to be issued during a year and such a special resolution is required to be passed every year.

The shareholders at the 14th Annual General Meeting held on June 25, 2021 and vide postal ballot dated September 18, 2021 had accorded their approval to the Company for issuance of Debt Securities as mentioned below:

A. Non-Convertible Debentures (NCDs) upto a limit of ₹ 18,654.90 crore which included existing limit of ₹ 8,654.90 crore and new limit of ₹ 10,000 crore (as approved vide postal ballot on September 18, 2021). As on March 31, 2022 the Company had raised NCDs of ₹ 8,326 crore. The unutilised limit of ₹ 10,328.90 crore is available for issuance of NCDs.

B. Market Linked Debentures (MLDs) upto a limit of ₹ 2,000 crore. As on March 31, 2022, the Company had raised MLDs of up to ₹ 100 crore. The unutilised limit of ₹ 1,900 crore is available for issuance of MLDs.

C. Subordinated Bonds (Sub Debts) up to a limit of ₹ 500 crore. No issue of Sub Debts were done during the FY 2021-22, hence the unutilised limit of ₹ 500 crore continues to subsist for issuance of Sub Debts.

D. Perpetual Debt Instruments (PDIs) upto a limit of ₹ 500 crore. As on March 31, 2022 the Company had raised PDIs of up to ₹ 150 crore. The unutilised limit of ₹ 350 crore continues to subsist for issuance of PDIs.

Further the Board, at its meeting held on April 16, 2022, has approved issuance of Debt Securities from the above unutilised limit of Debt Securities and in addition to the above limit has also approved new limit for issuance of NCDs of ₹ 5,000 crore, subject to the approval of the Shareholders. Thus the approved limit of NCDs, MLDs, Sub Debts and PDIs for Issuance is ₹ 15,328.90 crore, ₹ 1,900 crore, ₹ 500 crore and ₹ 350 crore respectively.

In terms of the requirements of Resource Planning Policy of the Company and Business planning for the FY 2022-23, 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 the notification dated August 07, 2018, by which Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 has been amended, it is now mandated that certain disclosures are required to be made in the explanatory statement annexed to the notice for shareholders' 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 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 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 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 at this stage. This will be determined by the Board (including any committee duly authorised by the Board thereof), from time to time, for each issuance;

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 ₹ 18,078.90 crore (Rupees Eighteen Thousand Seventy-Eight Crore and Ninety Lakh 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 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 committee duly authorised by the Board thereof), from time to time.

In view of the aforesaid, the Board of Directors at its meeting held on April 16, 2022, has approved issuance of Debt securities in one or more tranches, on private placement basis and within the overall borrowing limit of ₹ 80,000 crore (Rupees Eighty Thousand Crore Only).

Accordingly, the approval of the Members is being sought by way of special resolution as set out at Item No. 8 of this Notice authorising the Board to issue Debt Securities and / or any other hybrid 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 ₹ 18,078.90 crore (Rupees Eighteen Thousand Seventy Eight Crore and Ninety Lakh Only) on private placement basis during a period of one year from the date of this AGM.

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

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

By order of the Board
For HDB Financial Services Limited

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

Registered Office:

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

Place : Mumbai
Date : May 18, 2022

Directors' Report

The Members,
HDB Financial Services Limited

Your Directors have pleasure in presenting the Fifteenth Annual Report on the business and operations of your Company together with the audited accounts for the Financial Year ended March 31, 2022.

Financial Performance (₹ in crore)

Particulars	FY 2021-22	FY 2020-21
Total Income	11,306.29	10,944.78
Total Expenditure (excluding depreciation)	9,859.79	10,336.28
Profit/(Loss) before Depreciation & Tax	1,446.50	608.50
Less: Depreciation	98.94	107.79
Profit before Tax	1,347.56	500.71
Tax Expense	336.16	109.24
Profit after Tax	1,011.40	391.47
Other Comprehensive Income (net of tax)	13.79	(13.45)
Total Comprehensive Income after tax	1,025.19	378.02
Appropriations from Profit after Tax:		
Transfer to Reserve Fund under Section 45-IC of the RBI Act, 1934	202.28	78.29
Dividend Paid	0.00	0.00
Dividend Tax thereon	0.00	0.00
Balance carried forward to Balance Sheet	822.91	299.73

Your Company posted total income and net profit of ₹ 11,306.29 crore and ₹ 1,011.40 crore, respectively, for the financial year ended March 31, 2022, as against ₹ 10,944.78 crore and ₹ 391.47 crore respectively, in the previous financial year. Your Company has transferred an amount of ₹ 202.28 crore to Reserve Fund under Section 45-IC of the RBI Act, 1934.

Dividend

Your Directors are pleased to recommend a dividend of Re.1.00 (Rupee One only) per equity share i.e. 10% (Ten percent) on equity share of face value of ₹10.00 (Rupees Ten only) each, entailing a total payout of ₹ 79.04 crore. The proposal is subject to the approval of the shareholders at the ensuring Annual General Meeting (AGM) to be held on June 23, 2022.

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

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

Capital Structure

During the year, your Company has issued 12,54,815 equity shares. The details of which are provided below:

No. of fully paid up equity shares	Date of allotment	Purpose
8,03,460	November 26, 2021	Shares were issued to employees under the Employees Stock Option Scheme
4,51,355	March 17, 2022	Shares were issued to employees under the Employees Stock Option Scheme

Post allotment of equity shares as aforesaid, the issued, subscribed and paid-up share capital of your Company stands increased to ₹ 7,90,44,00,310 (Rupees Seven Hundred Ninety Crore Forty Four Lakh Three Hundred and Ten Only) comprising of 79,04,40,031 (Seventy Nine Crore Four Lakh Forty Thousand Thirty One) equity shares of ₹ 10 each as on March 31, 2022.

Capital Adequacy

Capital adequacy as at March 31, 2022 under Ind-AS stood at 20.22 % 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	30,000.00	CRISIL AAA/Stable	30,000.00
Short Term Debt Program	CARE A1+	12,500.00	CRISIL A1+	12,500.00
Non-Convertible Debentures	CARE AAA; Stable	40,308.00	CRISIL AAA/Stable	39,167.92
Market Linked Debentures	CARE PP-MLD AAA; Stable	3,000.00	CRISIL PP-MLD AAAr/ Stable	2,236.10
Subordinated Bonds	CARE AAA; Stable	4,000.00	CRISIL AAA/Stable	4,000.00
Perpetual Bonds	CARE AAA; Stable	1,000.00	CRISIL AAA/Stable	1,000.00

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

Borrowings

Your Company has diversified funding sources from Public Sector, Private Sector, Foreign Banks, Mutual Funds, Insurance Companies, Financial Institutions etc. Funds were raised in line with Company's Resource Planning Policy through Term Loans, Non-Convertible Debentures (NCDs), Market Linked Debentures (MLDs) and Perpetual Debt 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	7,925.00
2	Secured Redeemable Non-Convertible Debentures	CARE AAA;Stable	CRISIL AAA/Stable	8,626.00
3	Secured Redeemable Market Linked Debentures	CARE PP-MLD AAA;Stable	CRISIL PP-MLD AAAr/ Stable	100.00
4	Unsecured Perpetual Debt Instruments	CARE AAA;Stable	CRISIL AAA/Stable	150.00

No interest payment or principal repayment of the Term Loans was due and unpaid as on March 31, 2022. 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, Secured Redeemable Market Linked 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 7.77% of Tier I capital of the Company. An amount of ₹ 650 crore is outstanding as on March 31, 2022.

NCDs and MLDs were issued with maturity period ranging from 23 to 60 months. The interest payable on all the debt securities is either annually or quarterly or on maturity and no interest was due and unpaid as on March 31, 2022. The Company has not received any grievances from the debt security holders. 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.

Corporate Social Responsibility (CSR)

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

The Company's CSR interventions are designed to strengthen the healthcare 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.

The Company's CSR activities are guided and monitored by its CSR Committee. The CSR Policy of the Company provides a broad set of guidelines including intervention areas.

As per Section 135 of the Act, the Company was required to spend an amount of ₹ 24.70 crore equivalent to 2% of the 'average net profits' of the last three (3) financial years. During the FY 2021-22, your Company has spent an amount of ₹ 25.83 crore on CSR activities as against prescribed CSR expenditure of ₹ 24.70 crore. The Annual Report on CSR activities is annexed herewith as "**Annexure A**".

Number of Board Meetings during the financial year 2021-22

The Board of Directors met 8 times during the year under review and the details of such meetings are disclosed in the Corporate Governance Report forming part of this Report.

Directors and Key Managerial Personnel (KMP)

a. Appointment of Mr. Arijit Basu as the Chairman and Non-Executive Director of the Company

Based on the recommendation of Nomination & Remuneration Committee (NRC), Board of Directors of the Company at its meeting held on May 25, 2021 has appointed Mr. Arijit Basu (DIN: 06907779) as the Chairman and Non-Executive (Additional) Director of the Company for a period of 3 (Three) years with effective from June 1, 2021 up to May 31, 2024 (both days inclusive), subject to the approval of the Members of the Company.

The Members of the Company have by means of Ordinary Resolution passed at the Annual General Meeting held on June 25, 2021, approved appointment of Mr. Arijit Basu as the Chairman and Non-Executive Director of the Company.

b. Appointment of Ms. Arundhati Mech as an Independent Director of the Company

Based on the recommendation of Nomination & Remuneration Committee (NRC), Board of Directors of the Company at its meeting held on February 11, 2022 has appointed Ms. Arundhati Mech (DIN: 09177619) as an Additional Independent (Non-Executive) Director of the Company to hold office for a period of 5 (Five) consecutive years with effect from February 11, 2022 up to February 10, 2027 (both days inclusive) and she shall not be liable to retire by rotation, subject to the approval of the Members of the Company.

The Members of the Company have by means of Special Resolution passed on March 27, 2022 vide Postal Ballot, approved appointment of Ms. Arundhati Mech as an Independent Director of the Company.

In the opinion of the Board, Ms. Arundhati Mech fulfilled the conditions specified in the Act, SEBI Listing Regulations and the applicable RBI guidelines for her appointment as an Independent Director of the Company and she is a person of integrity and possess relevant experience and expertise to be appointed as an Independent Director of the Company.

c. Director liable to retire by rotation

In terms of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Arijit Basu (DIN 06907779), Chairman and Non-Executive Director, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. In opinion of your Board, Mr. Arijit Basu has requisite qualification and experience and therefore, your Directors' recommend his reappointment in the ensuing Annual General Meeting.

Key Managerial Personnel

As a part of orderly succession to the position of Chief Financial Officer, the Board of Directors of the Company on the recommendation of NRC and Audit Committee, at its meeting held on March 10, 2022 has appointed Mr. Jaykumar P. Shah as the Chief Financial Officer of the Company with effect from March 11, 2022, in place of Mr. Haren Parekh.

Declaration by Independent Directors

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

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

Performance Evaluation

Information on the manner in which formal annual evaluation is made by the Board of its own performance and that of its Committees, Chairperson and Individual Directors is given in the Corporate Governance Report.

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, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii. that appropriate accounting policies have been selected & applied consistently & judgments and estimates made are reasonable & prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2022 & of the profits of the Company for the said year;

iii. that proper & 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 & for preventing & detecting fraud & 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/policies.

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, two complaints were received by the Company. Both the complaints have been investigated and addressed as per the policy of the Company. There are no complaints outstanding as on March 31, 2022. One complaint pending as on March 31, 2021 has been closed in the reporting year. None of the personnel of your Company were denied access to the Audit Committee.

Disclosures pursuant to the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

During the year under review, the Company has received Fifty complaints of which Forty-Four complaints were investigated and addressed as per the policy and Six complaints were under investigation as on March 31, 2022. All six open complaints during the previous year ending March 31, 2021 were closed in the reporting year. Complaints are reviewed by the Board of Directors on quarterly basis.

Statutory Auditors

Pursuant to the provisions of Sections 139 and 142 of the Act and Rules made thereunder and Circular issued by Reserve Bank of India vide no. RBI/2021-22/25 Ref. No. DoS. CD.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 ('RBI Guidelines'), the Members through Ordinary Resolution passed on September 18, 2021 vide Postal Ballot had appointed M/s. Khimji Kunverji & Co. LLP and M/s. B. K. Khare & Co. as the Joint Statutory Auditors of the Company, to fill the casual vacancy caused due to ineligibility of M/s. B S R & Co. LLP, Chartered Accountants, to hold office for a continuous period of three years until the conclusion of the 17th Annual General Meeting of the Company to be held in year 2024 .

M/s. Khimji Kunverji & Co. LLP and M/s. B. K. Khare & Co, have given a confirmation to the effect that they are eligible to continue with their appointment 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 Statutory Auditors on the Financial Statements of the Company for FY 2021-22, is disclosed in the Financial Statements forming part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Statutory Auditor in their Report for the year under review.

No frauds in terms of the provisions of section 143(12) of the Act have been reported by the Statutory Auditors in their report for the year under review.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act and Rules thereunder and Regulation 24A of the SEBI Listing Regulations, M/s. Ashish Bhatt & Associates, Practicing Company Secretaries, were appointed as the Secretarial Auditor of the Company, to conduct Secretarial Audit for the year under review.

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 his Report for the year under review.

Nomination and Remuneration Policy

Pursuant to the provisions of Section 178(3) of the Act and Regulation 19 of the SEBI Listing Regulations, the Company 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/policies.

Secretarial Standards

The Company has complied with the applicable provisions of Secretarial Standards issued by The Institute of Company Secretaries of India.

Employees Stock Option Scheme (ESOS)

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

Statutory Disclosures

i. Pursuant to the provisions of Sections 134(3)(a) and 92(3) of the Act and Regulation 62(1)(k) of the SEBI Listing Regulations, the Annual Return of the Company as on March 31, 2022 in the prescribed Form MGT-7 is available on the website of the Company at https://www.hdbfs.com/investors.

ii. Disclosure as per Section 197(12) of the Act, pertaining to individuals employed throughout the year and in receipt of remuneration of not less than ₹ 1,02,00,000/- per annum or ₹ 8,50,000/- per month is given in '**Annexure D**'.

iii. 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 E**'.

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

Related Party Transactions

All the related party transactions that were entered into during the financial year were on arm's length basis and in ordinary course of business. Pursuant to the provisions of Section 134(3)(h) 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 F**'.

Corporate Governance Report

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

All Board members and senior management personnel have affirmed compliance with the Company's code of conduct for FY 2021-22. A declaration to this effect signed by the Managing Director is included in Corporate Governance Report forming part of this Annual Report.

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

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the company's operations in future

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

Particulars of Loans, Guarantees or Investments

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

As regards investments made by the Company, the details of the same are provided in note no 9 to the financial statements of the Company for the year ended March 31, 2022.

Dividend Distribution Policy

Your 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/policies.

Subsidiaries, Joint Ventures, Associate Companies

During the year under review, your Company does not have a subsidiary / Associate / Joint Venture company. Also, the Company did not become a part of any Joint Venture during the year.

Accordingly, as at the end of the year under review and also as on the date of this Report, your Company does not have any Subsidiary and/or Associate Company and your Company is not a part of any Joint Venture.

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 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 2021-22	FY 2020-21
1	Foreign exchange earnings	Nil	Nil
2	Foreign exchange expenditures	0.34	15.84

Fixed Deposits

Your Company is a non-deposit taking Company. The Company has not accepted any fixed deposit during the year under review. The Company has passed a Board resolution for non-acceptance of deposits from public.

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 Deposit Taking Systemically Important Non-Banking Financial Company (NBFC-ND-SI). The Company has complied with and continues to comply with all the applicable regulations and directions of the RBI.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economy

Fiscal 2022 was in the backdrop of an unprecedented fiscal 2021 defined by the scourge of the pandemic across the globe with its scars running deep especially for small businesses and the lower income strata.

Fiscal 2022 was a tale of two halves. The first half commenced with the onset of the relatively shorter but severe second wave of the pandemic which threatened to nullify the steps taken towards normalisation towards end of fiscal 2021. However, as we moved to the second quarter of the fiscal accompanied with a large scale rollout of vaccination and flattening of the Covid affliction curve, a broad based recovery was in sight.

The second half of the fiscal has seen growth momentum picking up with economic activity brushing aside the relatively milder third wave in Q4 of fiscal 2022. The Indian economy is expected to report a real GDP growth of close to 8%, also aided by a low base effect. To put this in perspective, global GDP growth is expected to close at an average 3.4% with the Eurozone at 5.2%, US at 5.7% and Japan at 1.9%, clearly reflecting an uneven recovery across advanced and emerging economies from the pandemic.

Onset of fiscal 2023 comes in the backdrop of risks shifting swiftly from the pandemic to geopolitics, crude oil and expected interest rate hikes in major economies. S&P forecasts global growth at 3.4%, with growth expected to slow amid the geopolitical strife, with Europe expected to be hit the hardest.

As per economic survey of 2022, the Indian economy is expected to grow at 8-8.5%. However, leading research

houses and independent rating agencies expect growth to be in the 7.5-8% range. These growth numbers are predicated on broad-basing of economic activity and contact-based services starting to contribute more to growth as Covid is expected to enter the endemic stage. The Union Budget's focus on infrastructure investment-led growth and expectations of a normal monsoon for the 4th year in a row may provide some impetus to rural demand as well, which may otherwise be subdued on account of reduced food subsidy indicating lower procurement at MSP and an expected drop in MGNREGA expenditure for fiscal 2023.

Risks to these growth numbers are however multiplying with slowing economies worldwide, the geopolitical strife, higher commodity prices especially crude oil led inflation and resultant stress on the current account. Surprises in the US Federal Reserve rate-hike schedule could create volatility in the forex markets as well. Covid afflictions though significantly lower, has not yet been eradicated, and hence possibility of economic activity disruptions cannot be completely ruled out.

An uptick in private consumption would be a key indicator as it remains a laggard amid other demand-side drivers recovering rapidly. A recent RBI survey reflected the consumer confidence index at below pre-covid levels, possibly due to MSME's being hit the hardest and slower to recover as well.

Amid reduced direct fiscal support, infrastructure investment-led growth will assume importance as it can gradually filter to MSME's and lower income categories and, consequently, have a positive impact on private consumption in the near term.

Although some uptick in private consumption can be expected from normalisation of economic activity, fiscal policy may also have to be deployed in conjunction. This will help create a bridge for those impacted most by the pandemic till positive spillover effects of investment-led growth play out in the labour market and private consumption demand becomes self-sustaining.

Industry Structure and Developments

NBFCs had been adversely impacted by the pandemic due to their underlying business model. Demand side drivers being significantly impacted, it became difficult for NBFCs to find creditworthy projects and borrowers to lend to as a result of the pandemic induced stress. This got compounded with asset quality issues as ability of borrower's to service their instalments had been impacted.

The fiscal gone by saw NBFC's navigate through business stoppages yet again in the first quarter as the second wave swept through the country. It also saw some regulatory support in terms of restructuring for covid impacted borrowers in the first half. Second half of the fiscal with covid lying relatively low, saw an uptick in disbursements and a significant improvement in collection efficiencies.

Fiscal 2023 is expected to see a gradual and sustained improvement in new business for NBFC's. Some sectors which have been laggards in revenue recovery in fiscal 2022 as compared to fiscal 2019 (pre-covid) are expected to show a gradual uptick such as airline services (at 0.6x fiscal 2019), hotel services (0.7x), commercial vehicles (0.7x) and two-wheelers (0.8x).

Asset quality may pose challenges for some NBFC's in the first half of fiscal 2023, largely determined by the behaviour of their restructured book. However, the fiscal is largely expected to build upon the momentum gained in the previous two quarters and see a sustained gradual growth path through the year, barring surprises on the covid front or an extended fallout of the geopolitical strife.

Opportunities & Threats

New business opportunities are expected to gain further momentum as covid lies low with near complete normalisation of economic activities. Steps taken earlier by NBFC's to navigate the pandemic should hold them in good stead as measures like digitalisation across customer lifecycles, alternate data sources for underwriting, greater focus on asset quality plays out beneficially during this fiscal.

NBFC's are also well placed to leverage on investments done in the recent past on digital lending infrastructure. With MSME's gradually turning a corner and an impending uptick in private consumption, this can be expected to act as a significant catalyst in expanding their customer franchise and overall growth.

Geopolitical strife may hurt global supply chains in certain sectors such as automobiles and IT hardware. Semi-conductor shortage is unlikely to ease in the near term. Utilisation levels for passenger vehicles, two-wheelers and

tractors are expected to be below previous peaks due to these supply chain constraints, growth associated with these sectors is expected to be relatively muted for the current fiscal.

(Data Sources: Industry, RBI and Rating Agency reports)

Operations

Loan disbursements during the year were ₹ 29,033 crore as against ₹ 24,990 crore in the previous year.

The Assets under Management (AUM) of the Company as at March 31, 2022 stood at ₹ 61,444 crore as against ₹ 61,561 crore in the previous year.

The Company has continued to focus on diversifying its products and expand its distribution while augmenting its digital infrastructure and offerings to effectively deliver credit solutions to its market.

Products and Services

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

Loans

HDB's range of product offerings encompasses Consumer Loans, Enterprise Loans, Asset Finance and Micro-Lending.

Consumer Loans

Consumer loans are provided to individuals for personal or household purposes to meet their short to medium term requirements.

Our Consumer Loans Portfolio comprises the following:

- **Consumer Durable Loans** - HDB offers loans to its customers for the purchase of consumer durables and household appliances like TVs, refrigerators, air conditioners, washing machines and much more.
- **Digital Product Loans** - HDB's digital product loans are offered to customers to help fund their basic to high-end digital product necessities.
- **Lifestyle Product Loans** - Lifestyle Product Loans offered by HDB, assist the customers in the purchase of Lifestyle Products such as high-end furniture, cooking range, etc., enabling an upgradation of their lifestyle.
- **Personal Loans** - Personal Loans from HDB are offered to both salaried and self-employed individuals to help them meet any immediate, personal and other needs.
- **Auto Loans** - HDB offers auto loans to customers seeking to buy a new or used car.
- **Two-Wheeler Loans** - HDB offers two-wheeler loans to its borrowers, with an array of offerings.
- **Gold Loans** - HDB ensures fulfilment of urgent personal needs of its customers by offering loans against security of gold jewellery.

Enterprise Loans

HDB provides Loans to Small and Micro Enterprises for their growth and working capital requirements. Various Loans offered to Enterprises include:

- **Unsecured Business loans** - HDB provides collateral-free loans to small businesses to help them meet their financial requirements that could vary from the purchase of new machinery and inventory to procuring working capital or revamping the business.
- **Enterprise Business Loan** - These loans are offered to self-employed persons (both individuals and professionals), private companies, and partnership firms to help boost their business of services, manufacturing, and trading against security of a collateral.
- **Loan against Property** - HDB provides multipurpose, secured loans against property for business expansion and working capital requirements.

- **Loan against Lease Rental** - HDB offers loans against rental income receivable on leased property, depending on the customer's financial profile and ability.
- **Auto Refinance** - Auto Refinance is working capital loans offered to customers, which can be availed on hypothecation of vehicles
- **Loan against securities** - Loan against securities ensures that customers can meet their immediate cash requirements by pledging their investments or securities like insurance policy, debt instruments and Bonds with the Company without having to liquidate them.

Asset Finance

HDB offers loans for the purchase of new and used vehicles and equipment for income generation to its borrowers.

- **Commercial Vehicle Loans**: HDB provides loans for the purchase of new and used commercial vehicles. The Company also offers refinancing on existing vehicles for business working capital. The Company provides finance to a broad spectrum of customers including fleet owners, first-time users, first-time buyers and captive use buyers.
- **Construction Equipment Loans**: HDB provides loans for the procurement of new and used construction equipment. The Company also facilitates refinancing or re-purchase of existing equipment.
- **Tractor Loans**: HDB offers customized tractor loans for the purchase of tractors or tractor-related implements to meet any agricultural or commercial needs.

Micro-Lending

HDB offers micro-loans to borrowers through the Joint Liability Groups (JLGs) framework. With Micro-Lending, the Company endeavours to empower and promote financial inclusion within these sections for the sustainable development of the nation.

Fee-based products / Insurance Services

- HDB is a registered Corporate Insurance Agent with a valid license from the Insurance Regulatory & Development Authority of India (IRDAI). The Company is engaged in the sale of both Life and General (Non-Life) Insurance products.
- Under the open architecture arrangement adopted by your Company for insurance distribution, the Company has tie ups with "HDFC Life Insurance Co. Ltd." and "Aditya Birla Sun Life Insurance".
- Among general insurers, your Company has tie ups with "HDFC Ergo General Insurance Co. Ltd" and "Tata AIG General Insurance Co. Ltd".

BPO Services

Your Company's BPO Services comprise of running collection call centers, sales support services, back office, operations and processing support services.

- **Collection Services** - HDB has a contract with the HDFC bank to run collection call centers. These centers provide collection services for the entire gamut of retail lending products of HDFC Bank. Currently, HDB offers end-to-end collection services in over 700 locations via its on-call and field support teams. The Company has established set up of 18 call centers across the country with a capacity of over 5,500 seats.
- **Back office and Sales Support** - The Company provides sales support services, back-office services such as forms processing, and document verification, finance, and accounting operations and processing support to HDFC Bank.

DIGITAL LENDING JOURNEY

In a bid to meet the new and constantly evolving financial credit needs of young and tech-savvy customers, HDB has sought to transcend the conventional credit lending approaches. Your Company's active investment in the digitisation of lending services and solutions has allowed it to connect and cater to the New India and tech-savvy customers in a personalised manner.

Several digital offerings have been launched for commercial and retail segments to provide integrated solutions and simplify the borrowing process. These digital offerings include:

- HDB has initiated strategic partnerships with new-age Fintech players in the country to provide best in class, innovative digital solutions, and services. These collaborations have been successful in demonstrating an improved customer experience in conjunction with a convenient digital KYC process, quick application approval and disbursal of funds.
- **Digital Login**: To offer convenience to the customers, your Company has introduced a digital login process in partnership with select channels where customers can login online without physically visiting the store or a branch. The Company's customer care team efficiently guides customers with their loan processing journey via on-call and digital support.
- **e-NACH & e-Sign**: The introduction and implementation of these digital tools ensure a seamless, go-green customer experience with paperless processes, fewer errors, and quicker disbursals. The digital process ensures the collection of the applicant's basic information and documents upload, followed by an e-verification process. Upon completion of e-verification of details and documents submitted, the customer may digitally sign the agreement through Aadhaar-based authentication.
- **Credit Report**: Customers can check their customized credit report, for free by just providing their mobile number on HDB's website.

CUSTOMER SERVICE DIGITAL CHANNELS

- **HDB on the Go App**: This is a one-stop Android application for customers to apply, view, and manage their loan accounts. It also allows customers to apply for a new loan with just a few clicks anytime, anywhere and get a pre-approved loan on their existing account.
- **WhatsApp Account Management**: Customers can access information about their loan account in real- time from anywhere by sending a "Hi" to the WhatsApp number 7304926929.
- **Customer Service Bot - #AskPriya**: Customers can now access all loan related information along with the latest offers available with HDB by chatting with our virtual assistant #AskPriya.
- **Missed Call Service**: Customers are now just a missed call away to receive all their loan-related information on their mobile phone as an SMS. Give a missed call to 044-45602401 from your registered mobile number to avail of the service.
- **Customer Portal**: The portal allows the customers to manage their loan account and get all loan related information quickly and efficiently.

KEY INITIATIVES

- **Digital Pre-Approved Offers**: Pre-Approved loans are offered to customers who have a demonstrated credit history and repayment credibility. Customers with pre-approved loan offers can avail their loans digitally in a DIY mode or through assisted digital means.
- **HDB EMI card** - Through HDB's EMI card, customers can avail of an easy finance option to convert their purchases into EMI loans at attractive interest rates.
- **Fintech Partner Integration**: HDB's collaboration with its Fintech partners facilitates real-time lead sharing by partners useful for generating offers and getting in touch with the Company's customers to fulfil their loan requirements.
- **RM (Relationship Management) and VRM (Virtual Relationship Management)**: HDB reaches out to its top 20% customer segment to address their service and financial requirements through a relationship manager. Further, the Company also ensures that the next top 20% of the customers are reached through VRM. Relationship Managers also assist customers with other HDB products while servicing the customers.
- **Aabhaar Card (Loyalty Card)**: HDB's loyalty cards i.e., Blue Aabhaar card and the Platinum Card provide ease of documentation and a pre-approved loan amount eligibility to the customer. Both category of cards come with a host of benefits for the customer.

SEGMENT WISE PERFORMANCE

The details with regard to segment wise performance of the Company are mentioned in the notes forming part of the financial statements at Note no. 35.

INFRASTRUCTURE

As of March 31, 2022, your Company had 1,374 branches in 989 cities in India. The Company's data centers are located in Bengaluru and Mumbai with centralised operations based out of Hyderabad, Chennai, and Noida. In a quest to strengthen its internal processes, the Company has further implemented a quality management system for its centralised operations.

OUTLOOK

As we step out of the shadow of the pandemic, the economy is expected to see a sustained recovery. As the market and customer expectations mature, differentiated customer acquisition and deeper customer engagement through the lifecycle will assume importance with digitisation being a key enabler towards achieving this. Your Company with a diversified product suite, its digital infrastructure and its broad reach through the country is well positioned to chart a growth path for fiscal 2023.

RISK MANAGEMENT

Your Company, is exposed to various risks that are an inherent part of any financial service business. Credit, operational and liquidity risks are generally seen as top tier risks, however given the evolving landscape, risks around digital lending and information security also form an integral aspect of risk management.

The Company's risk management framework is well dimensioned and managed based on a clear understanding of various risks, disciplined risk assessment, measurement procedures and continuous monitoring. The Board of Directors has oversight on all risks assumed by the Company. Specific Committees have been constituted to facilitate focused oversight of the risks identified. These risks have the potential of impacting the financial strength, operations and reputation of your Company. Keeping this in mind, your Company has a Board approved Risk Management Framework in place. The effectiveness of this framework is supervised periodically by the Risk Management Committee. Your Company is committed towards creating an environment of increased risk awareness at all levels. It also aims at constantly upgrading the appropriate security measures, including cyber security measures, to ensure avoidance and mitigation of various risks and achieve an optimised balance of return for the risk assumed, while remaining within acceptable risk levels.

Your Company conducts stress tests to assess the resilience of its Balance Sheet. This also helps to provide insights to the Management to understand the nature and extent of vulnerabilities, quantify the impact and develop plausible business-as-usual mitigating actions. The markets have witnessed substantial turbulence in the previous two years. However, as your Company has been fundamentally built on the principle of sound risk management practices, it has successfully weathered this turbulence and continues to remain resilient.

Credit Risk including Credit Concentration Risk:

Credit risk is defined as the possibility of losses associated with the diminution in the credit quality of borrowers, losses may stem from outright default or a reduction in portfolio value. Your Company has a distinct credit risk architecture, policies, procedures and systems for managing credit risk. The product programs for each of the products define the target markets, credit philosophy, process, detailed underwriting criteria for evaluating individual credits, exception reporting systems, individual loan exposure caps and other factors. For individual customers to be eligible for a loan, minimum credit parameters are to be met for each product and any deviations must be approved at designated levels. Credit framework encompasses parameters at different stages of the portfolio lifecycle from acquisitions till write offs. There are robust front-end and back-end systems in place to ensure credit quality and minimize loss from default. The factors considered while sanctioning retail loans include income, demographics, previous credit history of the borrower and the tenor of the loan. Thresholds are defined using historical data for each parameter at the Product level identifying "stress" period for the product lifecycle. This framework defined at product level is then aggregated at the Portfolio level. Exposures are monitored against approved limits to guard against unacceptable risk concentrations. Your Company also monitors credit concentration of exposures to single borrower, group of borrowers, sensitive industries, geography, product, etc.

Digital Lending Risk:

Digitalisation will increasingly become a key differentiator for customer acquisition, retention and service delivery, hence, digitalisation of the entire customer lifecycle would be imperative in ensuring a frictionless customer experience. In view of this digital lending platforms are gaining prominence.

Your Company has taken various steps on this digital path and has automated the loan application process to make informed credit decisions at the underwriting stage itself through various tools like CRM, Rule Engine, Bureau Integration, Deviations Management etc. This has resulted in higher productivity, lower overhead costs and swift processes, thus, enabling a seamless journey for the customer and leading to financial inclusion. Controls have been laid down through document management, workflow engine, roles and login restrictions to control the risks emanating out of digital lending. With an objective to minimize risk in collection and recovery, analytics and reporting systems have been used to identify defaulters, intimating customers on EMI payments, tracking on-ground collections team and quick reporting. Early Warning system, Behavioural Analysis, End to End Business Reporting have been set up to maintain healthy asset quality with optimal risk-reward considerations.

Business / Strategic Risk:

Business / Strategic risks are risks that affect or are created by an organisation's business strategy and strategic objectives. Your Company's management of this risk is guided by diversification in its business through various products, customer segments and geographies, balanced growth while maintaining a healthy asset liability mix and prudent provisioning policies.

Operational Risk:

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. Operational Risk includes legal risk but excludes strategic and reputational risks. Operational Risk management is explained in the listed parameters:

- **Framework and Policy**: Your Company has implemented a robust and comprehensive Operational Risk Framework defined as part of the Board-approved Operational Risk Management Policy to identify, assess and monitor risks, strengthen controls and minimize Operational Risk losses. The Board of Directors, Risk Management Committee and the Operational Risk Management Committee (ORMC) have overall oversight function for operational risk management.
- **ORM Organisation Structure**: Under this framework your Company has a 3 layered defence. The 1st layer of protection is provided by the Business units (including support and operations) who are accountable for operational risks and controls in their respective areas. ORM is the 2nd line of defence which develops and implements policies/processes, procedures, tools and techniques to assess and monitor the adequacy and effectiveness of the Company's internal controls. Internal Audit is the 3rd line of defence which reviews the effectiveness of governance, risk management and internal controls.
- **Operational Risk Assessment & Measurement tools**: The primary tools for measuring operational risk across your Company include:
  - Internal operational loss data
  - Key Risk Indicators (KRI)
  - Scenario Analysis and Stress Testing.
- **Internal Control**: Your Company has sound internal control practices across all processes, units and functions and has well laid down policies and processes for management of its day-to-day activities. The Company follows established, well-designed controls, which include maker-checker principles, effective delegation of authority, and segregation of duties, Code of conduct, reconciliation, exception reporting and periodic MIS. Specialised risk control units function in risk prone products / functions to minimize operational risk.
- **Fraud Monitoring & Control**: Your Company has Risk Containment Unit (RCU) that continuously monitors data to identify exception patterns and also conducts surprise inspections of our distribution points. The RCU investigates potential frauds, does the root cause analysis and oversees implementation of fraud prevention measures to prevent recurrence. Periodic reports are submitted to the Fraud Management Committee and Audit Committee of the Board.

- **Information Technology and Security Practices**: Your Company has put in place a governance framework, information security practices, data leakage policy and business continuity plan to mitigate information technology related risks. There is an independent Information Security Committee that addresses information security related risks. A well-documented Board approved information security policy has been put in place. Disaster recovery and Business Continuity Plans (BCP) have been established for significant businesses to ensure continuity of operations and minimal disruption to customer services. These plans are periodically tested and reviewed to ensure their effectiveness.
- **Material Outsourcing**: ORMC also reviews the effectiveness of the outsourcing policy and procedures to ensure effective due diligence and monitoring of the Company's outsourced activities on a continuous basis.

Reputation Risk:

Trust is the foundation for the financial service industry and is critical to building a strong customer franchise. Any adverse stakeholder or public perception about the company may negatively impact our ability to attract and retain customers and may expose us to litigation and regulatory actions.

Reputation Risk most often results from the poor management of other risks and can arise from a variety of sources including direct sources like poor financial performance, poor governance and indirect sources like increased operational risk or control failures. The Company manages this through a strict code of conduct policy for its employees, good corporate governance policies and an effective customer grievance mechanism. We communicate with our stakeholders regularly through appropriate engagement mechanisms to address stakeholder expectations and assuage their concerns, if any.

Technology Risk:

Technology is rapidly changing the way financial services entities operate and is a key disruptor for the industry. The focus of your Company continues to be on augmenting its digital capabilities and is aimed at leveraging digital technology to provide a best in class experience for its customers while simultaneously enhancing productivity and risk management. A layered technology architecture is implemented to manage risks due to system failures, cyber-attacks etc. Disaster recovery and Business Continuity Plans (BCP) have been established and various functional and technology initiatives have been taken to enhance system resiliency. Effective access control mechanism is a key technology control to prevent unauthorised access. The access to business applications is provisioned by an independent team and is provided based on the roles and responsibilities of the user. Technology and Operational controls are implemented to manage privileged access to systems. Cyber threats and the associated risks in the external environment have increased and your Company works continuously to improve processes and controls to mitigate these risks. Cyber resilience framework is being established to mitigate the threats such as data breaches, malware, Denial-of-service attacks etc. A next generation Security Operations Centre (SoC) with AI-ML capabilities for real-time threat monitoring has recently been implemented. Your Company has also achieved a top Tier rating of 800 for its security standards posture from BitSight, a leading cyber security ratings company, this puts it in the top 10 percentile for financial services globally.

Interest Rate Risk:

Interest Rate Risk is the exposure of a Company's financial condition to adverse movements in interest rates. Changes in interest rates affect a Company's earnings by changing its Net Interest Income (NII). Asset Liability Committee (ALCO) is a decision making management committee responsible for balance sheet planning in your Company from risk return perspective including strategic management of interest rate and liquidity risks. Advances Book and Funding strategy are tailored in such a way that repricing of borrowings can be offset by repricing the loans. Earnings impact using traditional gap analysis measures the level of your Company's exposure to interest rate risk in terms of sensitivity of its NII to interest rate movements over the horizon of analysis.

Liquidity Risk:

Liquidity Risk is the risk that a Company may not be able to meet its short term financial obligations due to an asset- liability mismatch or interest rate fluctuations. The Board of Directors has delegated the responsibility for ongoing balance sheet Liquidity Risk management to the Asset Liability Committee (ALCO). The Company's framework for liquidity and interest rate risk management is articulated in its Asset Liability Management Policy that is implemented, monitored and periodically reviewed by the ALCO. The ALCO also reviews the NIM-Net Interest Margins, maturity profile, stock ratios and mix of your Company's assets and liabilities. It also articulates

the interest rate view and decides on future business strategy with respect to interest rates. The Liquidity Coverage Ratio (LCR) is monitored on a daily basis. 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. The Company has also adopted a liquidity risk framework as required under RBI regulations.

Compliance Risk:

Compliance Risk is defined as the risk of exposure to legal, regulatory sanctions and a damage to its reputation as a result of failure or a perceived failure to comply with applicable laws, regulations, internal policies or prescribed best practices.

Your Company has a Compliance Policy to ensure highest standards of compliance. The Compliance team led by a Compliance Officer reports directly to the Managing Director and works with business operations to ensure active compliance risk management and monitoring. The team also provides advisory services on regulatory matters. The focus is on identifying and reducing risk by rigorous testing and also putting in place robust internal policies. Products and processes are reviewed for adherence to regulatory norms prior to rollout. Internal policies are reviewed and updated periodically as per agreed frequency or based on market action or regulatory guidelines / action. The compliance team also seeks regular feedback on regulatory compliance from product, business and operation teams through self-certifications and monitoring.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the financial statements of the Company and its controlled structured entities (collectively known as 'the Group'). The Group consolidates an entity when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

INTERNAL CONTROL SYSTEMS AND AUDIT

Your Company's internal control system is designed to ensure operational efficiency, compliance with laws and regulations and accuracy and promptness in financial reporting. The internal control system is supported by an internal audit framework to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent and reasonable assurance on the adequacy and effectiveness of the internal control and governance processes. The framework is commensurate with the nature of the business, size, scale and complexity of its operations. The internal audit plan is developed based on the risk profile of business activities of the organisation. The audit plan is approved by the Audit Committee, which regularly reviews the status of the Audit plan and performance of the Internal Audit Department and provide directions wherever required.

COMPLIANCE

Your Company has a Board approved compliance policy to effectively monitor and supervise the compliance function in accordance with the statutory requirements. The Audit Committee reviews the performance of the compliance functions, the effectiveness of controls and compliance with regulatory guidelines and gives such directions to the Management as necessary/considered appropriate.

HUMAN RESOURCES

HDB prides itself in having a work culture that is solution-centric, growth and execution oriented. The pandemic ushered in new methods of working and employee engagement. Given our high focus on digital transformation, our teams have been seamlessly able to work onsite/ offsite/ hybrid modes as per the evolving environment. We moved many processes to the digital platform that not only engages employees more effectively but also helps our businesses to move up the curve faster.

At HDB we believe that our people are our biggest assets. The workforce at HDB has a right blend of youth & experience and the success of our organisation is based on the capability, passion & integrity of our people. There is a high premium placed on internal growth which has enabled us to have a stable mid and senior management team over the last many years. Your Company conducts an array of engagement activities, encourage our employees to acquire newer skills and create platforms to interact with peers across the country that enables growth by sharing of best practices and learnings.

Your Company continues to attract and retain talent that focuses on sustained superior performance, provide them opportunities to learn, realise their true potential and contribute positively to the success of the Company. Our Senior Leadership Team, from time to time, shares the strategy and vision for the Company that ensures that our employees are always cognizant of what is happening in the Company, thereby encouraging an interactive and engagement driven work culture.

As on March 31, 2022, your Company had 1,21,595 employees as compared to 1,04,960 as on March 31, 2021.

CAUTIONARY NOTE

Certain statements in this Report may be forward-looking and are stated as may be required by applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government policies and other incidental/related factors.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation for the support extended by the Reserve Bank of India, other regulatory and Government Bodies, Company's Auditors, Customers, Bankers, Promoters and Shareholders.

Your directors take this opportunity to place on record their appreciation to all employees for their hard work, spirited efforts, dedication and loyalty to the Company which has helped the Company maintain its growth.

On behalf of the Board of Directors

Sd/-

Arijit Basu

Chairman

Place: Mumbai
Date: May 18, 2022

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 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 CSR Committee**

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

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 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.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/For-Website_Approved-Projects.pdf

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report)**

The Company identified projects that were due for impact assessment in FY 2021-22. 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 two projects and detailed assessment reports have been presented to the Board of Directors of the Company. The said report is also uploaded on the Company website at https://www.hdbfs.com/corporate-social-responsibility.

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any)** - Not Applicable

6. **Average net profit of the Company as per section 135(5)** - ₹ 1,234.89 crore

7. **Computation of CSR Obligation -**

a. Two percent of average net profit of the Company as per section 135(5) = ₹ 24.70 crore.

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

c. Amount required to be set off for the financial year, if any = NIL

d. Total CSR obligation for the financial year (7a+7b-7c) = ₹ 24.70 crore

8. Details for Spent / Unspent for Completed / Ongoing CSR Projects -

a. 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 section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
25.83	Not Applicable	Not Applicable	Not Applicable	NIL	Not Applicable

b. Details of CSR amount spent against ongoing projects for the financial year

1	2	3	4	5		6	7	8	9	10	11	12	13	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project		FY in Which the project was commenced	Project duration	Amount allocated for project (₹ In crore)	Amount spent in the current financial Year (₹ In crore)	Cumulative amount spent at the end of reporting Financial Year (₹ In crore)	Amount transferred to Unspent CSR A/c. for the project as per Section 135(6) (₹ In crore)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation – Through Implementing Agency	
				State	District								Name	CSR Regn. No.
1	Mother & Child Health and Nutrition	Healthcare	Yes	RJ	Sirohi	FY21	Jan'21 - Jun'22	0.67	0.30	0.64	-	No	Mamta – HIMC	CSR00001978
2			Yes	RJ, DL	Jaipur, Delhi	FY21	Mar'21 - Jun'22	0.83	0.20	0.61	-	No	Mamta – HIMC	CSR00001978
3			Yes	GJ	Ahmedabad	FY21	Oct'20 - Dec'21	0.53	-	0.53	-	No	CHETNA	CSR00001034
4			Yes	MP	Ujjain, Ratlam	FY21	Mar'21 - Mar'22	0.85	0.42	0.84	-	No	CHETNA	CSR00001034
5			Yes	GJ	Ahmedabad	FY22	Nov'21 - Nov'22	0.40	0.20	0.20	-	No	CHETNA	CSR00001034
6	School WASH & Clean Drinking Water for Rural Communities	Healthcare	Yes	TN	Madurai, Salem, Namakkal, Pudukottai, Trichy, Tanjore	FY21	Sept'20 - Mar'22	3.00	-	3.00	-	No	Gramalaya	CSR00001033
7			Yes	TN	Erode, Madurai, Trichy	FY21	Mar'21 - Mar'22	1.00	0.50	1.00	-	No	Gramalaya	CSR00001033
8			Yes	AP	Guntur, Kurnool, Vizag	FY20	Apr'20 - Dec'21	0.90	-	0.90	-	No	Bala Vikasa	CSR00000313
9			Yes	UP	Chitrakoot	FY21	Sept'20 - Apr'22	1.03	-	0.76	-	No	JSCT	CSR00000724
10			Yes	MH	Akola, Amravati, Washim	FY21	Mar'21 - Mar'22	1.51	0.75	1.51	-	No	YRA	CSR00002429
11			Yes	MP	Shivpuri	FY20	Jan'20 - Dec'21	0.50	0.05	0.50	-	No	Haritika	CSR00000516
12			Yes	MP	Shivpuri	FY21	Mar'21 - Mar'22	0.68	0.34	0.68	-	No	Haritika	CSR00000516
13			Yes	AP	East Godavari	FY22	Nov'21 - Dec'22	0.82	0.74	0.74	-	No	WASH Institute	CSR00000170

1	2	3	4	5		6	7	8	9	10	11	12	13	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project		FY in Which the project was commenced	Project duration	Amount allocated for project (₹ In crore)	Amount spent in the current financial Year (₹ In crore)	Cumulative amount spent at the end of reporting Financial Year (₹ In crore)	Amount transferred to Unspent CSR A/c. for the project as per Section 135(6) (₹ In crore)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation – Through Implementing Agency	
				State	District								Name	CSR Regn. No.
14	Diagnosis & Treatment of Preventable Illness	Healthcare	Yes	UP	Sonabhadra	FY21	Feb'21 – Mar'22	0.40	0.20	0.40	-	No	Smile Foundation	CSR00001634
15			Yes	TN	Thiruvallur	FY21	Mar'21 – Jul'22	0.62	0.11	0.42	-	No	Smile Foundation	CSR00001634
16			Yes	DL	Delhi	FY21	Mar'21 – Apr'22	0.27	0.07	0.21	-	No	Smile Foundation	CSR00001634
17			Yes	MH	Mumbai	FY21	Mar'21 – Dec'22	1.95	0.20	1.18	-	No	SSFA&SS	CSR00001777
18			Yes	MH	Navi Mumbai	FY21	Mar'21 – Nov'22	0.35	-	0.20	-	No	FPA India	CSR00002424
19			Yes	TN	Nammakal	FY21	Mar'21 – Mar'22	0.43	0.21	0.42	-	No	Gramalaya	CSR00001033
20			Yes	PAN India	PAN India	FY20	Mar'20 – Apr'23	1.50	-	0.75	-	No	Smile Foundation	CSR00001634
21			Yes	TN, WB	Chennai, Kolkata	FY20	Apr'20 – Mar'22	1.78	-	1.78	-	No	MRF	CSR00002623
22			Yes	UP	Sonebhadra	FY22	Feb'22 - Mar'23	0.40	0.03	0.03	-	No	Smile Foundation	CSR00001634
23	Healthcare infrastructure	Healthcare	Yes	MH	Thane	FY21	Feb'21 – Dec'22	3.00	1.00	2.00	-	No	SCST	CSR00001017
24			Yes	GJ, MP, RJ, AP	Anand, Indore, Jaipur, Guntur	FY21	Mar'21 – Mar'22	1.36	0.54	1.36	-	No	SKKMT	CSR00003159
25			Yes	KA	Saragur	FY22	Nov'21 - Dec'22	0.89	0.89	0.89	-	No	SVYM	CSR00002215
26			Yes	GJ, RJ, KA	Anand, Jaipur, Shimoga	FY22	Nov'21 - Dec'22	1.00	1.00	1.00	-	No	SKKMT	CSR00003159
27			Yes	AP	Chittoor	FY22	Dec'21 - Dec'22	3.04	2.98	2.98	-	No	ACF	CSR00001539
28			Yes	WB	Kolkata	FY22	Feb'22 - Mar'23	0.56	0.56	0.56	-	No	MRF	CSR00002623
29	Healthcare: COVID-19 Response	Healthcare	Yes	Pan India	Pan India	FY21	Mar'21 – Dec'21	0.12	-	0.12	-	Yes	-	-

1	2	3	4	5		6	7	8	9	10	11	12	13	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project		FY in Which the project was commenced	Project duration	Amount allocated for project (₹ In crore)	Amount spent in the current financial Year (₹ In crore)	Cumulative amount spent at the end of reporting Financial Year (₹ In crore)	Amount transferred to Unspent CSR A/c. for the project as per Section 135(6) (₹ In crore)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation – Through Implementing Agency	
				State	District								Name	CSR Regn. No.
30	Youth Training & Development	Livelihood Enhancement	Yes	Pan India	Pan India	FY21	Sept'20 – Aug'22	2.02	-	1.81	-	No	FPA India	CSR00002424
31			Yes	DL	Delhi	FY21	Sept'20 – Aug'21	0.26	-	0.26	-	No	Sarthak Education	CSR00001093
32			Yes	MH	Mumbai	FY21	Apr'20 – Sept'21	0.50	-	0.50	-	No	NRI	CSR00000754
33			Yes	KA, TL, MH	Bangalore, Hyderabad, Mumbai, Nagpur	FY21	Dec'20 – May'22	1.27	-	1.14	-	No	KSWA	CSR00000920
34			Yes	JH	Ranchi	FY21	Mar'21 – Apr'22	0.50	0.09	0.34	-	No	Prayatna	CSR00001655
35			Yes	RJ, UP	Jaipur, Noida	FY20	Feb'20 – Mar'21	1.00	0.10	1.00	-	No	Development Alt.	CSR00000829
36			Yes	TN, MH, DL, WB	Chennai, Mumbai, Delhi, Kolkata	FY20	Aug'19 – Aug'22	1.65	-	1.24	-	No	Sambhav Foundation	CSR00000475
37			Yes	WB	Kolkata	FY20	Sept'19 - Jun'22	0.26	0.12	0.24	-	No	HHHF	CSR00000919
38			Yes	MH	Mumbai	FY20	Apr'20 – Dec'21	1.60	-	1.60	-	No	TNS India Fn.	CSR00001337
39			Yes	TL	Hyderabad	FY20	Jan'20 – Sept'21	0.65	0.19	0.65	-	No	FUEL	CSR00000051
40			Yes	UP, BH	Varanasi, Patna	FY20	Sept'19 – Jul'21	0.37	-	0.37	-	No	Medha	CSR00004590
41			Yes	GJ, MH, DL, TL, KA	Ahmedabad, Mumbai, Delhi, Hyderabad, Bangalore	FY20	Jan'20 - Oct'22	1.00	-	0.50	-	No	SGBS Unnati	CSR00001571
42			Yes	MH, TN, TL	Mumbai, Chennai, Hyderabad	FY20	Feb'20 – Jun'22	0.75	-	0.71	--	No	TCIT	CSR00002739
43			Yes	RJ, UP	Jaipur, Noida	FY22	Aug'21 - Oct'22	0.70	0.45	0.45	-	No	Development Alt.	CSR00000829
44			Yes	DL	Delhi	FY22	Jul'21 - Oct'22	0.30	0.27	0.27	-	No	Sarthak Education	CSR00001093
45			Yes	MH	Mumbai	FY22	Apr'21 - Sept'22	0.59	0.56	0.56	-	No	NRI	CSR00000754
46			Yes	MH, KA	Pune, Bangalore	FY22	Sept'21 - Aug'22	1.34	0.67	0.67	-	No	FUEL	CSR00000051
47			Yes	MH, MP, RJ	Malegaon, Neemuch, Bhopal, Ajmer	FY22	Nov'21 - Nov'22	0.25	0.23	0.23	-	No	Srujna Charitable Trust	CSR00002690
48			Yes	MH, UP	Mumbai, Noida	FY22	Nov'21 - Oct'22	1.50	0.23	0.23	-	No	TNS India Fn.	CSR00001337
49			Yes	KA, MH, RJ, DL, WB, TM	Bangalore, Murbad, Nashik, Palghar, Ajmer, Delhi, Darjeeling, Chennai	FY22	Feb'22 - Mar'23	0.65	0.64	0.64	-	No	Srujna Charitable Trust	CSR00002690
50	Food for Education	Education	Yes	UP	Vrindavan, Lucknow	FY21	May'21 – May'22	1.40	0.85	1.14	-	No	TAPF	CSR00000286
51			Yes	KA, GJ	Bangalore, Gujarat	FY22	Nov'21 - Dec'22	0.97	0.95	0.95	-	No	TAPF	CSR00000286
52	Quality Education	Education	Yes	KA	Hubli	FY21	Feb'21 – Jul'22	0.28	0.10	0.29	-	No	SVYM	CSR00002215

1	2	3	4	5		6	7	8	9	10	11	12	13	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project		FY in Which the project was commenced	Project duration	Amount allocated for project (₹ In crore)	Amount spent in the current financial Year (₹ In crore)	Cumulative amount spent at the end of reporting Financial Year (₹ In crore)	Amount transferred to Unspent CSR A/c. for the project as per Section 135(6) (₹ In crore)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation – Through Implementing Agency	
				State	District								Name	CSR Regn. No.
53	Restoration of Ecological Balance & Disaster Relief	Environmental Sustainability	Yes	TN	Coimbatore	FY21	Mar'21 – Feb'22	0.30	0.15	0.30	-	No	Siruthuli	CSR00000023
54			Yes	KA	Udupi	FY20	Feb'20 – Feb'22	1.12	0.06	1.12	-	No	Saahas	CSR00000097
55			Yes	KA	Udupi	FY21	Mar'21 – Apr'22	0.80	0.39	0.79	-	No	Saahas	CSR00000097
56			Yes	TN	Coimbatore	FY21	Feb'21 – Mar'22	1.55	0.77	1.55	-	No	COODU	CSR00001346
57			Yes	TN	Thiruvallur, Tiruppur, Tu-ticorin	FY20	Apr'20 – Mar'22	1.05	-	1.05	-	No	EFI	CSR00002310
58			Yes	AP, GJ	Chittoor, Bhuj	FY21	Mar'21 – Mar'22	1.47	0.89	1.48	-	No	EFI	CSR00002310
59			Yes	TN, MP, RJ	Kanyakumari, Khandwa, Harda, Bhilwara	FY21	Jan'21 – Dec'22	1.00	0.40	0.90	-	No	Impact Guru Fn.	CSR00000991
60			Yes	RJ	Bhilwara	FY20	Dec'19 – Jun'21	1.35	0.07	1.35	-	No	FES	CSR00000637
61			Yes	GJ	Songadh	FY20	Jul'19 – Mar'22	1.15	0.03	1.15	-	No	BISLD	CSR00000259
62			Yes	KA	Uttar Kannada	FY20	Nov'19 – Sept'21	1.25	-	1.25	-	No	Manuvikasa	CSR00002730
63			Yes	RJ	Bhilwara	FY22	Sept'21 - Feb'23	1.52	0.76	0.76	-	No	FES	CSR00000637
64			Yes	PAN India	PAN India	FY22	Oct'21 - Dec'22	1.10	0.82	0.82	-	No	SankalpTaru Fn.	CSR00000590
65			Yes	RJ	Udaipur	FY22	Oct'21 - Oct'22	1.35	0.67	0.67	-	No	Seva Mandir	CSR00000288
	TOTAL							**65.21**	**21.75**	**55.19**				

Note: Details of amount spent during the financial year 2021-22 from the Unspent CSR Account - FY21 is excluded in the table above, and is mentioned separately under point 9(b) of this Annexure.

Abbreviations: Mamta Health Institute for Mother and Child (Mamta – HIMC), Jal Seva Charitable Trust (JSCT), Head Held High Foundation (HHHF), Yuva Rural Association (YRA), Sri Shanmukhananda Fine Arts & Sangeetha Sabha (SSFA&SS), Family Planning Association of India (FPA India), Sri Chaitanya Seva Trust (SCST), Sri Kanchi Kamakoti Medical Trust (SKKMT), Alamelu Charitable Foundation (ACF), New Resolution India (NRI), Kherwadi Social Welfare Association (KSWA), Friends Union for Energizing Lives (FUEL), The Akshaya Patra Foundation (TAPF), Swami Vivekananda Youth Movement (SVYM), Community Organisation for Oppressed and Depressed Upliftment (COODU), Environmentalist Foundation of India (EFI), Foundation for Ecological Security (FES), BAIF Institute For Sustainable Livelihoods and Development (BISLD), Tata Community Initiative Trust (TCIT), Medical Research Foundation (MRF).

c.Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5		6	7	8	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (₹ In crore)	Mode of implementation on - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Reg. No.
1	Diagnosis & Treatment of Preventable Illness	Healthcare	Yes	MH	Mumbai	0.15	No	SSFA&SS	CSR00001777
2			Yes	MH	Mumbai	0.01	Yes	-	-
3			Yes	MH	Mumbai	0.00	Yes	-	-
4			Yes	DL	Delhi	0.00	Yes	-	-
5			Yes	MH	Mumbai	0.02	Yes	-	-
6	Healthcare: COVID-19 Response	Healthcare	Yes	PAN India	PAN India	0.02	Yes	-	-
7			Yes	PAN India	PAN India	0.61	Yes	-	-
8			Yes	PAN India	PAN India	0.98	Yes	-	-
9			Yes	MH	Navi Mumbai	0.00	Yes	-	-
10			Yes	MH	Mumbai	0.00	Yes	-	-

1	2	3	4	5		6	7	8	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (₹ In crore)	Mode of implementation on - Direct (Yes/No)	Mode of implementation - Through implementing agency	
11	Delivery of Quality Education & Support	Education	Yes	MH	Mumbai	0.15	No	Human Development Centre Trust	CSR00018558
12			Yes	PAN India	PAN India	0.16	Yes	-	-
13			Yes	PAN India	PAN India	0.45	Yes	-	-
14			Yes	PAN India	PAN India	0.24	Yes	-	-
15	Restoration of Ecological Balance & Disaster Relief	Environmental Sustainability	Yes	AP	East Godavari	0.00	Yes	-	-
16			Yes	GJ	Bhuj	0.00	Yes	-	-
	TOTAL					2.79			

d. Amount spent in Administrative Overheads - ₹ 1.23 crore.

e. Amount spent on Impact Assessment, if applicable - ₹ 0.06 crore.

f. Total amount spent for the Financial Year (8b+8c+8d+8e) - ₹ 25.83 crore.

g. Excess amount for set off, if any

Sl. No.	Particular	Amount (₹ in crore)
(i)	Two percent of average net profit of the Company as per section 135(5)	24.70
(ii)	Total amount spent for the Financial Year	25.83
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1.13
(iv)	Surplus arising out of the CSR projects/programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	1.13

9.

a.Details of Unspent CSR amount for the preceding three financial years:

1	2	3	4	5			6
Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (₹ In crore)	Amount spent in the Reporting Financial Year (₹ In crore)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years (₹ In crore)
				Name of the Fund	Amount (₹ In crore)	Date of transfer	
1.	FY22	NIL	NIL	Not Applicable	Not Applicable	Not Applicable	0.00
2.	FY21	7.31	5.03	Not Applicable	Not Applicable	Not Applicable	2.28
3.	FY20	NIL	NIL	Not Applicable	Not Applicable	Not Applicable	3.47*
	TOTAL	7.31	-	-	-	-	

* An Unspent of ₹ 3.47 crore in FY20 has been fully disbursed and utilized during FY20-21.

b.Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

1	2	3	4	5	6	7	8	9	10
Sl. No.	**Project ID.**	**Name of the project**	**Financial Year in which the project was commenced**	**Project Duration**	**Total amount allocated for the project (₹ in crore)**	**Amount spent on the project in the reporting Financial Year (₹ in crore)**	**Cumulative amount spent at the end of reporting Financial Year (₹ in crore)**	**Status of the project - Completed / Ongoing**	**Mode of Implementation - Through Implementing Agency**
1.	-	Mother & Child Health and Nutrition	FY21	Oct'20 - Dec'21	0.53	0.27	0.53	Completed	CHETNA
2.	-	School WASH & Clean Drinking Water for Rural Communities	FY21	Sept'20 - Mar'22	3.00	0.75	3.00	Completed	Gramalaya
3.	-		FY20	Apr'20 - Dec'21	0.90	0.10	0.90	Completed	Bala Vikasa
4.	-		FY21	Sept'20 - Apr'22	1.03	0.50	0.76	Ongoing	JSCT
5.	-	Diagnosis & Treatment of Preventable Illness	FY20	Mar'20 - Apr'23	1.50	0.00	0.75	Ongoing	Smile Fn.
6.	-		FY20	Apr'20 - Mar'22	1.78	0.78	1.78	Completed	MRF
7.	-	Healthcare: COVID-19 Response	FY21	Mar'21 - May'22	0.12	0.06	0.12	Completed	Craftizen Designs
8.	-	Youth Training & Development	FY21	Sept'20 - Aug'22	2.02	0.80	1.81	Ongoing	FPA India
9.	-		FY21	Sept'20 - Aug'22	0.26	0.02	0.26	Completed	Sarthak Education
10.	-		FY21	Apr'20 - Sept'21	0.50	0.05	0.50	Completed	NRI
11.	-		FY21	Dec'20 - May'22	1.27	0.51	1.14	Ongoing	KSWA
12.	-		FY20	Aug'19 - Aug'22	1.65	0.41	1.24	Ongoing	Sambhav Fn.
13.	-		FY20	Apr'20 - Dec'21	1.60	0.16	1.60	Completed	TNS India Fn.
14.	-		FY20	Sept'19 - Jul'21	0.37	0.04	0.37	Completed	Medha
15.	-		FY20	Jan'20 - Oct'22	1.00	0.00	0.50	Ongoing	SGBS Unnati
16.	-		FY20	Feb'20 - Jun'22	0.75	0.34	0.71	Ongoing	TCIT
17.	-		FY20	Apr'20 - Mar'22	1.05	0.11	1.05	Completed	EFI
18.	-		FY20	Nov'19 - Sept'21	1.25	0.13	1.25	Completed	Manuvikasa
	Total				**20.58**	**5.03**	**18.27**		

10. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):** NIL capital assets are created or acquired in the name of the Company.

11. **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 Committee

Sd/-

G. Ramesh
Managing Director & CEO

Annexure B

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2022
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
HDB Financial Services Limited
Radhika, 2nd Floor, Navrangpura,
Ahmedabad, 380009, Gujarat.

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'). The Secretarial Audit was conducted in a manner which provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute 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, 2022 complied with the statutory provisions listed hereunder 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, 2022 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the Rules made there under;

(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;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment, 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 (Not applicable to the Company during audit period);

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 relating to debt securities listed on Stock Exchange(s);

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during audit period);

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations, 2021 (Not applicable to the Company during audit period);

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not applicable to the Company during audit period);

   (h) The Securities and Exchange Board of India (Debenture Trustees) Regulations 1993; and

   (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during audit period);

(vi) **We further report that**, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the laws i.e. as stated in the Annexure I attached herewith, applicable specifically to the Company.

We have also 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 Disclosures Requirements) Regulations 2015 relating to debt securities listed on Stock Exchange(s);

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of 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 notice is given to all directors to schedule the Board Meetings and agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

a. Appointment of Mr. Arijit Basu as Chairman and Non-Executive Director of the Company.

b. Sell, assign of its receivables/book debts up to ₹ 7,500 crore.

c. Authority to issue redeemable non-convertible debentures and/or other hybrid instruments on private placement basis up to ₹ 11,654.90 crore (Rupees Eleven Thousand Six Hundred Fifty Four Crore and Ninety Lakh Only).

d. Approval of securitisation transaction with HDFC Bank Limited within overall securitisation limit of ₹ 7,500 crore (Rupees Seven Thousand Five Hundred Crore Only).

e. Appointment of M/s. Khimji Kunverji & Co. LLP and M/s. B. K. Khare & Co. as joint statutory auditors of the Company to fill the casual vacancy caused due to ineligibility of M/S. B S R & Co. LLP to continue as the statutory auditors of the Company in terms of RBI guidelines.

f. Authority to issue Redeemable Non-Convertible debentures on private placement basis up to ₹ 10,000 crore (Rupees Ten Thousand Crore Only).

g. Appointment of Ms. Arundhati Mech as an Independent Director of the Company.

h. Ratify and Approve Related Party Transactions with HDFC Bank Limited for FY 2021-22

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 issued and allotted 83,260 (Eighty-Three Thousand Two Hundred and Sixty) Secured Redeemable Non-convertible Debentures of ₹ 10 Lakh each (Rupees Ten Lakh Only) in various tranches on private placement which were duly listed on BSE Limited. Also during the reporting year, the Company has received 3rd Call money of ₹ 300 crore (i.e. 20% of the amount raised) towards partly paid up Non-convertible Debentures issued and allotted in the FY 2019-20;

b. The Company has issued and allotted 150 (One Hundred and Fifty) Unsecured Non- Convertible Perpetual Debt Instruments of ₹ 1 crore each (Rupees One Crore Only) on private placement which were duly listed on BSE Limited;

c. The Company has issued and allotted 1,000 (One Thousand) Secured Redeemable Non-Convertible Market Linked Debentures of ₹ 10 Lakh each (Rupees Ten Lakh Only) on private placement which were duly listed on BSE Limited;

d. The Company has redeemed 65,995 (Sixty-Five Thousand Nine Hundred and Ninety-Five) Secured Redeemable Non-Convertible Debentures in various tranches during the year.

e. The Company has redeemed 1,250 (One Thousand Two Hundred and Fifty) Secured Redeemable Non-Convertible Market Linked Debentures during the year.

f. The Company has redeemed 8,000 (Eight Thousand) Commercial Papers in various tranches during the year.

For Ashish Bhatt & Associates

Sd/-
Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C.P. No. 2956
UDIN: F004650D000135693

Place: Thane
Date: April 16, 2022

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

Annexure I

List of applicable laws to the Company

1. The Reserve Bank of India Act, 1934.
2. Chapter V of Finance Act, 1994.
3. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952.
4. The Payment of Gratuity Act, 1972.
5. The Payment of Bonus Act, 1965.
6. The Employee State Insurance Act, 1948.
7. The Income Tax Act, 1961.
8. The Industrial Dispute Act, 1947.
9. The Indian Stamp Act, 1899.
10. The State Stamp Acts
11. Negotiable Instruments Act, 1881.

For Ashish Bhatt & Associates

Sd/-
Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C.P. No. 2956
UDIN: F004650D000135693

Place: Thane
Date: April 16, 2022

Annexure II

To,

The Members,
HDB Financial Services Limited
Radhika, 2nd Floor, Navrangpura,
Ahmedabad, 380009, Gujarat.

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 and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. 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 Ashish Bhatt & Associates

Sd/-
Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C.P. No. 2956
UDIN: F004650D000135693

Place: Thane
Date: April 16, 2022

Annexure C

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, 2022

Details	ESOP - 10	ESOP - 11	ESOP - 12	ESOP - 13	ESOP - 13A	ESOP - 14
Options granted during the year	-	-	-	-	50,000	22,44,730
Options vested	-	3,08,320	8,96,700	3,47,820	-	-
Options exercised	5,500	2,69,610	7,73,130	2,06,575	-	-
Total number of shares arising as a result of exercise of option	5,500	2,69,610	7,73,130	2,06,575	-	-
Options lapsed / forfeited	650	17,960	82,860	35,870	-	9,910
Exercise price (in ₹)	213	274	300	348	409	433
Money realized by exercise of options (in ₹)	11,71,500	7,38,73,140	23,19,39,000	7,18,88,100	-	-
Total number of options in force as at March 31, 2022	42,000	1,06,430	7,02,910	9,33,155	50,000	22,34,820
Options exercisable, end of year	42,000	1,06,430	1,23,570	1,41,245	-	-

Note: During the FY 2021-22, there was no variation in terms of Employees' Stock Option Scheme.

Employee wise details of Employees' Stock Options granted to Key Managerial Personnel is given below:

Sr. No.	Name	Designation	Granted during FY 2021-22
1	G. Ramesh	Managing Director & CEO	1,43,000
2	Haren Parekh	Chief Financial Officer (upto March 10, 2022)	Nil
3	Jaykumar Shah	Chief Financial Officer (w.e.f. March 11, 2022)	61,000
4	Dipti Khandelwal	Company Secretary	8,700

Annexure D

Disclosure as per Section 197(12) of the Companies Act, 2013 pertaining to individuals employed throughout the year and were in receipt of remuneration of not less than ₹ 1,02,00,000/- per annum or ₹ 8,50,000/- per month

#	Name of the Employee	Designation of the Employee	Remuneration Received (in ₹)	Date of Commencement of employment	Age in years	Experience in years	Qualification	Last employment held before joining
1	G. Ramesh	Managing Director & CEO	4,66,54,451	03-Sept-07	52	30	PGDM	Enam AMC Pvt. Ltd.
2	Rohit Patwardhan	Chief Credit Officer	2,16,90,990	10-Dec-07	47	25	PGDM	Citi Bank
3	Haren D Parekh	Chief of Staff	1,99,44,387	10-Oct-07	60	37	A.C.A.	CIBIL
4	Sarabjeet Singh	Chief Business Officer	1,86,70,734	22-Feb-08	49	26	PGDBM	GE Money
5	Karthik Srinivasan	Chief Business Officer	1,77,01,269	30-Nov-15	49	25	PGDM	Mphasis Ltd
6	Ashish Ghatnekar	Head - Human Resources & Operations	1,70,92,851	01-Dec-08	52	29	MBA	Centurion Bank of Punjab
7	Sanjay Belsare	Chief Technology Officer	1,62,73,519	01-Dec-15	59	32	B. Tech	Kotak Mahindra Bank
8	Venkata Swamy	Chief Digital and Marketing Officer	1,56,27,032	01-Aug-08	48	26	PGDM	ICICI Bank
9	Jaykumar Shah	Chief Financial Officer	1,29,08,793	14-Jun-21	45	22	A.C.A.	L&T Financial Services Ltd
10	Manoj G Nampoothiry	National Portfolio Manager	1,21,03,024	28-Apr-08	46	26	M. Com	GE Money
11	Sathya Ramanan	Business Head - South & East	1,17,61,331	24-Jan-08	47	25	MBA	Prime Financial
12	Manish Tiwari	Business Head - CE	1,10,37,628	02-Sept-11	50	29	Diploma in ME	Kotak Mahindra Bank

Note:

1. *Gross remuneration comprises salary, medical reimbursement, leave travel concession, allowances, monetary value of other perquisites computed on the basis of the Income Tax Act and Rules, leave encashment and performance bonus but excludes perquisite on ESOPs.*
2. *All appointments were made in accordance with the terms and conditions as per Company rules.*
3. *None of the above employee is a relative of any Director of the Company.*
4. *None of the employees listed above hold 2% or more of the paid up share capital of the Company as at March 31, 2022.*

Annexure E

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 is as below:

Name and Designation	Ratio
Mr. Arijit Basu, Chairman	19:1
Mr. Venkatraman Srinivasan, Independent Director	15:1
Ms. Smita Affinwalla, Independent Director	12:1
Dr. Amla Samanta, Independent Director	12:1
Mr. Adayapalam Viswanathan, Independent Director	14:1
Ms. Arundhati Mech, Independent Director	0.42:1
Mr. G. Ramesh, Independent Director	210:1

Note: Mr. Arijit Basu was appointed as Chairman and Non-Executive Director w.e.f. June 1, 2021 and Ms. Arundhati Mech was appointed as Independent Director w.e.f. February 11, 2022.

2. Percentage increase 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	16%
Chief Financial Officer*	15%
Company Secretary	21%

*Mr. Haren Parekh, former Chief Financial Officer up to March 10, 2022.

Non-Executive / Independent Directors

The Shareholders in its 14th Annual General Meeting held on June 25, 2021 had approved remuneration of ₹ 30,00,000 per annum drawn on monthly basis payable to Mr. Arijit Basu, Chairman and Non-Executive Director. Sitting fees payable to the Non-Executive Directors for attending Audit Committee, Nomination & Remuneration Committee, Information Technology Strategy Committee and Risk Management Committee was increased from ₹ 50,000 per meeting to ₹ 75,000 per meeting with effect from May 25, 2021. Further, each Independent Directors were paid commission of ₹ 7,50,000. The commission paid out in FY 2021-22 pertains to FY 2020-21. Ms. Arundhati Mech was appointed as Independent Director w.e.f. February 11, 2022 hence, she was not eligible for payment of commission for FY 2020-21.

3. During the year under review there was no increase in the median remuneration of the employees of your Company.

4. As on March 31, 2022 there were 1,21,595 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 1.91% whereas the increase in the managerial remuneration was 17.33%.

Annexure F

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 Act 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 arms 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	Providing sales/ back-office support services and collection services	April 2021-March 2022	The Company has a contract with the HDFC Bank for providing back office services, sales support and collection services.	It is specialised service provided by the Company to HDFC Bank at cost plus mark up as per the terms agreed between parties	Since, the related party transactions are in ordinary course of business and are at arm's length basis, approval of the Board is not applicable. However, necessary approvals were granted by the Audit Committee from time to time.	Nil
HDFC Bank Limited	Term Loans availed	April 2021-March 2022	The terms and rates are determined as per prevailing market rates	This is in furtherance of the fund raising activities of the Company		Nil
HDFC Bank Limited	Issuance of debt securities	April 2021-March 2022	As per the terms of each issue	This is in furtherance of the fund raising activities of the Company		Nil

The details of the other related party transactions including amount has been mentioned in the notes forming part of financial statement at Note no. 36.

Sd/-

Arijit Basu

Chairman

Annexure G

Independent Auditors' Certificate of Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Members of
HDB Financial Services Limited

1. This report contains details of compliance of conditions of Corporate Governance by HDB Financial Services Limited ('the Company') for the period ending 31st March, 2022 as stipulated in Regulation 17 to 27 and paragraphs C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to Listing Agreement of the Company with Stock exchanges.

   The Company is a High Value Debt Listed Entity ("HVDLE") pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 dated September 7, 2021. Accordingly, the regulation 16 to regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Corporate Governance became applicable to the Company with effect from September 7, 2021.

Management's Responsibility for compliance with the conditions of Listing Regulations

2. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditors' Responsibility

3. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor expression of opinion in the financial statements of the Company.

4. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the period ended 31st March, 2022.

Opinion

5. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above-mentioned Listing Regulations.

6. We 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.

Restrictions on Use

7. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For Ashish Bhatt & Associates
Company Secretaries
Sd/-
Ashish Bhatt
Membership No 4650
C.P. No. 2956
UDIN: F004650D000337895

Place: Thane
Date: May 18, 2022

Corporate Governance disclosures as per Section 134 of the Companies Act, 2013 and Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Company's philosophy on Corporate Governance

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

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

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

Board of Directors

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

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

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

In compliance with the provisions of the Companies Act, 2013 (the "Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations"), the Board of your Company has an optimum combination of Executive, Non-Executive and Independent Directors. The composition of the Board is in compliance with the provisions of the Act and Rules made thereunder and SEBI Listing Regulations as amended from time to time. As on March 31, 2022, the Board comprised of seven members, out of which one is Executive Director, one is Non-Executive Chairman and five are Non-Executive Independent Directors. Three of the Non-Executive Independent Directors are Women.

The composition of the Board of Directors as at March 31, 2022, including other details are given below:

Name of the Director & DIN	Category	Directorships			Number of Committee positions held**	
		In equity listed companies	In unlisted public companies*	In private limited companies	Chairperson	Member
Mr. Arijit Basu (DIN: 06907779)	Chairman and Non-Executive Director	0	2	0	0	0
Mr. Venkatraman Srinivasan (DIN: 00246012)	Independent Director	3	1	0	4	6
Ms. Smita Affinwalla (DIN: 07106628)	Independent Director	1	2	2	1	4
Dr. Amla Samanta (DIN: 00758883)	Independent Director	0	2	3	1	2
Mr. Adayapalam Viswanathan (DIN: 08518003)	Independent Director	0	2	0	1	3
Ms. Arundhati Mech (DIN: 09177619)	Independent Director	0	2	0	0	1
Mr. G. Ramesh (DIN: 05291597)	Managing Director & Chief Executive Officer	0	1	0	0	1

* Including Directorship in HDB Financial Services Limited

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

The number of Memberships of the Directors in the Committee includes the number of posts of Chairman of the said Committee held in public companies including HDB Financial Services Limited.

Details of the Directorships in other listed entities:

Name of Director	Name of listed entity	Category
Mr. Arijit Basu	Nil	Not applicable
Mr. Venkatraman Srinivasan	Fairchem Organics Limited	Independent Director
	Tata Coffee Limited	Independent Director
	Mahanagar Gas Limited	Independent Director
Ms. Smita Affinwalla	Prime Securities Limited	Independent Director
Dr. Amla Samanta	Nil	Not applicable
Mr. Adayapalam Viswanathan	Nil	Not applicable
Ms. Arundhati Mech	Nil	Not applicable
Mr. G. Ramesh	Nil	Not applicable

In terms of Regulation 26 of Listing Regulations, none of the Directors of the Company were members of more than 10 Committees or acted as the Chairperson of more than 5 Committees across all listed companies in India, in which they are a Director.

Basis the disclosures received from the Directors, it is confirmed that none of the Directors is on the Board of more than:

i. 20 (twenty) companies;

ii. 10 (ten) public limited companies;

iii. 7 (seven) listed entities;

There is no inter-se relationship between the Directors.

Board meetings and deliberations

The Board / Committee Meetings are convened by giving appropriate notice well in advance of the meetings. The Directors / Members are provided with appropriate information in the form of agenda items in a timely manner, to enable them to deliberate on each agenda item and make informed decisions and provide appropriate directions to the Management. The Board meets at least once in every quarter to review the quarterly results and other items on the agenda and additional meetings are held to address specific needs and business requirements of your Company. In case of business exigencies, the Board's approvals are taken through circular resolutions and the same are noted at the subsequent meeting of the Board and/or Committees.

Video-conferencing facility is made available to facilitate Director(s) travelling or present at other locations, in case they wish to participate in the meetings. The same is conducted in compliance with the applicable laws. The Business Heads and other executives attend the Board and Committee meetings upon invitation on need basis.

During the year under review, recommendations given by the various committees of the Board were considered and accepted as appropriate by the Board of Directors.

During the FY 2021-22, the Board of Directors met 8 (Eight) times on April 17, 2021, May 25, 2021, June 18, 2021, July 16, 2021, October 16, 2021, January 15, 2022, February 11, 2022 and March 10, 2022. The requisite quorum was present for all the Meetings. The Board met at least once in a calendar quarter and the maximum time gap between any two Meetings was not more than one hundred and twenty days.

The below gives the number of Board meetings held and attended by each Director, attendance record of the last Annual General Meeting held on June 25, 2021 and number of shares held by each Directors:

Name of Director	Number of Board Meetings		Whether attended last AGM	No. of shares held in the Company
	Held during their tenure	Meetings attended		
Mr. Arijit Basu	6	6	Yes	Nil
Mr. Venkatraman Srinivasan	8	8	Yes	Nil
Ms. Smita Affinwalla	8	7	Yes	Nil
Dr. Amla Samanta	8	8	Yes	Nil
Mr. Adayapalam Viswanathan	8	8	Yes	Nil
Ms. Arundhati Mech	1	1	Not Applicable	Nil
Mr. G. Ramesh	8	8	Yes	7,50,500

Changes in Board Composition

The change in the Board composition during the year financial year 2021-22 is as under:

Name of Director	Nature of change	Effective Date
Mr. Arijit Basu	Appointed as Chairman and Non-Executive Director	June 1, 2021
Ms. Arundhati Mech	Appointed as Independent Director	February 11, 2022

Appointment of Mr. Arijit Basu was approved by the shareholders in the 14th AGM held on June 25, 2021 and the appointment of Ms. Arundhati Mech was approved by the shareholders through Postal Ballot passed on March 27, 2022.

Declaration of independence

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

Meetings of Independent Directors

As stipulated by the Code of Independent Directors under the Act and Rules made thereunder and SEBI Listing Regulations as amended from time to time, one Meeting of Independent Directors was held during the year.

The Meeting was conducted to enable Independent Directors, discuss matters relating to Company's affairs and put forth their views without the presence of Non-Independent Directors and members of the Management.

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

A separate Meeting of Independent Directors was held on April 16, 2021, during the year under review.

The details of the Separate Meeting of Independent Directors held during FY 2021-22 and attendance of the members at the meeting is given below:

Name of Director	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Ms. Smita Affinwalla	1	1	100
Mr. Venkatraman Srinivasan	1	1	100
Dr. Amla Samanta	1	1	100
Mr. Adayapalam Viswanathan	1	1	100
Ms. Arundhati Mech	Nil	Not Applicable	Not Applicable

Familiarisation programme for Independent Directors

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

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

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters along with details of number of programmes and number of hours spent by each of the Independent Directors during the Financial Year 2021-22, in terms of the requirements of SEBI Listing Regulations are available on the website of the Company and can be accessed at https://www.hdbfs.com/policies.

Chart setting out the competencies of the Board

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

Skill Areas	Mr. Arijit Basu	Mr. Venkatraman Srinivasan	Ms. Smita Affinwalla	Mr. Adayapalam Viswanathan	Dr. Amla Samanta	Ms. Arundhati Mech	Mr. G. Ramesh
Leadership qualities	✓	✓	✓	✓	✓	✓	✓
Business and Strategic planning	✓	✓	✓	✓	✓	✓	✓
Industry knowledge and experience	✓	✓	✓	✓	✓	✓	✓
Engagement	✓	✓	✓	✓	✓	✓	✓
Governance, Compliance and Audit purview	✓	✓	✓	✓	✓	✓	✓
Information Technology	✓	✓		✓		✓	✓
Risk management	✓	✓	✓	✓	✓	✓	✓

Committees of the Board

Your Company has six Board level Committees - Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and Information Technology Strategy Committee. All decisions pertaining to the constitution of Committees, appointment of members and terms of reference for Committee members are taken by the Board of Directors. Details pertaining to the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

a) Audit Committee

Your Company has an independent Audit Committee, which acts as a link between the management, the statutory and internal auditors and the Board. Its composition, quorum, powers, role and scope are in accordance with the provisions of Section 177 of the Act, Regulation 18 of the SEBI Listing Regulations and Reserve Bank of India Master Direction No. RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 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:

All the members of the Audit Committee are Independent Directors. The Composition of the Audit Committee as on March 31, 2022 is as under:

Name of the Member	Category
Mr. Venkatraman Srinivasan	Chairman of the Committee, Independent Director
Mr. Adayapalam Viswanathan	Member, Independent Director
Ms. Smita Affinwalla	Member, Independent Director

Note: Dr. Amla Samanta ceased to be a Member of the Committee consequent to reconstitution of the Committee with effect from August 16, 2021.

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;

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

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

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

Meetings and Attendance during the year:

The Audit Committee met 7 (Seven) times during the year under review on April 17, 2021, July 16, 2021, August 13, 2021, October 15, 2021, January 14, 2022, January 15, 2022 (adjourned meeting), February 11, 2022 and March 07, 2022. The gap between two Meetings did not exceed one hundred and twenty days.

The details of attendance of the Members of the Committee at meeting are provided herein below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Venkatraman Srinivasan	7	7	100
Mr. Adayapalam Viswanathan	7	7	100
Ms. Smita Affinwalla	7	7	100
Dr. Amla Samanta	3	3	100

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

The Company Secretary acts as the Secretary to the Audit Committee.

During the FY 2021-22, the Board had accepted all recommendations of the Audit Committee.

b) Nomination and Remuneration Committee

Your Company has a Nomination and Remuneration Committee (NRC) in compliance with the provisions of the Section 178 of the Act, Regulation 19 of SEBI Listing Regulations and Reserve Bank of India Master Direction No. RBI/ DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("RBI Master Directions").

Composition:

More than 50% members of the Nomination and Remuneration Committee are Independent Directors. The Composition of the Nomination and Remuneration Committee as on March 31, 2022 is as under:

Name of the Member	Category
Mr. Venkatraman Srinivasan	Chairperson of the Committee, Independent Director
Mr. Arijit Basu	Member, Non-Executive Director
Dr. Amla Samanta	Member, Independent Director

Note:

1. Ms. Smita Affinwalla and Mr. Adayapalam Viswanathan ceased to be a Member of the Nomination and Remuneration Committee consequent to reconstitution of the Committee with effect from August 16, 2021.
2. Mr. Venkatraman Srinivasan was appointed as the Chairman and Mr. Arijit Basu was appointed as a Member of the Nomination and Remuneration Committee with effect from August 16, 2021.

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;

(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;

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

Meetings and Attendance during the year:

The Nomination and Remuneration Committee met 5 (Five) times during the year under review, on May 24, 2021, August 31, 2021, October 14, 2021, October 27, 2021 and March 7, 2022. The details of attendance of the Members of the Committee at meeting, are provided herein below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Venkatraman Srinivasan	5	5	100
Ms. Smita Affinwalla	1	0	0
Dr. Amla Samanta	5	5	100
Mr. Adayapalam Viswanathan	1	1	100
Mr. Arijit Basu	4	4	100

The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

During the FY 2021-22, the Board had accepted all recommendations of the Nomination and Remuneration Committee.

Ms. Smita Affinwalla, former Chairperson of the Committee, was present at the 14th AGM which was held through video conferencing (VC) on June 25, 2021 to answer members' queries.

Performance Evaluation of Board, its Committees and Directors

The Nomination and Remuneration Committee had approved a framework for performance evaluation of the Board of Directors, its Committees and the individual Board members.

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

Performance evaluation framework of the Company is as follows:

a. NRC would approve framework of performance evaluation of the Company;
b. Board would evaluate the performance of the Independent Directors, Board as a whole and Committees of the Board;
c. Independent Directors would evaluate the performance of the Chairman of the Company after taking views of other directors, Board as a whole and Non-Independent Directors;
d. Self-evaluation of individual Directors.

The evaluation involves self-evaluation by the Board Member and subsequent assessment by the Independent Directors. A member of the Board will not participate in the discussion of his/her evaluation.

The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors.

The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Director being evaluated. Performance evaluation of the Board and of its Committees was carried out by the

Board. Qualitative comments and suggestions of Directors were taken into consideration by the Chairman of the Board and the Chairman of the Nomination and Remuneration Committee.

The Directors have expressed their satisfaction with the evaluation process.

c) Stakeholders Relationship Committee

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

Composition:

The composition of Stakeholders Relationship Committee of the Company as on March 31, 2022 is as under:

Name of the Member	Category
Dr. Amla Samanta	Chairperson of the Committee, Independent Director
Mr. Adayapalam Viswanathan	Member, Independent Director
Mr. G. Ramesh	Member, Managing Director & Chief Executive Officer

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.

Details of the investor complaints received during the FY 2021-22 are given as below:

No. of complaints received	No. of complaints not solved to the satisfaction of the shareholders	No. of pending complaints at the end of the year
Nil	Nil	Nil

Meetings and Attendance during the year:

The Stakeholders Relationship Committee met twice during the year under review on April 16, 2021 and October 8, 2021.

The details of attendance of the Members of the Committee at meeting, are provided herein below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Dr. Amla Samanta	2	2	100
Mr. Adayapalam Viswanathan	2	2	100
Mr. G. Ramesh	2	2	100

The Company Secretary acts as the Secretary to the Stakeholder Relationship Committee.

During the FY 2021- 22, the Board accepted all recommendations of the Committee.

Ms. Dipti Khandelwal, Company Secretary of the Company is the Compliance Officer for the purpose of the SEBI Listing Regulations.

Dr. Amla Samanta, Chairperson of the Committee, was present at the 14th AGM which was held through video conferencing on June 25, 2021 to answer stakeholders' queries.

d) Risk Management Committee

Your Company has Risk Management Committee in compliance with Regulation 21 of SEBI Listing Regulations and Reserve Bank of India Master Direction No. RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("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:

The composition of the Risk Management Committee as on March 31, 2022 is as follows:

Name of the Member	Category
Mr. Adayapalam Viswanathan	Chairman of the Committee, Independent Director
Mr. Venkatraman Srinivasan	Member, Independent Director
Mr. G. Ramesh	Member, Managing Director & Chief Executive Officer

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) Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
(iv) Monitoring and overseeing implementation of the risk management policy, including evaluating the adequacy of risk management systems;
(v) Periodically reviewing the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
(vi) Approving and reviewing the Assets Classification & Expected Credit Loss policy, Review IT Risk assessment of IT systems;
(vii) Approving a framework to evaluate the risks and materiality of all existing and prospective outsourcing and the policies that apply to such arrangements.

Meetings and Attendance during the year:

The Risk Management Committee met 5 (Five) times during the year under review on April 16, 2021, July 15, 2021, October 14, 2021, December 21, 2021 and March 17, 2022. The details of attendance of the Members of the Committee at meeting, are provided herein below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Adayapalam Viswanathan	5	4	80
Mr. Venkatraman Srinivasan	5	5	100
Mr. G. Ramesh	5	5	100

The Company Secretary acts as the Secretary to the Risk Management Committee.

During the FY 2021-22, the Board accepted all recommendations of the Risk Management Committee.

e) Corporate Social Responsibility Committee

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

Composition:

The composition of the CSR Committee as on March 31, 2022 is as under:

Name of the Member	Category
Dr. Amla Samanta	Chairperson of the Committee, Independent Director
Ms. Smita Affinwalla	Member, Independent Director
Mr. G. Ramesh	Member, Managing Director & Chief Executive Officer

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 Corporate Social Responsibility Committee inter-alia includes:

(i) To formulate the Company's CSR strategy, policy and goals and to review and update them from time to time as the Company's activities evolve further;
(ii) To monitor the Company's CSR policy and performance;
(iii) Recommend the amount of expenditure to be incurred on the CSR activities;
(iv) To review the CSR project/initiatives from time to time;
(v) To ensure reporting and communication to stakeholders on the Company's CSR projects/initiatives;
(vi) To formulate and recommend to the Board, an annual action plan.

Meetings and Attendance during the year:

The Corporate Social Responsibility Committee met 4 (Four) times during the year under review on April 16, 2021, July 15, 2021, October 8, 2021 and December 16, 2021. The details of attendance of the Members of the Committee at meeting are provided herein below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Dr. Amla Samanta	4	4	100
Ms. Smita Affinwalla	4	4	100
Mr. G. Ramesh	4	4	100

The Company Secretary acts as the secretary to the CSR Committee.

During the FY 2021-22, the Board accepted all recommendations of the CSR Committee.

f) Information Technology Strategy Committee

Information Technology (IT) Strategy Committee was formed as per the provisions of RBI Master Direction No. RBI/DNBS/2016-17/53 DNBS.PPD.No.04/66.15.001/2016-17 dated June 08, 2017 pertaining to "Information Technology Framework for the NBFC Sector".

Composition:

The composition of IT Strategy Committee as on March 31, 2022 is as under:

Name of the Member	Category
Mr. Adayapalam Viswanathan	Chairperson of the Committee, Independent Director
Mr. Arijit Basu	Member, Non-Executive Director
Ms. Smita Affinwalla	Member, Independent Director
Mr. G. Ramesh	Member, Managing Director & Chief Executive Officer
Mr. Sanjay Belsare[1]	Member, Chief Information Officer and Chief Technology Officer

[1]*Member of Executive Management*

Note:

1. Mr. Venkatraman Srinivasan ceased to be a Member of the Committee consequent to reconstitution of the Committee with effect from August 16, 2021.
2. Mr. Arijit Basu was appointed as a Member of the Committee with effect from August 16, 2021, consequent to his appointment as the Director.
3. Mr. Adayapalam Viswanathan was appointed as the Chairman and Ms. Smita Affinwalla was appointed as a Member of the Information Technology Strategy Committee with effect from August 16, 2021.

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) Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
(ii) Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
(iii) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
(iv) Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
(v) Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls.

Meetings and Attendance during the year:

The Information Technology Strategy Committee met 4 (Four) times during the year under review i.e. April 16, 2021, July 15, 2021, October 8, 2021 and January 27, 2022. The details of attendance of the Members of the Committee, are provided herein below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Adayapalam Viswanathan	4	3	75
Mr. Venkatraman Srinivasan	2	2	100
Mr. Arijit Basu	2	2	100
Ms. Smita Affinwalla	2	2	100
Mr. G. Ramesh	4	4	100
Mr. Sanjay Belsare[1]	4	4	100

[1]*Member of Executive Management*

The Company Secretary acts as the secretary to the Information Technology Strategy Committee.

During the FY 2021-22, the Board accepted all recommendations of the Information Technology Strategy Committee.

g) Other Committees

The Board has also constituted Asset Liability Committee, Debenture Allotment Committee, Bond Allotment Committee and Share Allotment Committee. These Committees are not Board Level Committees. However, Mr. G. Ramesh, Managing Director and Chief Executive Officer is a member of these Committees along with other senior executives of the Company.

i. Asset Liability Committee

As per the Reserve Bank of India Master Direction on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Asset Liability Committee was formed to oversee the risk management policy/strategy of the Company relating to liquidity, interest rate and asset liability gap and to formulate and review Asset-Liability Management Policy of the Company.

Composition:

The Composition of Asset Liability Committee as on March 31, 2022 is as under:

Name of the Member	Category
Mr. G. Ramesh	Chairperson
Mr. Jaykumar Shah[1]	Member
Mr. Haren Parekh[1]	Member
Mr. Sanjay Belsare[1]	Member
Mr. Harish Venugopal[1]	Member

[1]*Member of Executive Management*

Note:

1. Mr. Rohit Patwardhan ceased to be a Member of the Committee with effect from November 25, 2021 consequent to appointment of Mr. Harish Venugopal as Chief Risk Officer of the Company.
2. Mr. Harish Venugopal and Mr. Jaykumar Shah were appointed as a Member of the Committee with effect from November 25, 2021.

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements. The key responsibilities of the Committee include review & management of liquidity gaps and structural liquidity of the Company, review & management of interest rate sensitivity of the Company, to review Floating Reference Rate (FRR) statements, develop a view on future direction on interest rate movements & decide on funding mixes and reporting to the Board of Directors on periodical basis on the above matters.

Meetings and Attendance during the year:

During the FY 2021-22, the Asset Liability Committee met 12 (Twelve) times on April 28, 2021, May 21, 2021, June 28, 2021, July 13, 2021, August 12, 2021, September 14, 2021, October 13, 2021, November 15, 2021, December 15, 2021, January 13, 2022, February 14, 2022 and March 14, 2022.

The details of the attendance of the members of the Asset Liability Committee is given below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. G. Ramesh	12	12	100
Mr. Haren Parekh[1]	12	12	100
Mr. Rohit Patwardhan[1]	8	8	100
Mr. Sanjay Belsare[1]	12	9	75
Mr. Jaykumar Shah[1]	4	4	100
Mr. Harish Venugopal[1]	4	4	100

[1]*Member of Executive Management*

The Company Secretary acts as the secretary to the Asset Liability Committee.

ii. Debenture Allotment Committee

During the FY 2021-22, the Debenture Allotment Committee met 18 (Eighteen) times. The details of the meetings held during the FY 2021-22 and attendance of the members of the Debenture Allotment Committee is given below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. G. Ramesh	18	15	83
Mr. Haren Parekh[1]	18	17	94
Mr. Jaykumar Shah[1]	7	7	100
Mr. Ashish Ghatnekar[1]	18	15	83

[1]*Member of Executive Management*

iii. Share Allotment Committee

During the FY 2021-22, the Share Allotment Committee met twice. The details of the meetings held during the FY 2021-22 and attendance of the members of the Share Allotment Committee is given below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. G. Ramesh	2	2	100
Mr. Haren Parekh[1]	2	2	100
Mr. Jaykumar Shah[1]	2	2	100
Mr. Ashish Ghatnekar[1]	2	0	0

[1]*Member of Executive Management*

iv. Bond Allotment Committee

No meeting of the Bond Allotment Committee was held during the FY 2021-22. As on March 31, 2022, Mr. G. Ramesh, Mr. Haren Parekh, Mr. Jaykumar Shah and Mr. Ashish Ghatnekar were members of the Bond Allotment Committee.

Note: Mr. Jaykumar Shah was appointed as a member of the Debenture Allotment Committee, Bond Allotment Committee and Share Allotment Committee with effect from October 16, 2021.

General Body meetings

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

a. Annual General Meeting:

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

Details of AGM	Date and Time	Venue	Special resolutions passed
14th AGM	June 25, 2021 at 12 p.m.	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	• To approve Selling, Assignment of its receivables/book debts upto ₹ 7,500 crore. • Authority to issue redeemable non-convertible debentures and/or other hybrid instruments on private placement basis.

Details of AGM	Date and Time	Venue	Special resolutions passed
13th AGM	June 30, 2020 at 12 p.m.	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	• Reappointment of Mr. Venkatraman Srinivasan as an Independent Director of the Company.
			• Reappointment of Ms. Smita Affinwalla as an Independent Director of the Company.
			• To approve increase in borrowing limits of the Company from ₹ 70,000 Crore to ₹ 80,000 crore.
			• To approve increase in limits for creation of charge on the assets of the Company upto an amount of ₹ 80,000 Crore to secure its borrowings.
			• Authority to issue Redeemable Non-Convertible Debentures and/or other Hybrid Instruments on private placement basis.
			• Authority to issue Foreign Currency/ Rupee Denominated Bonds.
12th AGM	June 21, 2019 at 12 p.m.	Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Near Panjarapole Cross roads, Vastrapur, Ahmedabad - 380 015	• To approve increase in borrowing limits of the Company from ₹ 60,000 crore to ₹ 70,000 crore.
			• To approve increase in limits for creation of charge on the assets of the Company upto an amount of ₹ 70,000 crore to secure its borrowings.
			• To approve selling, assignment of its receivables/book debts upto ₹ 7,500 crore.
			• Authority to issue Redeemable Non-Convertible Debentures and/or other Hybrid Instruments on private placement basis.
			• Authority to issue Foreign Currency/ Rupee Denominated Bonds.
			• Profit related commission to Independent Directors.

Extra-Ordinary General Meeting:

During the Financial Year 2021-22, no Extra-Ordinary General meeting of the Company was held.

Postal Ballot:

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 2021-22, the Company had sought approval of the members through postal ballot, the details of the same are given below:

Date of Notice	Date of Scrutinizer's report	Date of passing the resolution	Special resolutions passed
February 11, 2022	March 28, 2022	March 27, 2022	Appointment of Ms. Arundhati Mech as an Independent Director of the Company
July 16, 2021	September 20, 2021	September 18, 2021	To issue redeemable non-convertible debentures on private placement basis

Voting results of Special resolution passed through Postal Ballot Notice dated February 11, 2022:

Particulars	Number of Shareholders	Number of votes cast by them	Percentage of valid votes (%)
Votes in favour of the Resolution	200	75,25,86,059	99.9992%
Votes against the Resolution	22	5,684	0.0008%
Invalid Votes	-	-	-
Total	222	75,25,91,743	100.0000%

Voting results of Special resolution passed through Postal Ballot Notice dated July 16, 2021:

Particulars	Number of Shareholders	Number of votes cast by them	Percentage of valid votes (%)
Votes in favour of the Resolution	277	75,49,69,687	99.9963%
Votes against the Resolution	26	27,704	0.0037%
Invalid Votes	0	0	0.0000%
Total	303	75,49,97,391	100.0000%

Mr. Mitesh Shah, proprietor of M/s. Mitesh J. Shah & Associates, Practicing Company Secretary, was appointed as the Scrutinizer for conducting the Postal Ballot process, in a fair and transparent manner.

There is no immediate proposal for passing any resolution through Postal Ballot.

Procedure for Postal Ballot:

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company also provides electronic voting (e-voting) facility to all its members.

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

In view of the COVID-19 pandemic and dispensation granted by MCA, postal ballot notice was sent through e-mail only, to all those members who had registered their e-mail ids with the Company/depositories. Arrangements were also made for other members to register their e-mail id to receive the postal ballot notice and cast their vote online.

Details of Remuneration to Directors

a. Pecuniary relationship/ transaction with non-executive directors

During the FY 2021-22, there were no pecuniary relationship/ transactions of any non–executive directors with the Company, apart from receiving remuneration as directors. During the FY 2021-22, the Company did not advance any loans to any of its directors.

b. Remuneration to Executive Directors

The details of the remuneration paid and stock options granted to Mr. G. Ramesh, Managing Director and CEO during the financial year 2021-22 is as under:

Particulars of Remuneration	Amount ₹
Gross salary	4,52,91,823
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	15,028
c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-

Particulars of Remuneration	Amount ₹
Perquisite value of stock options exercised	47,70,000
Sweat Equity	-
Commission	-
Company Car	12,000
Total	**5,00,88,851**
Number of Stock Options granted	1,43,000

c. Remuneration to Non-Executive Directors

Sitting fees

Sitting fees was paid to all the Independent Directors and Non-Executive Directors of the Company.

The sitting fees for attending meetings of Board of Directors, Audit Committee, Nomination and Remuneration Committee, Information Technology Strategy Committee and Risk Management Committee is ₹ 75,000 per meeting. Sitting fees for attending meetings of the Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Separate meeting of Independent Directors meetings is ₹ 25,000 per meeting.

Sitting fees payable to the Non-Executive Directors for attending Audit Committee, Nomination & Remuneration Committee, Information Technology & Strategy Committee and Risk Management Committee was increased from ₹ 50,000 per meeting to ₹ 75,000 per meeting with effect from May 25, 2021.

Profit Related Commission

The Shareholders in its 12th Annual General Meeting held on June 21, 2019 had approved payment of profit related commission to Independent Directors at the rate of ₹ 60,000 per meeting of the Board and/or Committee attended subject to maximum of ₹ 7,50,000.

The details of sitting fees, commission and remuneration paid to non-executive directors during the financial year 2021-22 is as under:

Amount ₹

Name of Director	Sitting Fees	Commission	Remuneration
Mr. Arijit Basu	9,00,000	-	25,00,000
Mr. Venkatraman Srinivasan	19,50,000	7,50,000	-
Ms. Smita Affinwalla	13,00,000	7,50,000	-
Mr. Adayapalam Viswanathan	17,00,000	7,50,000	-
Dr. Amla Samanta	13,25,000	7,50,000	-
Ms. Arundhati Mech	75,000	-	-

Note: The Shareholders in its Annual General Meeting held on June 25, 2021 had approved remuneration of ₹ 30,00,000 per annum drawn on monthly basis payable to Mr. Arijit Basu, Chairman and Non-Executive Director.

Succession Planning

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

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

DISCLOSURES

Related party transactions

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

All related party transactions are placed before the Audit Committee and the Board for their approval on quarterly basis. Transactions with related parties, as per the requirements of Ind-AS, are disclosed to 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.

Pursuant to the provisions of Regulation 23(8) of the SEBI Listing Regulations all material related party arrangements and transactions (whether individually or transactions taken together or series of transactions or otherwise), undertaken during FY 2021-22 with HDFC Bank Limited, being a related party of the Company were ratified and approved by the Members through Postal Ballot dated March 27, 2022.

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.

The disclosures with respect to related party as specified in Regulation 53(1)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is forming part of the financial statements at Note no. 36.

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 year under review, as also during the last three 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.

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.

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.

Commodity price risk or foreign exchange risk and hedging activities

The Company does not deal in any commodity and hence is not directly exposed to any commodity price risk. In the past the Company has entered into derivative transactions with various counter parties to hedge its foreign exchange risks and interest rate risks associated with External Commercial Borrowings (ECBs). The ECBs are fully hedged and possess no foreign exchange risk.

Certificate from practicing company secretary regarding Non-Debarment and Non Disqualification of Directors

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

Details of recommendation of any Committee of the Board not accepted by the Board and reasons thereof

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

Fees paid to Statutory Auditors

Total fees paid by the Company during the FY 2021-22 to the Statutory Auditors including all entities in their network firm/entity of which they are a part, is given below:

Sr. No.	Particulars	Amount (₹ in crore)
	M/s. Khimji Kunverji & Co. LLP & their network firm/entity of which they are a part	
1	Fees as Statutory Auditors	0.49
2	Fees for other services	0.00
	M/s. B. K. Khare & Co. & their network firm/entity of which they are a part	
1	Fees as Statutory Auditors	0.49
2	Fees for other services	0.00
	M/s. B S R & Co. LLP, Chartered Accountants & their network firm/entity of which they are a part	
1	Fees as Statutory Auditors	0.16
2	Fees for other services	0.01

Complaints pertaining to sexual harassment

The details of complaints filed, disposed of and pending during every quarter pertaining to sexual harassment are reported to the Board and are included in the Directors Report forming part of this Annual Report.

CEO/CFO Certification

The Managing Director & Chief Executive Officer and Chief Financial Officer have certified to the Board with regard to the financial statements and internal controls relating to financial reporting for the year ended March 31, 2022 as required under the SEBI Listing Regulations. The said Certificate is attached as "**Annexure - II**" and forms part of this Report.

Report on corporate governance

The Company is a High Value Debt Listed Entity ("HVDLE") pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 dated September 7, 2021. Accordingly, the Regulation 16 to Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Corporate Governance became applicable to the Company with effect from September 7, 2021. The Company has been submitting the quarterly corporate governance compliance report to the stock exchange as required under regulation 27(2) of the SEBI Listing Regulations from the applicable period.

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

Code of conduct

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

All the Board members and senior management personnel have affirmed compliance with the code for the year ended March 31, 2022. A declaration to this effect signed by the Managing Director and CEO forms part of Annual Report as **Annexure - III**.

Detailed reasons for the resignation of an Independent Director who resigns before the expiry of his tenure

None of the Independent Director of the Company has resigned before the expiry of his/her respective tenure(s) during the FY 2021-22.

Compliance of mandatory and discretionary requirements

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

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

a) The Board

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

b) Modified opinion(s) in audit report

The Company confirms that its financial statements have unmodified audit opinion.

c) Separate posts of Chairperson and Managing Director or the Chief Executive Officer

Mr. Arijit Basu is the Non-Executive Chairman and Mr. G. Ramesh is the Managing Director & Chief Executive Officer of the Company.

d) Reporting of internal auditor

The internal auditor reports directly to the Audit Committee.

Adherence to Accounting Standards

The Company has complied with the applicable Indian Accounting Standards (Ind-AS) notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013. The financial statements for the year have been prepared in accordance with Schedule III to the Companies Act, 2013.

Risk Management and internal control policies adopted by the Company

The Company has a well-defined Risk Management Framework in place. The Company has procedures to periodically place before the Audit Committee, Risk Management Committee and the Board, the risk assessment and mitigation plans being followed by the Company.

Secretarial Standards

The Company has complied with the applicable provisions of secretarial standards issued by The Institute of Company Secretaries of India.

Means of communication

A separate dedicated section 'Investors' is maintained on the website of the Company for ease of the shareholders. The information required to be disseminated by the Company in terms SEBI Listing Regulations are uploaded on the website of the Company.

Quarterly, half-yearly and annual financial results are intimated to the BSE Limited and National Stock Exchanges of India Limited and published in Free Press Journal (Mumbai edition). The Financial Results are also uploaded on the website of the Company.

The Annual Report of the Company, the quarterly/ half- yearly and the Annual Financial Results are displayed on the Company's website at https://www.hdbfs.com/investors.

GENERAL SHAREHOLDER INFORMATION

15th Annual General Meeting

Day and Date : Thursday, June 23, 2022

Time : 12 pm

Venue/Mode of AGM : Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")

Financial Year : April 1, 2021 to March 31, 2022

Dividend Payment date: On or after June 27, 2022

Listing on stock exchanges:

The non-convertible securities of the Company are listed on the debt market segment of BSE Limited. Commercial Papers of the Company are listed on the debt market segment of the National Stock Exchange of India Limited, however as on March 31, 2022 there are no outstanding Commercial Papers of the Company.

Name of Stock Exchange	Address
BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001
National Stock Exchange of India Limited	Exchange Plaza, Plot No. C/1, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051

Annual listing fees, as prescribed, have been paid to the said stock exchanges up to March 31, 2022.

Stock Code

The equity shares of the Company are not listed on the Stock Exchange, hence the Stock code is not applicable.

Market price data and performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc.

Not applicable, as the equity shares of the Company are not listed.

Suspension of Securities from trading

During the FY 2021-22, none of the securities of the Company were suspended from trading.

Registrar and share transfer agent and Share transfer system

In terms of Regulation 7 of the SEBI Listing Regulations, Link Intime India Pvt. Ltd. continues to be the Registrar and Share Transfer Agent and handles all relevant share registry services. All the securities of the Company are in dematerialised form, hence there are no physical transfer of securities.

Distribution of shareholding

Shareholding pattern of the Company as at March 31, 2022:

Name of Shareholder	No. of equity shares held	Percentage
HDFC Bank Limited	75,05,96,670	94.96
Others	3,98,43,361	5.04
Total (Issued & Paid-up Shares)	**79,04,40,031**	**100.00**

Dematerialization of shares and liquidity

As on March 31, 2022, the total equity capital of the Company was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. As the equity shares of the Company are not listed on the Stock Exchange, the shares were not traded on the Stock Exchange.

Outstanding Global Depository Receipts ("GDRs")/American Depository Receipts ("ADRs")/Warrants or any Convertible Instruments, Conversion Date and likely impact on equity

As on March 31, 2022, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

Address for correspondence

Investors and shareholders can correspond with the share transfer agent of the Company or the Company at the following addresses:

Registrar and Share Transfer Agent

Link Intime India Pvt. Ltd.

Address: C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400083

Website: http://www.linkintime.co.in

Contact person for Equity Shares:
Mr. Pradeep Mokale
Tel.: +91 022 4918 6270
Fax: +91 022 4918 6060
Email: pradeep.mokale@linkintime.co.in, rnt.helpdesk@linkintime.co.in

Contact person for Commercial Papers & Non-Convertible Securities:
Mr. Ganesh Jadhav
Tel.: +91 022 4918 6270
Fax: +91 022 4918 6060
Email: rnt.helpdesk@linkintime.co.in, bonds.helpdesk@linkintime.co.in, ganesh.jadhav@linkintime.co.in

Company's correspondence details:

HDB Financial Services Limited
Ms. Dipti Khandelwal, Company Secretary & Compliance Officer
Address: Ground Floor, Zenith House, Keshavrao Khadye Marg, Mahalaxmi, Mumbai - 400034.
Email: compliance@hdbfs.com Tel: +91 22 49116300
Fax: +91 22 49116666

Plant Locations/Offices:

As of March 31, 2022, the Company has 1,374 branches in 989 cities in India.

Ratings

The credit rating details are disclosed in the Directors Report forming part of this Annual Report.

Unclaimed Dividend

Pursuant to Sections 124 and 125 of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), including amendment thereto, dividend, if not claimed within seven years from the date of transfer to Unpaid Dividend Account of the Company, is liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The list of the unclaimed dividend along with the name of the shareholders, dividend amount and proposed date of transfer to IEPF account has been uploaded on the website of the Company at https://www.hdbfs.com/investors.

Annexure I

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,
The Members,
HDB Financial Services Limited
Radhika, 2nd Floor, Navrangpura,
Ahmedabad, 380009, Gujarat.

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, Navrangpura, Ahmedabad, 380009, Gujarat (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with BSE Limited's Notice no. 20220107-16 dated January 07, 2022 read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications including Directors Identification Number (DIN) status at the portal www.mca.gov.in as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 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 1, 2021
2	Mr. Venkatraman Srinivasan	00246012	March 12, 2015
3	Ms. Smita Cawas Affinwalla	07106628	March 12, 2015
4	Dr. Amla Ashim Samanta	00758883	May 1, 2019
5	Mr. Adayapalam Kumaraswamy Viswanathan	08518003	July 24, 2019
6	Ms. Arundhati Mech	09177619	February 11, 2022
7	Mr. Ramesh Ganesan	05291597	July 1, 2012

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 Ashish Bhatt & Associates

Sd/-
Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C.P. No. 2956
UDIN: F004650D000337917

Place: Thane
Date: May 18, 2022

Annexure II

COMPLIANCE CERTIFICATE

(Pursuant to Regulation 17 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Board of Directors of
HDB Financial Services Limited

We, the undersigned, in our respective capacities as Managing Director & Chief Executive Officer and Chief Financial Officer of the Company, to the best of our knowledge and belief certify that:

a) We have reviewed the financial statements and the cash flow statement for the financial year ended March 31, 2022 and that to the best of our knowledge and belief:
   (i) these statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;
   (ii) 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 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 that 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 that:
   (i) there have been no significant changes in internal control over financial reporting during this year;
   (ii) there have been no significant changes in accounting policies during this year; and
   (iii) there have been no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-
G. Ramesh
Managing Director & Chief Executive Officer

Sd/-
Jaykumar Shah
Chief Financial Officer

Place: Mumbai
Date: April 16, 2022

Annexure III

Declaration by Managing Director and Chief Executive Officer
[Schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Board of Directors,
HDB Financial Services Limited

I, Mr. G. Ramesh, 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, 2022.

Sd/-
G. Ramesh
Managing Director & Chief Executive Officer

Place: Mumbai
Date: May 18, 2022

Independent Auditors' Report

To the Members of HDB Financial Services Limited

Report on the audit of the Standalone Ind AS Financial Statements

Opinion

1. We have audited the accompanying standalone Ind AS financial statements of HDB Financial Services Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2022, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the Standalone Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information ("the Standalone Ind AS Financial Statements").

2. 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 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Ind AS Financial Statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Ind AS Financial Statements.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS Financial Statements of the year under report. 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.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	**Provisioning based on Expected Credit Loss model (ECL) under IND AS 109 and testing of Impairment of assets, more particularly the Loan Book of the Company**	
	Refer to the accounting policies in 'Note 3(B) to the Standalone Ind AS Financial Statements: Expected Credit Loss', 'Note 2.11 to the Standalone Ind AS Financial Statements: Revenue Recognition' and 'Note 2.2(G) to the Standalone Ind AS Financial Statements: Impairment of Financial Assets and 'Note 44 to the Standalone Ind AS Financial Statements: Risk Management'.	
	Subjective estimates: 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 in the Company's estimation of ECLs 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. • 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 possibly many times that amount. Disclosures: The disclosures (including disclosures prescribed by RBI) regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	**Our key audit procedures included:** Review of Policy/procedures & design/controls ➢ Minutely going through the Board approved Policy and approach concerning the assessment of credit and other risks and ascertainment/ageing of 'default' by the borrowers and procedures in relation to stages and ECL computation. ➢ Studying the report of 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. ➢ Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights. ➢ Assessing the design, implementation and operating effectiveness of key internal financial controls including monitoring process of overdue loans (and those which became overdue after the reporting date), measurement of provision, stage-wise classification of loans, identification of NPA accounts, assessing the reliability of management information, which included overdue reports. ➢ Understanding management's approach, interpretation, systems and controls implemented in relation to probability of default and stage-wise bifurcation of product-wise portfolios for timely ascertainment of stress and early warning signals. ➢ Testing of review controls over measurement of provisions and disclosures in the Standalone Ind AS Financial Statements. ➢ Involvement of Information system resource to obtain comfort over data integrity and process of report generation through interface of various systems. ➢ Understanding of models and general economic indicator criteria used for regression testing over data of the loan book. Substantive verification ➢ Sample testing 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. ➢ Model calculations testing through re-performance, where possible. ➢ Assessing disclosures - Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Standalone Ind AS Financial Statements are appropriate and sufficient.

2	Information Technology	
	IT systems and controls The Company's financial reporting processes are dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology ('IT') systems. The Financial accounting system of the Company is interfaced with several other IT systems including Loan Management & Originating systems and several other systemic workflows. IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data. These 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, in our preliminary risk assessment, 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.	In course of audit, our focus was on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems. We performed a range of audit procedures, which included: ➢ Review of the report of IS Audit carried in earlier year(s) by an independent firm of Chartered Accountants pertaining to IT systems general controls including access rights over applications, operating systems and databases relied upon for financial reporting. ➢ Deployed our internal experts to carry out IT general Controls testing and identifying gaps, if any. ➢ Our other processes include: • selectively recomputing interest calculations and maturity dates; • Selectively re-evaluating masters updation, interface with resultant reports; • Selective testing of the interface of INFOR with other IT systems like LMS and other workflows. • Testing of the system generated reports and accounting entries manually for core financial reporting matters (i.e. verification around the computer system) • Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. • Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases

Other Information

5. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the Standalone Ind AS Financial Statements and our auditors' report thereon. The Other Information is expected to be made available to us after the date of this auditor's report

6. 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.

7. In connection with our audit of the Standalone Ind AS Financial Statements, our responsibility is to read the other information 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. We have nothing to report in this regard.

Management's responsibility for the Standalone Ind AS Financial Statements

8. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting standards ("Ind AS") 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.

9. In preparing the Standalone Ind AS Financial Statements, the management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

10. The 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

11. 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.

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

    12.1 Identify and assess the risks of material misstatement of the Standalone Ind AS 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.

    12.2 Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Standalone Ind AS Financial Statements in place and the operating effectiveness of such controls.

    12.3 Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

12.4 Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS 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.

12.5 Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

13. 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.

14. 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.

15. 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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

16. The comparative financial information of the Company for the year ended March 31, 2021 included in Standalone Ind AS Financial Statements, were audited by the then statutory auditors "BSR & Co. LLP, Chartered Accountants" for the year ended March 31, 2021 whose reports dated April 17, 2021 expressed an unmodified opinion on those financial statements. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

17. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

18. As required by Section 143(3) of the Act, we report that:

18.1 We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

18.2 In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

18.3 The standalone balance sheet, the standalone statement of profit and loss including other comprehensive income, the statement of changes in equity and the standalone cash flow statement dealt with by this Report are in agreement with the books of account.

18.4 In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Ind AS specified under Section 133 of the Act.

18.5 On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

18.6 With respect to the adequacy of the internal financial controls with reference to Standalone Ind AS Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

18.7 In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.

19. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us, we report as under:

    19.1 The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its Standalone Ind AS Financial Statements – Refer Note 38.2 to the Standalone Ind AS Financial Statements;

    19.2 The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 38.3 to the Standalone Ind AS Financial Statements;

    19.3 There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company].

    19.4 The management has represented to us that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend 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. Based on such audit procedures, considered reasonable and appropriate, adopted by us, nothing has come to our notice indicating that such representation contains any material misstatement.

    19.5 The management has also represented to us that no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend 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. Based on such audit procedures, considered reasonable and appropriate, adopted by us, nothing has come to our notice indicating that such representation contains any material misstatement.

    19.6 The final dividend recommended by the Board of Directors is in compliance with provisions of Section 123 of the Act- Refer note 86 to the Standalone Ind AS Financial Statements in our opinion

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration Number - 105102W

Sd/-
Padmini Khare Kaicker
Partner
Membership Number: 044784
UDIN: 22044784AHELNT3554

Place: Mumbai
Date: 16 April, 2022

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firm Registration Number - 105146W/W- 100621

Sd/-
Hasmukh B Dedhia
Partner
Membership Number: 033494
UDIN: 22033494AHFEZZ8606

Place: Mumbai
Date: 16 April, 2022

(Referred to in paragraph 17 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment ("PPE").

The Company is maintaining proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its PPE by which all PPE are verified in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. 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 favour 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) 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.- Refer note 85 to the Standalone Ind AS Financial Statements.

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) During the year, the company has availed sanctioned working capital limit in excess of ₹ 5 crores from Banks on the basis of security of current assets. Based on our examination of the records of the company, the quarterly returns/ statements filed by the company with the said bank are in agreement with the books of accounts maintained by the company.

iii. (a) Since the Company's principal business is to give loans, the provisions of clause 3(iii)(a) of the Order are not applicable it.

(b) In our opinion and according to the information and explanations given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the Company's interest.

(c) & (d) The company, being a Non-Banking Financial Company ('NBFC'), registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its borrowers as stipulated. In cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer note 55 to the Standalone Ind AS Financial Statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations as also details of reasonable steps taken by the Company for recovery thereof.

(e) Since the Company's principal business is to give loans, the provisions of clause 3(iii)(e) of the Order are not applicable to it.

(f) Based on our audit procedures and the information and explanation made available to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

iv. According to the information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees in contravention of provisions of Section 185 of the Act. The Company has complied with the provisions of Section 186(1) of the Act; the other provisions of Section 186 of the Act are not applicable to the Company.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year in terms of directives issued by the Reserve Bank of India or the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 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 in all cases during the year.

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 2022 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company did not have dues which have not been deposited as on March 31, 2022, on account of any disputes.

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 from bank during the year for the purposes for which they were obtained, other than temporary parking in Liquid Mutual Funds for a few days during the year, pending utilization towards purpose for which the same are 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.

x. (a) The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year.

(b) According to the information and explanations given to us, 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 course of our audit, other than the instances of fraud noticed and reported by the management in terms of the regulatory provisions applicable to the Company amounting to ₹ 4.69 crores comprising of 6 instances. Also refer Note 71 to the Standalone Ind AS Financial Statements.

(b) In our opinion and according to the information and explanations given to us, no report under sub-section (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) Our review of the whistle blower complaints received during the year by the Company did not reveal any material observations.

xii. (a) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered, during the course of our audit, the reports of the Internal Auditor(s) 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 and hence provisions of section 192 of the Act, 2013 are 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 under the Regulations by the Reserve Bank of India.

(d) As per information provided in course of our audit, the group to which the Company belongs, does not have CIC.

xvii. The Company has not incurred cash losses in the financial year and in the immediately preceding financial year

xviii. During the year, M/s BSR & Co LLP, the Statutory auditors of the Company have resigned with effect from 20 July, 2021 consequent to amended rules/regulations applicable to the Company. (i.e. vide RBI circular dated April 27, 2021). As informed, there have been no issues, objections or concerns raised by the said outgoing auditors.

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, along with details provided in Note 39 to the Standalone Ind AS Financial statements which describe the maturity analysis of assets & liabilities other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. (a) According to the information and explanations given to us and based on our examination of the records of the Company, it is not required to transfer any unspent amount pertaining to the year under report to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub section 5 of section 135 of the said Act

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there is no amount which is remaining unspent under sub section 5 of section 135 of the Act pursuant to any ongoing CSR project.

xxi. Reporting under clause xxi of the Order is not applicable at the standalone level of reporting.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration Number - 105102W

Sd/-
Padmini Khare Kaicker
Partner
Membership Number: 044784
UDIN: 22044784AHELNT3554

Place: Mumbai
Date: 16 April, 2022

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firm Registration Number - 105146W/W- 100621

Sd/-
Hasmukh B Dedhia
Partner
Membership Number: 033494
UDIN: 22033494AHFEZZ8606

Place: Mumbai
Date: 16 April, 2022

(Referred to in paragraph 18.6 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

Opinion

1. We have audited the internal financial controls with reference to the Standalone Financial Statements of HDB Financial Services Limited ("the Company") as at 31 March 2022 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

2. In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the Standalone Financial Statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note").

Management's responsibility for Internal Financial Controls

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ("SA"), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Standalone Financial Statements. Those SAs and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Standalone Financial Statements were established and maintained and whether such controls operated effectively in all material respects.

5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to the Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to the Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to the Standalone Financial Statements

7. A company's internal financial controls with reference to the Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the Standalone Financial Statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to the Standalone Financial Statements

8. Because of the inherent limitations of internal financial controls with reference to the Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration Number - 105102W

Sd/-
Padmini Khare Kaicker
Partner
Membership Number: 044784
UDIN: 22044784AHELNT3554

Place: Mumbai
Date: 16 April, 2022

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firm Registration Number - 105146W/W- 100621

Sd/-
Hasmukh B Dedhia
Partner
Membership Number: 033494
UDIN: 22033494AHFEZZ8606

Place: Mumbai
Date: 16 April, 2022

Standalone Balance Sheet
as at 31 March 2022

(Currency : Indian Rupees in crore)

	Particulars	Note No.	As at 31 March 2022	As at 31 March 2021
	ASSETS:			
1	**Financial Assets**			
	(a) Cash and cash equivalents	4	**507.78**	753.51
	(b) Bank balances other than (a) above	5	**176.19**	222.87
	(c) Derivative financial instruments	6	**132.44**	-
	(d) Trade receivables	7	**141.82**	117.32
	(e) Loans	8	**57,162.45**	58,601.44
	(f) Investments	9	**2,233.51**	1,592.90
	(g) Other financial assets	10	**314.60**	249.22
			60,668.79	61,537.26
2	**Non-financial Assets**			
	(a) Current tax assets (Net)	11	**13.34**	56.91
	(b) Deferred tax assets (Net)	12	**1,051.17**	729.99
	(c) Property, plant and equipment		**78.14**	91.52
	(d) Capital work-in-progress	13	**-**	-
	(e) Other intangible assets		**12.01**	7.98
	(f) Right of Use Assets	14	**202.49**	217.40
			1,357.15	1,103.80
	TOTAL ASSETS		**62,025.94**	62,641.06
	LIABILITIES AND EQUITY:			
	Liabilities			
3	**Financial Liabilities**			
	(a) Derivative financial instruments	6	**-**	42.72
	(b) Trade payables	15		
	(i) Total outstanding dues of micro enterprises and small enterprises		**-**	0.01
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		**246.91**	334.25
	(c) Debt securities	16	**25,332.31**	23,802.07
	(d) Borrowings (other than debt securities)	17	**19,501.72**	22,569.07
	(e) Subordinated liabilities	18	**4,139.05**	3,987.61
	(f) Other financial liabilities	19	**2,708.72**	2,844.93
			51,928.71	53,580.66
4	**Non-Financial Liabilities**			
	(a) Current tax liabilities (net)	20	**59.73**	173.05
	(b) Provisions	21	**314.75**	319.85
	(c) Other non-financial liabilities	22	**183.02**	121.26
			557.50	614.16
5	**Equity**			
	(a) Equity share capital	23	**790.44**	789.19
	(b) Other equity	24	**8,749.29**	7,657.05
			9,539.73	8,446.24
	TOTAL LIABILITIES AND EQUITY		**62,025.94**	62,641.06
	Significant accounting policies and notes to the Standalone Financial Statements.	2 - 88		

The notes referred to above form an integral part of the Standalone Financial Statements.

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firms' Registration No: 105102W

Sd/-
Padmini Khare Kaicker
Partner
Membership No.: 044784

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firms' Registration No: 105146W/W-100621

Sd/-
Hasmukh B. Dedhia
Partner
Membership No.: 033494

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Arijit Basu
Chairman and Non-Executive Director
DIN: 06907779

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

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

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: 16 April 2022

Standalone Statement of Profit and Loss
for the year ended 31 March 2022

(Currency : Indian Rupees in crore)

	Particulars	Note No.	For the year ended 31 March 2022	For the year ended 31 March 2021
1	**Revenue from operations**			
	(a) Interest income	25	**8,362.97**	8,487.88
	(b) Sale of services		**2,363.41**	2,020.43
	(c) Other financial charges		**569.01**	405.05
	(d) Net gain on fair value changes	26	**16.48**	40.04
	(e) Net gain / (loss) on derecognition of financial instruments under amortised cost category		**(5.58)**	(8.62)
	Total Revenue from operations		**11,306.29**	10,944.78
2	**Expenses**			
	(a) Finance Costs	27	**3,325.50**	3,882.93
	(b) Impairment on financial instruments	28	**2,465.73**	3,068.77
	(c) Employee Benefits Expenses	29	**3,500.41**	2,955.59
	(d) Depreciation, amortization and impairment	13,14	**98.94**	107.79
	(e) Others expenses	30	**568.15**	428.99
	Total Expenses		**9,958.73**	10,444.07
3	**Profit before tax**		**1,347.56**	500.71
4	**Tax Expense:**	11,12		
	(a) Current tax		**663.40**	419.09
	(b) Deferred tax (credit)		**(327.24)**	(309.85)
	Total Tax expense		**336.16**	109.24
5	**Profit for the year**		**1,011.40**	391.47
6	**Other Comprehensive Income**			
	(a) Items that will not be reclassified to profit or loss			
	- Remeasurement loss on defined benefit plan		**(13.15)**	(20.97)
	- Income tax relating to items that will not be reclassified to profit or loss		**2.25**	5.28
	Sub total (a)		**(10.90)**	(15.69)
	(b) Items that will be reclassified to profit or loss			
	- Movement in cash flow hedge reserve		**33.00**	2.99
	- Income tax relating to items that will be reclassified to profit or loss		**(8.31)**	(0.75)
	Sub total (b)		**24.69**	2.24
	Other Comprehensive Income		**13.79**	(13.45)
7	**Total Comprehensive Income for the year**		**1,025.19**	378.02
8	**Earnings per equity share (for continuing operations)**	31		
	Basic (₹)		**12.81**	4.97
	Diluted (₹)		**12.80**	4.97
	Significant accounting policies and notes to the Standalone Financial Statements.	2 - 88		

The notes referred to above form an integral part of the Standalone Financial Statements.
As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firms' Registration No: 105102W

Sd/-
Padmini Khare Kaicker
Partner
Membership No.: 044784

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firms' Registration No: 105146W/W-100621

Sd/-
Hasmukh B. Dedhia
Partner
Membership No.: 033494

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Arijit Basu
Chairman and Non-Executive Director
DIN: 06907779

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

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

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: 16 April 2022

Standalone Statement of Changes in Equity
as at 31 March 2022

(Currency : Indian Rupees in crore)

Statement of Changes in Equity

A	Equity Share Capital	As at 31 March 2022	As at 31 March 2021
	Balance at the beginning of the period	**789.19**	787.58
	-Changes in Equity Share Capital due to prior period errors	**-**	-
	-Restated balance at the beginning of the current reporting period	**-**	-
	-Changes in Equity Share Capital during the year	**1.25**	1.61
	Balance at the end of the reporting period	**790.44**	789.19

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 1, 2021	**2,960.70**	**62.97**	**1,090.94**	**3,617.98**	**(42.65)**	**(32.89)**	**7,657.05**
Adjustment on initial application of IndAS 116	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit for the year	**-**	**-**	**-**	**1,011.40**	**-**	**-**	**1,011.40**
Other Comprehensive Income	**-**	**-**	**-**	**-**	**(10.90)**	**24.69**	**13.79**
Total Comprehensive Income for the year	**-**	**-**	**-**	**1,011.40**	**(10.90)**	**24.69**	**1,025.19**
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	**-**	**-**	**202.28**	**(202.28)**	**-**	**-**	**-**
Premium on issue of shares	**36.63**	**-**	**-**	**-**	**-**	**-**	**36.63**
Share based payment	**-**	**30.42**	**-**	**-**	**-**	**-**	**30.42**
Transfer on allotment of shares pursuant to ESOP scheme	**57.86**	**(57.86)**	**-**	**-**	**-**	**-**	**-**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividend Distribution Tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance As At March 31, 2022	**3,055.19**	**35.53**	**1,293.22**	**4,427.10**	**(53.55)**	**(8.20)**	**8,749.29**

Standalone Statement of Changes in Equity
as at 31 March 2022 (Continued)

(Currency : Indian Rupees in crore)

B Other Equity (Contd.)

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 1, 2020	**2,925.43**	**49.42**	**1,012.65**	**3,304.80**	**(26.96)**	**(35.13)**	**7,230.22**
Adjustment on initial application of IndAS 116	-	-	-	-	-	-	-
Profit for the year	-	-	-	**391.47**	-	-	**391.47**
Other Comprehensive Income	-	-	-	-	**(15.69)**	**2.24**	**(13.45)**
Total Comprehensive Income for the year	-	-	-	**391.47**	**(15.69)**	**2.24**	**378.01**
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	-	-	**78.29**	**(78.29)**	-	-	-
Premium on issue of shares	**35.27**	-	-	-	-	-	**35.27**
Share based payment	-	**13.55**	-	-	-	-	**13.55**
Dividends	-	-	-	-	-	-	-
Dividend Distribution Tax	-	-	-	-	-	-	-
Balance As At March 31, 2021	**2,960.70**	**62.97**	**1,090.94**	**3,617.98**	**(42.65)**	**(32.89)**	**7,657.05**

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.

Significant accounting policies and notes to the Standalone Financial Statements. Note 2 - 88

The notes referred to above form an integral part of the Standalone Financial Statements.

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firms' Registration No: 105102W

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firms' Registration No: 105146W/W-100621

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Padmini Khare Kaicker
Partner
Membership No.: 044784

Sd/-
Hasmukh B. Dedhia
Partner
Membership No.: 033494

Sd/-
Arijit Basu
Chairman and Non-Executive Director
DIN: 06907779

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

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

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: 16 April 2022

Standalone Cash Flow Statement
for the year ended 31 March 2022

(Currency : Indian Rupees in crore)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A	**Cash flow from operating activities**		
	Profit/(loss) before tax	**1,347.56**	500.71
	Adjustments for		
	Interest Income	**(8,362.97)**	(8,487.88)
	Interest Expenses	**3,316.64**	3,857.22
	(Profit)/loss on sale of asset	**(0.06)**	1.91
	Realised net loss/ (gain) on FVTPL investments	**39.29**	(79.75)
	Unrealised gain on FVTPL investments	**(22.81)**	(5.15)
	Discount on commercial paper	**8.86**	25.71
	Provision for compensated absence and gratuity	**3.52**	15.78
	Employee share based payment expenses	**30.42**	13.55
	Depreciation, amortization and impairment	**98.94**	107.79
	Impairment on financial insturments	**2,465.73**	3,065.52
	Operating cash flow before working capital changes	**(1,074.88)**	(984.59)
	Adjustments for working capital changes:		
	Interest Paid	**(3,699.47)**	(3,695.31)
	Interest Received	**8,353.15**	8,447.48
	Increase in Loans	**(1,016.51)**	(4,482.17)
	(Increase)/ decrease in trade receivables	**(24.50)**	66.12
	Increase in other financial assets and others	**(47.70)**	(65.41)
	Increase/(decrease) in other financial and non financial liabilities & provisions	**(960.09)**	7.85
	Increase/(decrease) in trade payables	**(87.34)**	184.28
	Cash generated from operations	**1,442.66**	(521.75)
	Direct taxes paid (net of refunds)	**514.43**	180.00
	Net cash flow generated from/(used in) operating activities (A)	**1,957.09**	(341.75)
B	**Cash flow from investing activities**		
	Purchase of investments	**(24,583.62)**	(15,557.50)
	Proceeds of investments	**23,920.20**	15,713.15
	Purchase of fixed assets	**(41.13)**	(24.64)
	Proceeds from sale of fixed assets	**1.27**	0.38
	Net cash generated (used in)/from investing activities (B)	**(703.28)**	131.38

Standalone Cash Flow Statement
for the year ended 31 March 2022 (Continued)

(Currency : Indian Rupees in crore)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
C	**Cash flow from financing activities**		
	Debt securities issued	**8,876.00**	10,541.10
	Debt securities repaid	**(7,274.50)**	(9,378.90)
	Borrowings other than debt securities issued	**8,800.35**	9,309.34
	Borrowings other than debt securities repaid	**(12,026.41)**	(10,195.20)
	Subordinated debt issued	**150.00**	356.50
	Proceeds from issue of shares and security premium	**37.89**	36.87
	Repayment of lease liabilities	**(62.87)**	(61.78)
	Net cash generated (used in)/from financing activities (C)	**(1,499.54)**	607.93
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(245.73)**	397.56
	Add : Cash and cash equivalents as at the beginning of the year	**753.51**	355.95
	Cash and cash equivalents as at the end of the year*	**507.78**	753.51
	*Components of cash and cash equivalents		
	Balances with banks	**430.81**	650.42
	Demand drafts on hand	**11.32**	12.88
	Cash on hand	**35.07**	29.62
	Collateral with Banks for Derivative	**30.58**	60.59
		507.78	753.51
	Significant accounting policies and notes to the Standalone Financial Statements.	**Note 2 - 88**	

The notes referred to above form an integral part of the Standalone Financial Statements.

The above Standalone Statement of cash flow has been prepared under the indirect method set out in Ind-AS 7 - Statement of Cash Flow.

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firms' Registration No: 105102W

Sd/-
Padmini Khare Kaicker
Partner
Membership No.: 044784

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firms' Registration No: 105146W/W-100621

Sd/-
Hasmukh B. Dedhia
Partner
Membership No.: 033494

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Arijit Basu
Chairman and Non-Executive Director
DIN: 06907779

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

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

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: 16 April 2022

1 Company overview

HDB Financial Services Limited ('the Company'), 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 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 Significant accounting policies

2.1 Statement of Compliance, Basis of preparation & 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.

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 have been subjected to audit by the Statutory Auditors of the Company, have been reviewed by the Audit Committee and approved by the Board of Directors and authorized for issue on 16 April 2022.

(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 crores in compliance with Schedule III of the Act, unless otherwise stated.

(D) Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or '₹') which is also the Company's functional currency. All amounts are rounded-off to the nearest crores, unless otherwise indicated.

(E) Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) and disclosures as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are recognised in the periods in which the Company becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognized 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 transaction price, which equates fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in statement of profit and loss.

(C) Classification and subsequent measurement

(i) Financial assets

Based on the business model, the contractual characteristics of the financial assets and specific elections where appropriate, the Company classifies and measures financial assets in the following categories:

- Amortised cost
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')

(a) Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows ('Asset held to collect contractual cash flows'); and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

After initial measurement and based on the assessment of the business model as asset held to collect contractual cash flows and SPPI, such financial assets are subsequently measured at amortised cost using effective interest rate ('EIR') method. Interest income and impairment expenses are recognised in statement of profit and loss. Interest income from these financial assets is included in finance income using the EIR method. Any gain and loss on derecognition is also recognised in statement of profit and loss.

The EIR method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company records loans at amortised cost.

(b) Financial assets at fair value through other comprehensive income

Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the assets, ('Contractual cash flows of assets collected through hold and sell model') and contractual cash flows that are SPPI, are subsequently measured at FVOCI. Movements in the carrying amount of such financial

assets are recognised in Other Comprehensive Income ('OCI'), except dividend income which is recognised in statement of profit and loss. Amounts recorded in OCI are not subsequently transferred to the statement of profit and loss. Equity instruments at FVOCI are not subject to an impairment assessment.

(c) Financial assets at fair value through profit and loss

Financial assets, which do not meet the criteria for categorization as at amortized 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, mutual funds and treasury bills 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

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 recognized at prevailing exchange rates between reporting currency and foreign currency on transaction date.

(B) Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized 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 liabilty (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit and loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in Finance Cost in the statement of profit and loss. When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

The 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 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 capitalized 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 years	5 years
Motor cars	4 years	8 years
Furniture and fixtures	3-7 years	10 years
Building	60 years	60 years
Leasehold improvements	Tenure of lease agreements	Tenure of lease agreements

The Company uniformly estimates a zero residual value for all these assets. Items costing less than ₹ 5,000 are fully depreciated in the year of purchase. Depreciation is pro-rated in the year of acquisition as well as in the year of disposal.

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Consequently, the useful life of certain computer-related assets, furniture and fixtures, office equipment and motor cars differ from the life prescribed in Schedule II of the Act.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate, and treated as changes in accounting estimates.

Property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income/expense in the statement of profit and loss in the year the asset is de-recognised.

2.9 Other intangible assets

Software and system development expenditure are capitalised at cost of acquisition including cost attributable to readying the asset for use. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. The useful life of these intangible assets is estimated at 3 years with zero residual value. Any expenses on such software for support and maintenance payable annually are charged to the statement of profit and loss.

2.10 Dividend

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 fair value of the consideration received or receivable. Amounts disclosed as revenue are net of goods and services tax ('GST') and amounts collected on behalf of third parties. Ind AS 115 Revenue from Contracts with Customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Specific policies for the Company's different sources of revenue are explained below:

(A) Income from lending business

Interest income

Interest income on a financial asset at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ('EIR'). The EIR is the rate that exactly discounts estimated future cash flows of the financial asset through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The internal rate of return on financial asset after netting off the fees received and cost incurred approximates the effective interest rate method of return for the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs).

Other financial charges

Cheque bouncing charges, late payment charges, foreclosure charges and application money are recognised on a point-in-time basis, and are recorded when realised since the probability of collecting such monies is established when the customer pays.

(B) Income from BPO services and other financial charges

Income from BPO services comprise of sales support services, back office, operations, processing support, running collection call centres and collecting overdue amounts from borrowers. Performance obligations are satisfied over time and revenue is recorded on a monthly basis.

(C) Income from direct assignment

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss. EIS evaluated and adjusted for ECL and expected prepayment.

2.12 Finance costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortized 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 recognized 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 year to ESIC and Labour welfare fund are recognised in the statement of profit and loss.

(D) Gratuity

The Company operates a defined benefit gratuity plan that provides for gratuity benefit to all employees. The Company makes annual contributions to a fund administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. The benefit is in the form of lump sum payments to vested employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets (excluding amounts included 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 recognizes 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 contingencies

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 01 April 2019, the Company has adopted Ind AS 116 - Leases and applied it to all lease contracts existing on 01 April 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, 01 April 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.

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:

- 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 (‘MD’) 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 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.

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 42.

(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 inputs used and process followed by the Company in determining the ECL have been detailed in Note 44.

(C) Effective interest rate

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected behavioural life of the financial asset to the gross carrying amount of the financial asset.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges) as well expected changes to the base rate and other transaction costs and fees paid or received that are integral parts of the instrument.

(D) Business model assessment

Classification and measurement of financial assets depends on the results of the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their 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 contingencies

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.

4 Cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Cash on hand	**35.07**	29.62
Balances with banks	**430.81**	650.42
Demand drafts on hand	**11.32**	12.88
Collateral with Banks for Derivative	**30.58**	60.59
Total	**507.78**	753.51

5 Bank balances Other than cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Deposits with bank	**1.89**	0.03
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	**172.96**	221.09
Interest accrued but not due on fixed deposits	**1.34**	1.75
Total	**176.19**	222.87

6 Derivative financial Instruments

	As at 31 March 2022			As at 31 March 2021		
	Notional amounts	**Fair Value-Assets**	**Fair Value-Liabilities**	Notional amounts	Fair Value-Assets	Fair Value-Liabilities
Part I						
(i) Currency derivatives:						
Currency swaps	**4,017.00**	**132.44**	**-**	3,874.83	-	42.72
Subtotal (i)	**4,017.00**	**132.44**	**-**	3,874.83	-	42.72
(ii) Interest rate derivatives						
Forward Rate Agreements and Interest Rate swaps	**-**	**-**	**-**	-	-	-
Subtotal (ii)	**-**	**-**	**-**	-	-	-
Total Derivative Financial Instruments (i)+(ii)	**4,017.00**	**132.44**	**-**	3,874.83	-	42.72
Part II						
Included in above (Part I) are derivatives held for						
(i) Fair value hedging:						
Currency derivatives	**-**	**-**	**-**	-	-	-
Interest Rate derivatives	**-**	**-**	**-**	-	-	-
Subtotal (i)	**-**	**-**	**-**	-	-	-
(ii) Cash flow hedging:						
Currency derivatives	**4,017.00**	**132.44**	**-**	3,874.83	-	42.72
Interest rate derivatives	**-**	**-**	**-**	-	-	-
Subtotal (ii)	**4,017.00**	**132.44**	**-**	3,874.83	-	42.72
(iii) Undesignated Derivatives						
Currency Swaps	**-**	**-**	**-**	-	-	-
Subtotal (iii)	**-**	**-**	**-**	-	-	-
Total Derivative Financial Instruments (i)+(ii)+(iii)	**4,017.00**	**132.44**	**-**	3,874.83	-	42.72

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 31 March 2022	As at 31 March 2021
Receivables Considered good - Secured	-	-
Receivables Considered good - Unsecured	**124.20**	117.33
Receivables which have significant increase in the credit risk	**20.79**	4.53
Receivables credit impaired	**0.13**	0.02
Unbilled Trade Receivables	**-**	-
	145.12	121.88
Less: Impairment loss allowance	**3.30**	4.56
Total	**141.82**	117.32

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 31 March 2022	As at 31 March 2021
Balance as at beginning of the year	**4.56**	6.82
Increase during the year	**2.11**	0.73
Decrease during the year	**(3.37)**	(2.99)
Balance at end of the year	**3.30**	4.56

Trade receivables aging schedule :

Previous Year figures are in (brackets)

Particulars	**Less than 6 months**	**6 months - 1 year**	**1 - 2 years**	**2 - 3 years**	**More than 3 years**	**Total**
(i) Undisputed Trade Receivables - Considered good	**123.55**	**0.41**	**(0.05)**	**0.10**	**0.20**	**124.21**
	(117.43)	0.39	0.16	(0.02)	(0.42)	(117.33)
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	**19.50**	**0.79**	**0.39**	**0.02**	**0.09**	**20.79**
	(1.07)	(1.80)	(0.63)	(0.94)	(0.08)	(4.54)
(iii) Undisputed Trade Receivables - credit impaired	**-**	**-**	**0.07**	**0.06**	**-**	**0.13**
	(0.00)	-	(0.02)	-	(0.00)	(0.02)
(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	**143.05**	**1.20**	**0.41**	**0.18**	**0.29**	**145.13**
	(118.50)	(1.41)	(0.49)	(0.96)	(0.50)	(121.89)

8 Loans (at amortised cost)

		As at 31 March 2022	As at 31 March 2021
A	Term Loans in India	**61,326.32**	61,325.00
B	Public sector		
	Others	**61,326.32**	61,325.00
	Total	**61,326.32**	61,325.00
C	Secured (Secured by tangible assets)	**46,644.29**	46,894.73
	Unsecured	**14,682.03**	14,430.27
	Total	**61,326.32**	61,325.00
D	Less: Impairment loss allowance	**4,163.87**	2,723.56
	Total	**57,162.45**	58,601.44
	Term Loans in India - at amortised cost		
	- Public sector		
	- Others		
	Secured (Secured by tangible assets)	**46,644.29**	46,894.73
	Unsecured	**14,682.03**	14,430.27
	Total Gross Loans	**61,326.32**	61,325.00
	Less: Impairment loss allowance	**4,163.87**	2,723.56
	Total	**57,162.45**	58,601.44

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 31 March 2022	As at 31 March 2021
Stage 1	**56,142.18**	55,263.27
Stage 2	**2,125.38**	3,300.87
Stage 3	**3,058.76**	2,760.86
	61,326.32	61,325.00

Loans or advances in the nature of loans are granted to promoters, directors, KMPs, and the related parties, either serverally or jointly with any other person.

Particulars	As at 31 March 2022	% to the total Loans and Advances in the nature of loans	As at 31 March 2021	% 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

(Currency : Indian Rupees in crore)

9 Investments

	As at 31 March 2022	As at 31 March 2021
Recorded at Fair value through profit and loss account		
Outside India	-	-
In India		
Mutual fund units	**946.45**	572.21
Treasury bills / G-Sec	**1,197.57**	882.82
Securities receipt of ARC	**88.04**	136.42
Recorded at Amortised Cost		
Outside India	-	-
In India		
Unquoted equity shares	**1.45**	1.45
Total	**2,233.51**	1,592.90

10 Other financial assets

	As at 31 March 2022	As at 31 March 2021
Capital advances	**0.43**	1.22
Security deposits at amortised cost (Unsecured, considered good)	**21.64**	19.78
Prepaid rent (Security deposits, Unsecured, considered good)	**7.19**	7.62
Retained interest on assigned loan	**3.12**	8.71
Servicing assets on assigned loan	**0.96**	2.26
Advances recoverable in cash or in kind (Unsecured, considered good)	**281.26**	209.63
Total	**314.60**	249.22

11 Current tax assets (Net)

	As at 31 March 2022	As at 31 March 2021
Current tax assets		
Advance tax and tax deducted at source (Net of provision for tax ₹ 663.40 crore) (Previous Year: ₹ 419.09 crore)	**13.34**	56.91
Total	**13.34**	56.91

12 Deferred tax assets (Net)

	Balance as at 1 April 2020	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2021	Charge/ (credit) to profit and loss	Charge/ (credit)to OCI	Balance as at 31 March 2022
Deferred Tax Asset							
Depreciation and amortisation	16.77	4.05	-	20.82	14.78	-	**35.60**
Provision for employee benefits	7.58	(2.86)	5.28	10.00	2.04	2.25	**14.30**
Loans - Impairment	325.13	371.33	-	696.46	349.57	-	**1,046.03**
Loans - DSA	63.27	(34.82)	-	28.45	(15.45)	-	**13.00**
Lease	3.78	3.64	-	7.42	(10.87)	-	**(3.45)**
Cash Flow Hedges Reserve	11.82	-	(0.75)	11.07	-	(8.31)	**2.76**
Deferred Tax Asset	428.35	341.34	4.53	774.22	340.07	(6.06)	**1,108.24**

(Currency : Indian Rupees in crore)

	Balance as at 1 April 2020	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2021	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2022
Deferred Tax Liabilities							
Borrowings	(12.07)	0.60	-	(11.47)	4.32	-	**(7.15)**
Investments - MTM and others	(0.57)	(1.43)	-	(2.00)	(16.84)	-	**(18.84)**
Securitization and others	(0.09)	(30.67)	-	(30.76)	(0.32)	-	**(31.08)**
Deferred Tax Liabilities	(12.73)	(31.50)	-	(44.23)	(12.84)	-	**(57.07)**
Net Deferred Tax Assets	415.62	309.84	4.53	729.99	327.24	(6.06)	**1,051.17**
Deferred Tax Asset						1,051.17	**729.99**
Movement in Net deferred tax Asset during the year						321.18	**314.37**

The components of income tax expense for the years ended 31 March 2022 and 2021 are:

	As at 31 March 2022	As at 31 March 2021
Current tax:		
In respect of current year	**663.40**	419.09
In respect of prior years	**-**	-
Deferred Tax:		
Deferred tax relating to origination and reversal of temporary differences	**(327.24)**	(309.85)
In respect of prior years	**-**	-
Total Income Tax recognised in profit or loss	**336.16**	109.24
Current tax	**663.40**	419.09
Deferred tax (Debit)	**(327.24)**	(309.85)

Income Tax recognised in Other comprehensive income

	As at 31 March 2022	As at 31 March 2021
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	**2.25**	5.28
Income tax relating to items that will be reclassified to profit or loss	**(8.31)**	(0.75)
Total Income tax recognised in Other comprehensive income (Debit)	**(6.06)**	4.53

The reconciliation of estimated income tax expense at tax rate to income tax expense reported in profit or loss is as follows:

	As at 31 March 2022	As at 31 March 2021
Profit before tax	**1,347.56**	500.71
Applicable income tax rate (%)	**25.17**	25.17
Income tax expense calculated at applicable income tax rate	**339.15**	126.02
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	**14.16**	11.65
Effect of tax incentives (net)	**(17.14)**	(28.43)
Effects of income not considered as taxable on compliance of condition	**-**	-
Income tax for earlier year	**-**	-
Income tax expense recognised in profit and loss	**336.16**	109.24

13 Property, Plant and Equipment (PPE) and Other Intangible assets

Description	Office equipment	Furniture and fixtures	Leasehold improve-ments	Computers	Building	Motor cars	Total PPE Tangibles	Software and System development	Total Other Intangibles	Total
Balance as at 1st April, 2021	**61.62**	**93.46**	**79.06**	**142.88**	**0.15**	**8.03**	**385.21**	**39.23**	**39.23**	**424.43**
Additions during the year	**2.85**	**3.04**	**4.70**	**16.49**	**-**	**2.47**	**29.55**	**11.58**	**11.58**	**41.13**
Disposals/Adjustments during the year	**1.34**	**1.35**	**3.05**	**0.62**	**-**	**1.65**	**8.00**	**-**	**-**	**8.00**
Balance as at 31st March, 2022	**63.13**	**95.15**	**80.72**	**158.76**	**0.15**	**8.85**	**406.76**	**50.81**	**50.81**	**457.57**
Accumulated Depreciation / impairment as at 1st April, 2021	**47.23**	**73.50**	**45.36**	**122.45**	**0.02**	**5.13**	**293.69**	**31.25**	**31.25**	**324.93**
Depreciation charge during the year	**5.93**	**8.29**	**9.03**	**16.87**	**0.02**	**1.58**	**41.72**	**7.56**	**7.56**	**49.28**
Disposals/Adjustments during the year	**1.30**	**1.28**	**2.43**	**0.61**	**0.02**	**1.15**	**6.79**	**-**	**-**	**6.79**
Accumulated Depreciation / impairment as at 31st March, 2022	**51.86**	**80.51**	**51.96**	**138.71**	**0.03**	**5.56**	**328.63**	**38.80**	**38.80**	**367.43**
Net carrying amount as at 31st March, 2022	**11.27**	**14.64**	**28.76**	**20.05**	**0.12**	**3.29**	**78.13**	**12.01**	**12.01**	**90.14**
Balance as at 1st April, 2020	59.26	93.79	79.00	137.68	0.15	7.39	377.27	33.43	33.43	410.70
Additions during the year	3.45	2.41	4.18	7.61	-	1.13	18.79	5.80	5.80	24.58
Disposals/Adjustments during the year	1.09	2.74	4.12	2.41	-	0.49	10.85	-	-	10.85
Balance as at 31st March, 2021	61.61	93.46	79.06	142.88	0.15	8.03	385.21	39.23	39.23	424.43
Accumulated Depreciation / impairment as at 1st April, 2020	40.43	66.75	38.49	103.40	0.04	3.67	252.79	24.36	24.36	277.15
Depreciation charge for the year	7.83	8.90	9.44	21.46	0.00	1.84	49.46	6.88	6.88	56.34
Disposals/Adjustments during the year	1.03	2.15	2.57	2.41	0.02	0.38	8.56	-	-	8.56
Accumulated Depreciation / impairment as at 31st March, 2021	47.23	73.50	45.36	122.45	0.02	5.13	293.68	31.25	31.25	324.93
Net carrying amount as at 31st March, 2021	14.39	19.96	33.70	20.43	0.13	2.91	91.52	7.98	7.98	99.50

Note : No revaluation of any class of asset is carried out during the year.

14 Right of Use Assets

	As at 31 March 2022	As at 31 March 2021
Right of Use Assets	**202.49**	217.40
Total	**202.49**	217.40

15 Trade Payables

	As at 31 March 2022	As at 31 March 2021
Trade payables		
i) total outstanding dues to micro and small enterprises	**-**	0.01
ii) total outstanding dues of creditors other than micro and small enterprises	**246.91**	334.25
iii) unbilled trade payables	**-**	-
Total	**246.91**	334.26

15.1 Trade Payables includes ₹ 0 Crore (Previous Year: ₹ 0.01 Crore) 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

15.2 Trade payables aging schedule :

Previous Year figures are in (brackets)

Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
i) MSME	**-**	**-**	**-**	**-**	**-**
	(0.01)	-	-	-	(0.01)
ii) Others	**239.47**	**1.45**	**2.78**	**3.21**	**246.91**
	(326.49)	(3.02)	(2.03)	(2.71)	(334.25)
iii) Disputed dues - MSME	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
iv) Disputed dues - Others	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
v) Unbilled Trade payables	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
Total	**239.47**	**1.45**	**2.78**	**3.21**	**246.91**
	(326.50)	(3.02)	(2.03)	(2.71)	(334.26)

16 Debt Securities

	As at 31 March 2022	As at 31 March 2021
At Amortised Cost **Secured** Privately placed redeemable non convertible debenture Secured by pari passu charge by mortgage of Company's Office no.319, 3rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and receivables under financing activity.	**25,357.70**	23,356.20

	As at 31 March 2022	As at 31 March 2021
Unsecured		
Commercial paper	-	400.00
Total	**25,357.70**	23,756.20
Less: Unamortised borrowing cost/Unmatured discount on Commercial paper/Premium and discount on NCD	**25.39**	(45.87)
Debt Securities net of unamortised cost	**25,332.31**	23,802.07
Debt securities in India	**25,357.70**	23,756.20
Debt securities outside India	-	-
Total	**25,357.70**	23,756.20
Less: Unamortised borrowing cost/Unmatured discount on Commercial paper/Premium and discount on NCD	**25.39**	(45.87)
Debt Securities net of unamortised cost	**25,332.31**	23,802.07

16.1 No non convertible debentures, non convertible perpetual debentures and any other borrowing is guaranteed by directors and/or others.

16.2 Terms of repayment of privately placed redeemable non convertible debenture.

Previous Year figures are in (brackets)

Rate of interest (%)	0-1 year	1-3 years	3-5 years	>5 years	Total
4.5-5.5	**1,380.00** (575.00)	**2,616.00** (2,330.00)	**-** -	**-** -	**3,996.00** (2,905.00)
5.5-6.5	**1,510.00** -	**6,470.00** (3,050.00)	**1,390.00** -	**-** -	**9,370.00** (3,050.00)
6.5-7.5	**-** -	**5,691.10** (6,311.10)	**-** -	**-** -	**5,691.10** (6,311.10)
7.5-8.5	**3,189.00** (1,942.00)	**280.00** (2,129.00)	**-** (280.00)	**900.00** (600.00)	**4,369.00** (4,951.00)
8.5-9.5	**1,931.60** (4,207.50)	**-** (1,931.60)	**-** -	**-** -	**1,931.60** (6,139.10)
9.5-10.5	**-** -	**-** -	**-** -	**-** -	**-** -
Total	**8,010.60** (6,724.50)	**15,057.10** (15,751.70)	**1,390.00** (280.00)	**900.00** (600.00)	**25,357.70** (23,356.20)

16.3 All the above non convertible debentures are secured by specific charge on receivables under financing activities. Minimum security cover of 1.1 times is required to be maintained throughout the year (Refer Note 82).

17 Borrowings (Other than Debt Securities)

	As at 31 March 2022	As at 31 March 2021
At Amortised Cost		
Borrowings (other than debt securities)		
Secured		
(a) External commercial borrowings (ECB)	**4,017.00**	4,849.83
(b) Term loan against hypothecation of Receivables under financing activity	**14,291.45**	15,614.53
(c) Borrowing under Securitisation	**1,205.64**	2,036.41
(d) Borrowing under ARC	**-**	97.20
Total	**19,514.09**	22,597.97

	As at 31 March 2022	As at 31 March 2021
Less: Unamortised borrowing cost	**12.37**	28.90
Borrowings (Other than Debt Securities) net of unamortised cost	**19,501.72**	22,569.07
Borrowings in India	**15,497.09**	18,723.14
Borrowings outside India	**4,017.00**	3,874.83
Total	**19,514.09**	22,597.97
Less: Unamortised borrowing cost	**12.37**	28.90
Borrowings (Other than Debt Securities) net of unamortised cost	**19,501.72**	22,569.07

17.1 - No term loans, external commercial borrowings, commercial paper and any other borrowing is guaranteed by directors and / or others.

17.2 - During the period presented there were no defaults in the repayment of principal and interest.

17.3(a) - Terms of repayment of External commercial borrowings from International Finance Corporation.

Previous Year figures are in (brackets)

Rate of interest (%)	0-3 years	3-5 years	>5 years	Total
8 - 9	**-** (975.00)	**-** -	**-** -	**-** (975.00)

17.3(b) - Terms of repayment of External commercial borrowings in foreign currency

Previous Year figures are in (brackets)

Rate of interest (%)	0-3 years	3-5 years	>5 years	Total
6 - 9	**4,017.00** (3,874.83)	**-** -	**-** -	**4,017.00** (3,874.83)

The Company had availed total External Commercial Borrowing (ECBs) of USD 530 million for financing prospective borrower as per the ECB guidelines issued by Reserve Bank of India (“RBI”) from time to time. Out of same USD 230 million was raised in FY20-21. The borrowing had 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. The charges for raising of the aforesaid ECB has been amortised over the tenure of the ECB.

17.4 - Terms of repayment of Term loans from Banks.

Previous Year figures are in (brackets)

Marginal Cost of Funds Based Lending Rate (MCLR) (a)	0-1 year	1-3 years	3-5 years	Total
Overnight MCLR + (0.00% to 0.75%)	- -	100.00 -	- -	100.00 -
1 Month MCLR + (0.00% to 0.75%)	**41.67** (733.33)	**41.67** (716.67)	**-** (16.67)	**83.33** (1,466.67)
3 Month MCLR + (0.00% to 1.5%)	**75.00** (1,797.73)	**75.00** (2,164.39)	**-** -	**150.00** (3,962.12)

Marginal Cost of Funds Based Lending Rate (MCLR) (a)	0-1 year	1-3 years	3-5 years	Total
6 Month MCLR + (0.00% to 0.75%)	-	-	-	-
	(804.55)	(1,008.33)	-	(1,812.88)
1 Year MCLR + (0.00% to 0.25%)	-	-	-	-
	(631.82)	(45.45)	-	**(677.27)**
1 Year MCLR + (0.25% to 1.25%)	-	-	-	-
	-	-	-	-
Total (a)	**116.67**	**216.67**	**-**	**333.33**
	(3967.43)	(3934.84)	(16.67)	(7918.94)
Rate linked to T-Bills rates (b)	**0-1 year**	**1-3 years**	**3-5 years**	**Total**
3 Month T-Bills rates (0.00% to 4.00%)	**1579.53**	**1,562.28**	**136.67**	**3,278.48**
	(655.00)	(919.69)	-	(1,574.69)
6 Month T-Bills rates (0.00% to 3.50%)	**109.09**	**-**	**-**	**109.09**
	(109.09)	(109.09)	-	(218.18)
12 Month T-Bills rates (0.00% to 3.50%)	**431.67**	**772.50**	**-**	**1,204.17**
	(210.83)	(530.83)	(110.83)	(852.49)
Overnight Index Swap (OIS) (0.00% to 3.50%)	-	-	-	-
	-	(500.00)	-	(500.00)
Repo Rate (0.00% to 3.50%)	**1,061.46**	**2,286.39**	**1,473.21**	**4,821.06**
	(726.67)	(1,616.70)	(31.82)	(2,375.19)
Mumbai InterBank Offer rate (MIBOR) (0.00% to 3.50%)	**725.00**	**252.08**	**-**	**977.08**
	(197.92)	(450.00)	(27.12)	(675.04)
Total (b)	**3,906.75**	**4,873.25**	**1,609.88**	**10,389.88**
	(1899.51)	(4126.31)	(169.77)	(6195.59)
Fixed Interest rate				
4.50% - 5.50%	**1,018.70**	**2,187.40**	**362.14**	**3,568.24**
	(318.18)	(1,090.91)	(90.91)	(1,500.00)
Total (a)+(b)	**5,042.12**	**7,277.32**	**1,972.01**	**14,291.45**
	(6,185.12)	(9,152.06)	(277.35)	(15,614.53)

17.5 All the above Term loans are secured by specific charge on receivables under financing activities. Minimum security cover of 1.1 times is required to be maintained throughout the year.

17.6 Terms of repayment of Borrowing under Securitisation.

Previous Year figures are in (brackets)

Rate of interest (%)	0-1 year	1-3 years	3-5 years	Total
3.50% to 8.00%	**763.50**	**429.25**	**12.89**	**1,205.64**
	(1,198.04)	(793.05)	(45.32)	(2,036.41)

17.7 Term Loans were fully used for the purpose for which the same were obtained.

17.8 Periodic statements of securities filed with the lending banks are as per books of accounts.

18 Subordinated Liabilities

	As at 31 March 2022	As at 31 March 2021
At Amortised Cost		
Unsecured		
(a) Privately placed subordinated (Tier II) redeemable bonds	**3,500.00**	3,500.00
(b) Redeemable non convertible perpetual bonds	**650.00**	500.00
Total	**4,150.00**	4,000.00
Less: Unamortised borrowing cost	**10.95**	12.39
Subordinated Liabilities net of unamortised cost	**4,139.05**	3,987.61
Subordinated Liabilities in India	**4,150.00**	4,000.00
Subordinated Liabilities outside India	**-**	-
Total	**4,150.00**	4,000.00
Less: Unamortised borrowing cost	**10.95**	12.39
Subordinated Liabilities net of unamortised cost	**4,139.05**	3,987.61

18.1 - No subordinate debts and any other borrowing is guaranteed by directors and / or others.

18.2 - Terms of repayment of Privately placed unsecured subordinated (Tier II) redeemable bonds and redeemable non convertible perpetual bonds.

Previous Year figures are in (brackets)

Rate of interest	<5 years	>5 years	Total
7.5-10.5	**4,000.00** (1,330.00)	**150.00** (2,670.00)	**4,150.00** (4,000.00)

19 Other financial liabilities

	As at 31 March 2022	As at 31 March 2021
Interest accrued	**1,511.65**	1,914.16
Overdrawn balances in current account with banks	**850.59**	576.42
Deposits (not as defined in Section 2(31) of Companies Act, 2013)	**10.22**	10.29
Creditors for other expenses	**18.31**	22.79
Statutory liabilities	**78.82**	73.72
Lease Liability (RTU)	**239.13**	247.55
Total	**2,708.72**	2,844.93

20 Current tax liabilities (Net)

	As at 31 March 2022	As at 31 March 2021
Provisions for tax (Net of advance tax ₹ 440.00 crore, Previous Year ₹ 180.00 crore)	**59.73**	173.05
Total	**59.73**	173.05

21 Provisions

	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits		
Gratuity (funded)	**71.44**	67.92
Salary, bonus and reimbursements	**208.10**	222.18
Contribution to provident fund	**35.21**	29.75
Total	**314.75**	319.85

22 Other non-financial liabilities

	As at 31 March 2022	As at 31 March 2021
Other payables	**-**	-
Provision for expenses	**183.02**	121.26
Total	**183.02**	121.26

23 Equity Share capital

	Face Value	**As at 31 March 2022**	As at 31 March 2021	**As at 31 March 2022**	As at 31 March 2021
	₹ each	**Number of shares**	Number of shares		
Authorised equity shares	10	**1,00,15,50,000**	1,00,15,50,000	**1,001.55**	1,001.55
Issued, Subscribed & Paid up equity shares fully paid up	10	**79,04,40,031**	78,91,85,216	**790.44**	789.19
Total				**790.44**	789.19

23.1 Reconciliation of the number of shares

	As at 31 March 2022		As at 31 March 2021	
	Number	**Amount**	Number	Amount
Equity shares of ₹10 fully paid up				
Shares outstanding at the beginning of the year	**78,91,85,216**	**789.19**	78,75,79,656	787.58
Shares issued - exercised for ESOP scheme	**12,54,815**	**1.25**	16,05,560	1.61
Shares outstanding at the end of the year	**79,04,40,031**	**790.44**	78,91,85,216	789.19

23.2 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.

23.3 Details of shareholders holding more than 5% of the aggregate shares in the Company

Particulars	**As at 31 March 2022**			As at 31 March 2021		
	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)	**75,05,96,670**	**94.96**	**0.00%**	75,05,96,670	95.11	0.00%

23.4 Number of shares reserved for ESOPs

Particulars	As at 31 March 2022	As at 31 March 2021
Equity shares of ₹10 fully paid up Number of Shares reserved for ESOPs (Refer note 34)	**40,69,315**	31,76,650

24 Other equity

	As at 31 March 2022	As at 31 March 2021
Other equity		
(i) Securities Premium Account	**3,055.19**	2,960.70
(ii) Employee stock Options Outstanding Account	**35.53**	62.97
(iii) Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	**1,293.22**	1,090.94
(iv) Retained Earnings-Other than Remeasurement of Post Employment Benefit Obligations	**4,427.10**	3,617.98
(v) Retained Earnings- Remeasurement of Post Employment Benefit Obligations	**(53.55)**	(42.65)
(vi) Cash Flow Hedges Reserve	**(8.20)**	(32.89)
	8,749.29	7,657.05

(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.

25 Interest Income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
On Financial Assets measured at Amortised Cost -		
Interest on Loans	**8,293.64**	8,420.35
Interest on deposits with Banks	**11.39**	22.67
On Financial Assets measured at fair value through profit or loss (FVTPL) -		
Interest income from Investment	**57.94**	44.86
Total	**8,362.97**	8,487.88

26 Net gain/ (loss) on fair value changes

	For the year ended 31 March 2022	For the year ended 31 March 2021
Net gain/(loss) on financial instruments at fair value through profit or loss (FVTPL)		
Investments	**16.48**	40.04
Unquoted equity shares	**-**	-
	16.48	40.04
Net gain/(loss) on financial instruments at fair value through profit or loss (FVTPL)		
Realised	**39.29**	34.89
Unrealised	**(22.81)**	5.15
Total	**16.48**	40.04

27 Finance Costs

	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest expenses on financial liabilities measured at amortised cost		
Interest on borrowings (includes Interest on lease liabilities ₹ 19.68 Crore, Previous Year ₹ 25.47 crore)	**1,248.83**	1,684.74
Interest on debt securities	**1,671.08**	1,791.21
Interest on subordinated liabilities	**369.15**	346.70
Discount on commercial paper	**8.86**	25.71
Other borrowing costs	**27.58**	34.57
Total	**3,325.50**	3,882.93

28 Impairment on financial instruments

	For the year ended 31 March 2022	For the year ended 31 March 2021
Impairment on financial instruments at amortised cost		
Loans	**2,466.99**	3,071.52
Investment	**-**	(0.49)
Trade receivables	**(1.26)**	(2.26)
Total	**2,465.73**	3,068.77

29 Employee benefits expense

	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries and wages (including bonus)	**3,162.38**	2,684.48
Contribution to provident and other funds	**277.92**	233.35
Employee share based payment expenses	**30.42**	13.55
Staff welfare expenses	**29.69**	24.21
Total	**3,500.41**	2,955.59

30 Other expenses

	For the year ended 31 March 2022	For the year ended 31 March 2021
Rent	**5.53**	5.69
Rates and taxes	**0.78**	1.76
Telephone	**30.70**	31.56
Power and fuel	**24.50**	20.03
Repairs and maintenance-premises	**4.79**	3.37
Repairs and maintenance-others	**4.47**	2.24
Credit report charges	**37.65**	34.25
Commission and brokerage	**2.56**	2.22
Auditor's remuneration (Refer Note 32)	**1.16**	1.06
Insurance	**0.71**	1.64
Loss on sale of asset	**(0.06)**	1.91
Expenses towards Corporate Social Responsibility Initiative (Refer Note 40)	**25.83**	30.83
Others administrative expenses	**429.53**	292.43
Total	**568.15**	428.99

31 Earnings per Share

	For the year ended 31 March 2022	For the year ended 31 March 2021
Net Profit (₹ in crore)	**1,011.40**	391.47
Weighted average number of equity shares		
Basic	**78,94,77,686**	78,80,29,727
Diluted	**78,99,39,967**	78,83,47,209
Earnings per share (₹)		
Basic	**12.81**	4.97
Diluted	**12.80**	4.97
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 4,62,281 shares (Previous Year 3,17,481 shares).

32 Auditor's Remuneration

	For the year ended 31 March 2022	For the year ended 31 March 2021
As Auditor *	**1.05**	0.90
For taxation matters	**-**	-
For company law matters	**-**	-
For other services	**-**	0.07
For reimbursement of expenses	**0.02**	-
Sub Total	**1.07**	0.97
GST	**0.09**	0.09
Total	**1.16**	1.06

* Includes ₹ 0.15 crore to erstwhile Statutory Auditors

33 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 31 March 2022

(i) Amounts recognised in the Balance sheet

S.N.	Particulars	31 March 2022	31 March 2021
a)	**Right-of-use assets (net)**	**202.49**	217.40
b)	**Lease liabilities**		
	Current	**45.64**	41.23
	Non-current	**193.49**	206.32
	Total Lease liabilities	**239.13**	247.55
c)	**Additions to the Right-of-use assets**	**37.42**	30.75

(ii) Amounts recognised in the Statement of Profit and Loss

S.N.	Particulars	31 March 2022	31 March 2021
a)	Depreciation charge for right-of-use assets	**49.67**	51.44
b)	Interest expense (included in finance cost)	**19.68**	25.47
c)	Expense relating to short-term leases	**5.53**	5.69

(iii) Cash Flows

Particulars	31 March 2022	31 March 2021
The total cash outflow of leases	**62.87**	61.78

(iv) Future Commitments

Particulars	31 March 2022	31 March 2021
Future undiscounted lease payments to which leases is not yet commenced	**23.72**	1.72

(v) Maturity analysis of undiscounted lease liability

Period	31 March 2022	31 March 2021
Not later than one year	**62.93**	60.03
Later than one year and not later than five years	**173.91**	189.86
Later than five years	**62.31**	64.18
Total	**299.15**	314.07

34 Accounting for Employee Share based Payments

In accordance with resolution approved by the shareholders, the Company has reserved shares, for issue to employees through ESOP Scheme. On the approval of Nomination and Remuneration Committee (NRC), each ESOP scheme is issued. The NRC has approved stock option schemes ESOP-10 on October 13, 2017, ESOP-11 on January 15, 2019, ESOP-12 on October 5, 2020, ESOP-13 on January 14, 2021, ESOP-13A on August 31, 2021 and ESOP-14 on October 27, 2021. Under the term of the schemes, the Company may issue stock options to employees and directors of the Company, each of which is convertible into one equity share.

Such options vest at a definitive date, save for specific incidents, prescribed in the scheme as framed/approved by the NRC. Such options are exercisable for a period following vesting at the discretion of the NRC, subject to a maximum of four years from the date of vesting.

Description of share based payments plans

Particulars		ESOP-10	ESOP-11	ESOP-12	ESOP-13	ESOP-13A	ESOP-14
i.	Vesting requirements	30% at the end of each 12 and 24 months and 40% at the end of 36 months from 31 Oct 2017	30% at the end of each 12 and 24 months and 40% at the end of 36 months from 31 Jan 2019	60% at the end of 12 months and 40% at the end of 24 months from 31 Oct 2020	30% at the end of each 12 and 24 months and 40% at the end of 36 months from 31 Jan 2021	30% at the end of each 12 and 24 months and 40% at the end of 36 months from August 31, 2021	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2021
ii.	Maximum term of option	7 years	7 years	6 years	7 years	7 years	7 years
iii.	Method of settlement	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled
iv.	Modifications to share based payment plans	NA	NA	NA	NA	NA	NA
v.	Any other details as disclosed in the audited Ind-AS financials	NA	NA	NA	NA	NA	NA

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 31 March 2022

Particulars	Out-standing, 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	**48,150**	**-**	**5,500**	**650**	**42,000**	**42,000**
ESOP-11	**3,94,000**	**-**	**2,69,610**	**17,960**	**1,06,430**	**1,06,430**
ESOP-12	**15,58,900**	**-**	**7,73,130**	**82,860**	**7,02,910**	**1,23,570**
ESOP-13	**11,75,600**	**-**	**2,06,575**	**35,870**	**9,33,155**	**1,41,245**
ESOP-13A	**-**	**50,000**	**-**	**-**	**50,000**	**-**
ESOP-14	**-**	**22,44,730**	**-**	**9,910**	**22,34,820**	**-**
Total	**31,76,650**	**22,94,730**	**12,54,815**	**1,47,250**	**40,69,315**	**4,13,245**
Weighted average exercise price (₹)	**313.22**	**432.48**	**301.93**	**317.09**	**383.81**	**300.52**

Movement in the options outstanding under the Employees Stock Option Plan for the year ended 31 March 2021

Particulars	Out-standing, 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	12,83,200	-	11,68,150	66,900	48,150	48,150
ESOP-11	8,68,380	-	4,37,410	36,970	3,94,000	71,280
ESOP-12	-	16,02,500	-	43,600	15,58,900	-
ESOP-13	-	11,76,950	-	1,350	11,75,600	-
Total	21,51,580	27,79,450	16,05,560	1,48,820	31,76,650	1,19,430
Weighted average exercise price (₹)	237.65	320.33	229.62	255.07	313.22	249.41

Following summarises the information about stock options outstanding as at 31 March 2022

Plan	Exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)
ESOP - 10	**213**	**42,000**	**2.53**
ESOP - 11	**274**	**1,06,430**	**3.79**
ESOP - 12	**300**	**7,02,910**	**4.52**
ESOP - 13	**348**	**9,33,155**	**5.64**
ESOP - 13A	**409**	**50,000**	**6.42**
ESOP - 14	**433**	**22,34,820**	**6.58**

Following summarises the information about stock options outstanding as at 31 March 2021

Plan	Exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)
ESOP - 10	213	48,150	3.59
ESOP - 11	274	3,94,000	4.58
ESOP - 12	300	15,58,900	5.07
ESOP - 13	348	11,75,600	5.94

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 13A	ESOP 14
Dividend yield	0.00%	0.00%
Expected volatility	59.89%	56.24%
Risk-free interest rate	5.35%	5.41%
Expected life of the option	4.10 Years	4.10 Years

The Company recorded an employee stock compensation expense of ₹30.42 crore (previous year ₹13.55 crore) in Statement of Profit and Loss.

35 Segment reporting

S.N.	Particulars	31 March 2022	31 March 2021
i.	**Segment Revenue**		
	Lending business	**8,942.88**	8,924.35
	BPO Services	**2,363.41**	2,020.43
	Unallocated	**-**	-
	Income from Operations	**11,306.29**	10,944.78
ii.	**Segment Results**		
	Lending business	**1,238.71**	445.98
	BPO Services	**134.69**	103.72
	Unallocated	**(25.84)**	(48.99)
	Profit before tax	**1,347.56**	500.71

(Currency : Indian Rupees in crore)

S.N.	Particulars	31 March 2022	31 March 2021
	Income Tax expenses		
	Current tax	**663.40**	419.09
	Deferred tax Asset	**(327.24)**	(309.85)
	Income tax for earlier year	**-**	-
	Net Profit	**1,011.40**	391.47
iii.	**Capital Employed**		
	Segment assets		
	Lending business	**60,812.70**	61,694.54
	BPO Services	**148.72**	147.52
	Unallocated	**1,064.51**	798.99
	Total Assets	**62,025.94**	62,641.05
	Segment Liabilities		
	Lending business	**52,009.27**	53,886.31
	BPO Services	**95.61**	50.43
	Unallocated	**381.33**	258.08
	Total Liabilities	**52,486.21**	54,194.82
	Net Segment assets/(liabilities)	**9,539.73**	8,446.23
iv.	**Capital Expenditure (including net CWIP)**		
	Lending business	**36.25**	22.48
	BPO Services	**4.88**	2.11
	Unallocated	**-**	-
	Total	**41.13**	24.59
v.	**Depreciation**		
	Lending business	**79.17**	87.83
	BPO Services	**19.77**	15.34
	Unallocated	**-**	4.62
	Total	**98.94**	107.79
vi.	**Other non cash expenditure**		
	Lending business	**2,465.73**	3,068.77
	BPO Services	**-**	-
	Unallocated	**-**	-
	Total	**2,465.73**	3,068.77

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 ('MD') 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.

36 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

Key Management Personnel :

Arijit Basu (Chairman & Non Executive Director) (Appointed w.e.f 01 June 2021)

Arundhati Mech (Independent Director) (Appointed w.e.f 11 February 2022)

Smita Affinwalla (Independent Director)

Venkatraman Srinivasan (Independent Director)

Dr. Amla Samanta (Independent Director)

Adayapalam Viswanathan (Independent Director)

G Ramesh (Managing Director & CEO)

Other related parties :

HDFC Ergo General Insurance Company Limited

HDFC Life Insurance Company Limited

HDFC Asset Management Company Limited

HDBFS Employees Welfare Trust

Details of Related Party Transactions for the Year:

Related party	**Nature of transaction**	**31 March 2022**	31 March 2021
HDFC Bank Limited	Bank charges	**12.20**	11.98
	Charges for back office support services received / recoverable	**921.26**	907.26
	Charges for sales support services received / recoverable	**1,607.28**	1,233.14
	Commission Expenses	**1.71**	4.94
	Corporate logo license fees	**14.63**	3.72
	Fixed deposits placed	**17.77**	1,172.73
	Interest paid on non-convertible debentures	**185.85**	59.92
	Interest paid on term loan and OD account	**312.90**	379.94
	Interest received on fixed deposits	**5.47**	12.78
	Investment banking fees paid	**0.56**	1.26
	Reimbursement of IT expense, secondment charge & other common expenses	**0.89**	2.74
	Rent paid for premises taken on sub-lease	**2.37**	2.42
	Securities purchased during the year	**1,310.00**	3,115.00
	Securitisation	**-**	473.06

(Currency : Indian Rupees in crore)

Related party	Nature of transaction	31 March 2022	31 March 2021
HDFC Securities Limited	Term loan availed during the year	**4,050.00**	2,350.00
	Tele collection charges / field collection charges received / recoverable for collection services rendered	**220.58**	206.53
	Rent received / receivable for premises given on sub-lease	**0.07**	0.08
Key Management Personnel	Director sitting fees and commission paid	**1.25**	0.80
	Salary including perquisites and allowances	**4.53**	3.79
	Stock Options#	**0.48**	0.86
HDFC Life Insurance Company Limited	Income from Insurance commission	**6.19**	7.91
	Rent Expense	**-**	0.01
HDFC Ergo General Insurance Company Limited	Income from Insurance commission	**9.89**	9.77
	Insurance Premium Expense (Car & Group policy)	**1.86**	-

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 ₹2.62 crore (previous year ₹1.10 crore) with a corresponding credit to the reserves.

Balances outstanding:

Related party	Nature of transaction	31 March 2022	31 March 2021
HDFC Bank Limited	Securitisation	**454.03**	1,469.56
	Balance in current accounts	**409.00**	645.56
	Balance receivable	**95.95**	85.66
	Balance payable	**0.12**	1.92
	Fixed deposit	**88.51**	182.53
	Security deposit paid	**0.11**	0.11
	Security deposit received	**9.85**	9.85
	Term loan outstanding	**6,067.14**	5,572.73
	Non convertible debentures issued	**5,080.00**	3,115.00
	Undrawn commitment facility	**-**	500.00
HDFC Securities Ltd.	Balance receivable	**-**	0.13
HDFC Life Insurance Company Limited**	Balance payable - Securities	**920.00**	905.00
	Balance payable - Expenses	**0.01**	0.01
	Balance receivable	**0.72**	1.59
HDFC Asset Management Company Limited	Balance payable	**346.00**	811.90
	Balance receivable	**-**	0.36
HDFC Ergo General Insurance Company Limited**	Balance payable	**120.00**	70.00
	Balance receivable	**1.36**	1.22

** excludes amounts pertaining to insurance premiums payable that are in the nature of pass through.

37 Employee benefits

(A) Defined contribution plan

The contribution made to various statutory funds is recognized as expense and included in Note 29 'Employee benefits expense' under 'Contribution to provident and other funds' in Statement of Profit and Loss.

(B) Defined benefit plan (Gratuity)

The Company contributes to the group gratuity fund based on the actuarial valuation determined as at the year-end through the HDFC Life Insurance Company ('HDFC Life') Limited and Life Insurance Corporation of India Limited (LIC). HDFC Life and LIC have certified the Fair Value of the Plan Assets.

Details of Actuarial Valuation as at March 31, 2022 :

	Particulars	31 March 2022	31 March 2021
A.	**Change in defined benefit obligation**		
1	Defined benefit obligation at beginning of period	**149.09**	116.48
2	Service cost		
	a. Current service cost	**17.17**	12.76
	b. Past service cost	**1.49**	-
	c. (Gain) / loss on settlements	**-**	-
3	Interest expenses	**5.75**	5.67
4	Cash flows		
	a. Benefit payments from plan	**(19.88)**	(10.00)
	b. Benefit payments from employer	**-**	-
	c. Settlement payments from plan	**-**	-
	d. Settlement payments from employer	**-**	-
5	Remeasurements		
	a. Effect of changes in demographic assumptions	**2.51**	4.36
	b. Effect of changes in financial assumptions	**(3.08)**	5.10
	c. Effect of experience adjustments	**13.85**	14.72
6	Transfer In / Out		
	a. Transfer In	**-**	-
	b. Transfer out	**-**	-
7	Defined benefit obligation at end of period	**166.90**	149.09
B.	**Change in fair value of plan assets**		
1	Fair value of plan assets at beginning of period	**81.51**	54.53
2	Interest income	**3.15**	2.66
3	Cash flows		
	a. Total employer contributions		
	(i) Employer contributions	**30.66**	32.78
	(ii) Employer direct benefit payments	**-**	-
	(iii) Employer direct settlement payments	**-**	-
	b. Participant contributions	**-**	-
	c. Benefit payments from plan assets	**(19.88)**	(10.00)
	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)	**0.13**	1.54
5	Transfer In /Out		
	a. Transfer In	**-**	-
	b. Transfer out	**-**	-
6	Fair value of plan assets at end of period	**95.57**	81.51

(Currency : Indian Rupees in crore)

	Particulars	31 March 2022	31 March 2021
C.	**Amounts recognised in the Balance Sheet**		
1	Defined benefit obligation	**166.90**	149.09
2	Fair value of plan assets	**(95.57)**	(81.51)
3	Funded status	**71.33**	67.58
4	Effect of asset ceiling	**-**	-
5	Net defined benefit liability (asset)	**71.33**	67.58
D.	**Components of defined benefit cost**		
1	Service cost		
	a. Current service cost	**17.17**	12.76
	b. Past service cost	**1.49**	-
	c. (Gain)/loss on settlements	**-**	-
	d. Total service cost	**18.66**	12.76
2	Net interest cost		
	a. Interest expense on DBO	**5.75**	5.67
	b. Interest (income) on plan assets	**3.15**	2.66
	c. Interest expense on effect of (asset ceiling)	**-**	-
	d. Total net interest cost	**2.60**	3.01
3	Remeasurements (recognised in OCI/Retained Earnings)		
	a. Effect of changes in demographic assumptions	**2.51**	4.36
	b. Effect of changes in financial assumptions	**(3.08)**	5.10
	c. Effect of experience adjustments	**13.85**	14.72
	d. Return on plan assets (excluding interest income)	**0.13**	1.54
	e. Changes in asset ceiling (excluding interest income)	**-**	-
	f. Total remeasurements included in OCI/Retained Earnings	**13.15**	22.64
4	Total defined benefit cost recognised in P&L and OCI	**34.41**	38.41
E.	**Re-measurement**		
	a. Actuarial Loss/(Gain) on DBO	**13.28**	24.18
	b. Returns above Interest Income	**(0.13)**	(1.54)
	c. Change in Asset ceiling	**-**	-
	Total Re-measurements (OCI / Retained Earnings)	**13.15**	22.64
F.	**Employer Expense (P&L)**		
	a. Current Service Cost	**17.17**	12.76
	b. Interest Cost on net DBO	**2.60**	3.01
	c. Past Service Cost	**1.49**	-
	d. Total P&L Expenses	**21.26**	15.77
G.	**Net defined benefit liability (asset) reconciliation**		
1	Net defined benefit liability (asset)	**67.58**	61.95
2	Defined benefit cost included in P&L	**21.26**	15.77
3	Total remeasurements included in OCI/Retained Earnings	**13.15**	22.64
4	a. Employer contributions	**(30.66)**	(32.78)
	b. Employer direct benefit payments	**-**	-
	c. Employer direct settlement payments	**-**	-
5	Net transfer	**-**	-
6	Net defined benefit liability (asset) as of end of period	**71.33**	67.58
H.	**Reconciliation of OCI (Re-measurement)**		
1	Recognised in OCI at the beginning of period	**57.11**	34.46
2	Recognised in OCI during the period	**13.15**	22.64
3	Recognised in OCI/Retained Earnings at the end of the period	**70.26**	57.11

	Particulars	31 March 2022	31 March 2021
I.	**Sensitivity analysis - DBO end of Period**		
1	Discount rate + 100 basis points	**(4.38)**	(3.77)
2	Discount rate - 100 basis points	**4.77**	4.10
3	Salary Increase Rate + 1%	**4.57**	3.66
4	Salary Increase Rate - 1%	**(4.29)**	3.49
5	Attrition Rate + 1%	**(1.34)**	1.27
6	Attrition Rate - 1%	**1.42**	1.35
J.	**Significant actuarial assumptions**		
1	Discount rate Current Year (p.a.)	**4.77%**	3.86%
2	Discount rate Previous Year (p.a.)	**3.86%**	4.87%
3	Salary increase rate (p.a.)	**6.00% - 11.00%**	5.00% - 9.00%
4	Attrition Rate (%)	**9.00% - 74.00%**	9.00% - 76.00%
5	Retirement Age (years)	**60**	60
6	Pre-retirement mortality	**IALM (2012-14) Urban**	IALM (2006-08) Ultimate
7	Disability	**Nil**	Nil
K.	**Data**		
1	No.	**1,15,490**	99,629
2	Average age (yrs.)	**28.99**	29.23
3	Average past service (yrs.)	**2.42**	2.71
4	Average salary monthly (₹)	**9,046.16**	8,863.61
5	Future service (yrs.)	**31.01**	30.77
6	Weighted average duration of DBO	**4.00**	4.00
L.	**Expected cash flows for following year**		
1	Expected contributions/Addl. Provision Next Year	**29.61**	30.31
2	Expected total benefit payments		
	Year 1	**51.64**	47.88
	Year 2	**33.72**	30.37
	Year 3	**24.02**	20.98
	Year 4	**16.99**	15.27
	Year 5	**12.79**	10.90
	Next 5 years	**32.29**	25.22

Category of Plan asset	**% of Fair value to total planned assets (as at 31 March 2022)**
Government securities and corporate bonds/debentures	**86.48%**
Money market instruments and fixed deposits	**11.93%**
Net current assets and other approved security	**1.59%**
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.

38 Contingent liabilities

S.N.	Particulars	31 March 2022	31 March 2021
1	Claims against the Company not acknowledged as debt (Refer Note 38.1)	**90.59**	93.55
2	Estimated amount of contracts remaining to be executed on capital account and not provided for: (Net of Advances amounting to ₹0.43 crore, previous year ₹1.22 crore)	**13.27**	8.64
3	Undrawn committed sanctions to borrowers	**59.40**	26.65

38.1 Claims against the Company not acknowledged as debt

Particulars	31 March 2022	31 March 2021
Suit filed by borrowers	**5.25**	3.36
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. Income tax matter	**-**	4.85
4. Payment of Labour Welfare Fund	**0.32**	0.32
Total	**90.59**	93.55

a) Provident Fund matter

The Company has received a notice of demand from the Provident Fund department amounting to ₹ 50.14 crore. The Company had filed an appeal challenging the Provident Fund Commissioner's order before the Provident Fund Appellate Tribunal, wherein the Company had received a favourable outcome. However, a sum of ₹ 1 crore has been deposited under protest with the Provident Fund Appellate Authority. This amount is shown under Other financial assets.

The Provident Fund department has challenged order of the appellate authority in the High Court. The management of the Company is of the view that no material losses will arise in respect of the legal claim and accordingly the same has been disclosed as a contingent liability. In the eventuality of any claim arising out of this case, the same will be billed to the customer in the year the claim is final and accordingly no provision has been made.

b) Payment of Bonus (Amendment) Act, 2015

As per the amendment to the Payment of Bonus (Amendment) Act, 2015 vide notification number DL-(N)04/70007/2003-16 issued on 1 January 2016 by Government of India, the Company would be required to pay statutory bonus to all eligible employees as per the amendments specified thereunder, with effect from 1 April 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.

38.2 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.

(Currency : Indian Rupees in crore)

38.3 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.

39 Maturity analysis of assets & liabilities

Particulars	31 March 2022		31 March 2021	
	Within 12 months	**After 12 months**	Within 12 months	After 12 months
ASSETS				
Financial Assets				
(a) Cash and cash equivalents (CCE)	**477.20**	**30.58**	753.51	-
(b) Bank balances other than CCE	**176.19**	**-**	220.50	2.37
(c) Derivative financial instruments	**-**	**132.44**	-	-
(d) Trade receivables	**141.82**	**-**	117.32	-
(e) Loans	**21,299.76**	**35,862.69**	18,500.34	40,101.10
(f) Investments	**2,144.02**	**89.49**	1,455.03	137.87
(g) Other financial assets	**58.99**	**255.61**	209.63	39.59
	24,297.98	**36,370.81**	21,256.33	40,280.93
Non-financial Assets				
(a) Current tax assets (Net)	**13.34**	**-**	56.91	-
(b) Deferred tax assets (Net)	**-**	**1,051.17**	-	729.99
(c) Property, plant and equipment	**-**	**78.14**	-	91.52
(d) Capital work-in-progress	**-**	**-**	-	-
(e) Other intangible assets		**12.01**	-	7.98
(f) Right of use assets	**49.00**	**153.49**	47.39	170.01
	62.34	**1,294.81**	104.30	999.50
TOTAL ASSETS	**24,360.32**	**37,665.62**	21,360.63	41,280.43
LIABILITIES				
Financial Liabilities				
(a) Derivative financial instruments	**-**	**-**	42.72	-
(b) Trade payables	**246.91**	**-**	334.26	-
(c) Debt securities	**8,003.83**	**17,328.48**	7,131.39	16,670.68
(d) Borrowings other than debt securities	**8,752.04**	**10,749.68**	8,352.32	14,216.75
(e) Subordinated liabilities	**599.23**	**3,539.82**	-	3,987.61
(f) Other financial liabilities	**2,344.47**	**364.25**	2,291.85	553.08
	19,946.48	**31,982.23**	18,152.54	35,428.12
Non-Financial Liabilities				
(a) Current tax liabilities (net)	**59.73**	**-**	173.05	-
(b) Provisions	**264.61**	**50.14**	282.24	37.61
(c) Other non-financial liabilities	**183.02**	**-**	121.26	-
	507.36	**50.14**	576.55	37.61
TOTAL LIABILITIES	**20,453.84**	**32,032.37**	18,729.09	35,465.73
NET	**3,906.48**	**5,633.25**	2,631.54	5,814.70

40 Corporate Social Responsibility

The average profit before tax of the Company for the last three financial years was ₹ 1,234.89 crore, basis which the Company was required to spend ₹ 24.70 crore towards Corporate Social Responsibility (CSR) activities for the current financial year.

a) Amount spent during the year on:

Particulars	**31 March 2022**			31 March 2021		
	Amount Spent	**Amount Unpaid/ provision**	**Total**	Amount Spent	Amount Unpaid/ provision	Total
Construction/acquisition of any asset	**-**	**-**	**-**	-	-	-
On purpose other than (i) above	**25.83**	**Not Applicable**	**25.83**	23.52	7.31	30.83

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 ear**	**Closing Balance**
7.31	NIL	24.70	25.83	(1.13)

Note: ₹ 7.31 crore reported as unspent in financial year 2020-21 has been transferred to Unspent CSR Account. Of this, ₹ 5.03 crore has been disbursed towards Ongoing Projects during the year.

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**
NIL	24.70	25.83	(1.13)

Note: ₹ 1.13 crore was spent over and above the prescribed CSR Budget of ₹ 24.70 crore for the financial year 2021-22.

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
NIL	7.31	24.70	25.83	5.03	(1.13)	2.28

e) Nature of CSR activities

CSR activities for promotion of healthcare including water & sanitation, livelihood enhancements through skill and vocational training, promoting quality education and supporting water conservation initiatives etc.

41 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	31 March 2022	31 March 2021
The Principal amount remaining unpaid at the end of the year	-	0.01
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	-	0.01

Note - The above is based on the information available with the Company which has been relied upon by the auditors.

42 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.

Investments	Category	Fair value hierarchy	Fair Value	
			31 March 2022	31 March 2021
Mutual fund units	FVTPL	Level 1	**946.45**	572.21
Unquoted equity shares	FVTPL	Level 3	**1.45**	1.45
Treasury bills	FVTPL	Level 1	**1,197.57**	882.82
Securities receipt of ARC	FVTPL	Level 2	**88.04**	136.42
Derivative financial instruments	FVTPL	Level 2	**132.44**	-

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.

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.

(Currency : Indian Rupees in crore)

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	31 March 2022		31 March 2021	
			Carrying value	Fair value	Carrying value	Fair value
Financial Assets						
(a) Cash and cash equivalents (CCE)	Amortised cost		**507.78**	**507.78**	753.51	753.51
(b) Bank balances other than CCE	Amortised cost		**176.19**	**176.19**	222.87	222.87
(c) Derivative financial instruments	FVTPL	Level 2	**132.44**	**132.44**	-	-
(d) Trade receivables	Amortised cost		**141.82**	**141.82**	117.32	117.32
(e) Loans	Amortised cost	Level 3	**57,162.45**	**54,511.90**	58,601.44	55,503.95
(f) Investments - Mutual funds and Treasury bills	FVTPL	Level 1	**2,144.02**	**2,144.02**	1,455.03	1,455.03
Investments - In Security Receipts	FVTPL	Level 2	**88.04**	**88.04**	136.42	136.42
Investments - Unquoted equity shares	FVTPL	Level 3	**1.45**	**1.45**	1.45	1.45
(g) Other financial assets	Amortised cost		**314.60**	**314.60**	249.22	249.22
			60,668.79	**58,018.24**	61,537.26	58,439.77
Financial Liabilities						
(a) Derivative financial instruments	FVTPL	Level 2	**-**	**-**	42.72	42.72
(b) Trade payables	Amortised cost		**246.91**	**246.91**	334.26	334.26
(c) Debt securities	Amortised cost	Level 2	**25,332.31**	**26,356.46**	23,802.07	25,052.85
(d) Borrowings other than Securitisation	Amortised cost	Level 2	**18,296.08**	**17,976.30**	20,532.65	19,753.95
Borrowings under Securitisation	Amortised cost	Level 2	**1,205.64**	**1,193.88**	2,036.41	2,004.24
(e) Subordinated liabilities	Amortised cost	Level 2	**4,139.05**	**4,429.21**	3,987.61	4,281.90
(f) Other financial liabilities	Amortised cost		**2,708.72**	**2,708.72**	2,844.94	2,844.94
			51,928.71	**52,911.47**	53,580.66	54,314.86

(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.

43 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.

44 Risk Management

While risk is inherent in the Company's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls.

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Committee is responsible for managing risk decisions and monitoring risk levels and reports to the Supervisory Board.

The Company's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

a) Credit risk

The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and industry concentrations, and by monitoring exposures in relation to such limits.

Financial assets measured on a collective basis

The Company splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Secured/unsecured i.e. based on whether the loans are secured
- Nature of security i.e. the nature of the security if the loans are determined to be secured
- Nature of loan i.e. based on the nature of loan

Significant increase in credit risk

The Company considers an exposure to have significantly increased in credit risk when the borrower crosses 30 DPD but is within 90 DPD.

Impairment assessment

The company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower crosses 90 days past due on its contractual payments. Further, the borrower is retained in Stage 3 (credit-impaired) till all the overdue amounts are repaid i.e. borrower becomes 0 days past due on its contractual payments.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Loss given default

The credit risk assessment is based on a standardised LGD assessment framework that incorporates the probability of default and subsequent recoveries, discounted.

Current economic data and forward-looking economic forecasts and scenarios are used in order to determine the Ind AS 109 LGD rate. The company uses data obtained from third party sources and combines such data with inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios.

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	**31 March 2022**	31 March 2021
Stage 1	**56,142.18**	55,263.27
Stage 2	**2,125.38**	3,300.87
Stage 3	**3,058.76**	2,760.86
Total	**61,326.32**	61,325.00

b) An analysis of changes in the gross carrying amount and corresponding ECL allowances in relations to loans is as under:

	31 March 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount - opening balance	**55,263.27**	**3,300.87**	**2,760.86**	**61,325.00**
Originated or new	**28,624.70**	**251.85**	**156.66**	**29,033.21**
Matured or repaid	**(24,958.69)**	**(1,099.41)**	**(1,818.27)**	**(27,876.37)**
Transfers to Stage 1	**1,964.69**	**(1,394.17)**	**(570.52)**	**-**
Transfers to Stage 2	**(2,016.03)**	**2,097.54**	**(81.51)**	**-**
Transfers to Stage 3	**(2,735.76)**	**(1,031.30)**	**3,767.06**	**-**
Amounts written off (net of recovery)	**-**	**-**	**(1,155.52)**	**(1,155.52)**
Gross carrying amount - closing balance	**56,142.18**	**2,125.38**	**3,058.76**	**61,326.32**

	31 March 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount - opening balance	54,243.55	1,928.27	2,259.13	58,430.95
Originated or new	24,165.19	269.87	142.71	24,577.77
Matured or repaid	(18,076.95)	(753.75)	(1,365.78)	(20,196.48)
Transfers to Stage 1	919.63	(650.27)	(269.36)	-
Transfers to Stage 2	(3,088.42)	3,229.17	(140.75)	-
Transfers to Stage 3	(2,899.73)	(722.42)	3,622.15	-
Amounts written off (net of recovery)	-	-	(1,487.24)	(1,487.24)
Gross carrying amount - closing balance	**55,263.27**	**3,300.87**	**2,760.86**	**61,325.00**

	31 March 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Impairment loss allowance - opening balance	**1,306.11**	**542.71**	**874.74**	**2,723.56**
Originated or new	**362.16**	**50.74**	**82.96**	**495.86**
Matured or repaid	**333.52**	**202.97**	**1,563.48**	**2,099.97**
Transfers to Stage 1	**335.24**	**(176.84)**	**(158.40)**	**-**
Transfers to Stage 2	**(108.83)**	**133.96**	**(25.13)**	**-**
Transfers to Stage 3	**(231.39)**	**(242.29)**	**473.68**	**-**
Amounts written off (net of recovery)	**-**	**-**	**(1,155.52)**	**(1,155.52)**
Impairment loss allowance - closing balance	**1,996.81**	**511.25**	**1,655.81**	**4,163.87**

	31 March 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Impairment loss allowance - opening balance	634.25	212.22	438.60	1,285.07
Originated or new	401.34	38.68	34.77	474.79
Matured or repaid	(175.73)	(66.92)	1,108.56	865.91
Transfers to Stage 1	111.71	(56.61)	(55.09)	-
Transfers to Stage 2	(61.34)	90.13	(28.79)	-
Transfers to Stage 3	(60.93)	(66.90)	127.83	-
Remeasurement	456.81	392.11	736.11	1,585.03
Amounts written off (net of recovery)	-	-	(1,487.24)	(1,487.24)
Impairment loss allowance - closing balance	**1,306.11**	**542.71**	**874.74**	**2,723.56**

c) Modified financial assets

The Company renegotiates loans given to customers in financial difficulties (referred to as forbearance activities, restructuring or rescheduling) to maximise collection opportunities and minimise the risk of default. Under the Companies forbearance policy, loan forbearance is granted on a selective basis if the customer is currently in default on its debt or if there is a high risk of default, there is evidence that the customer made all reasonable efforts to pay under the original contractual terms and the customer is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Risk Management Committee regularly reviews reports on forbearance activities.

Upon renegotiation, such accounts are classified as Stage 3. Such accounts are upgraded to Stage 1 only upon observation of satisfactory repayments of one year from the date of such down-gradation and accordingly loss allowance is measured using 12 month PD.

Exposure to modified financial assets	**31 March 2022**	31 March 2021
Gross carrying amount	**5,100.35**	3,649.96
Impairment allowance	**1,975.22**	956.92
Net carrying amount	**3,125.13**	2,693.04

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:

	31 March 2022	31 March 2021
Carrying value of Loans	**57,162.44**	58,601.44
Mortgage backed loans	**16,404.30**	17,041.68
Other assets backed loans	**24,290.68**	25,430.92
Personal loans	**13,143.46**	13,322.88
Others	**3,324.00**	2,805.97
Total	**57,162.44**	58,601.44

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are, as follows:

- For corporate and small business lending, charges over real estate properties, inventory and trade receivables and, in special circumstances, government guarantees
- For retail lending, mortgages over residential properties

The Company also obtains guarantees from parent companies for loans to their subsidiaries.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

Collateral coverage - credit impaired loans

Loan to Value (LTV) range	**31 March 2022**	31 March 2021
Upto 50 % Coverage	**1,259.26**	1,476.62
51-75 % Coverage	**139.87**	402.89
76-100 % Coverage	**3.75**	5.95
Above 100% Coverage	**0.07**	0.65
Total	**1,402.95**	1,886.11

b) Liquidity risk and funding management

Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. To limit this risk, management has arranged for diversified funding sources, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

Maturity profile of financial liabilities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at 31st March.

31 March 2022	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
Trade payables	**246.91**	**-**	**-**	**-**	**246.91**
Derivative financial instruments	**-**	**-**	**-**	**-**	**-**
Debt securities	**9,999.33**	**16,693.39**	**1,684.16**	**1,117.35**	**29,494.22**
Borrowings	**8,182.18**	**10,532.33**	**932.43**	**12.56**	**19,659.50**
Borrowings under Securitization	**774.09**	**408.48**	**11.31**	**-**	**1,193.88**
Subordinated liabilities	**975.04**	**1,338.21**	**878.57**	**2,981.50**	**6,173.32**
Total	**20,177.55**	**28,972.40**	**3,506.47**	**4,111.41**	**56,767.84**

31 March 2021	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
Trade payables	334.26	-	-	-	334.26
Derivative financial instruments	42.72	-	-	-	42.72
Debt securities	8,780.45	17,885.98	399.14	793.20	27,858.77
Borrowings	8,107.92	13,506.54	282.55	-	21,897.01
Borrowings under Securitization	1,342.04	842.97	14.75	-	2,199.76
Subordinated liabilities	363.54	1,497.86	1,013.71	3,396.56	6,271.67
Total	18,970.94	33,733.35	1,710.15	4,189.76	58,604.19

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	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021
Borrowings that are re-priced	**0.25%**	0.25%	**31.69**	38.00
Loans that are re-priced	**0.25%**	0.25%	**35.63**	40.31

ii) Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arise majorly on account of foreign currency borrowings. The Company manages this foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Company holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

d) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or from external events.

The operational risks of the Company are managed through comprehensive internal control systems and procedures and key back up processes. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The Company also undertakes Risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure.

The Company has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the Company's readiness.

45 Impact of hedging activities

a) Disclosure of effects of hedge accounting on financial position:

31 March 2022								
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)	**4,017.00**		**132.44**		**30 Oct 2022, 29 Nov 2020, 10 Dec 2022 & 18th June 2023**	**175.17**	**175.17**	**Borrowings**

31 March 2021								
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)	3,874.83	-	-	42.72	30 Oct 2022, 29 Nov 2020, 10 Dec 2022 and 18 June 2023	(124.04)	(124.04)	Borrowings

b) Disclosure of effects of hedge accounting on financial performance

31 March 2022				
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	**175.17**	**-**	**(142.17)**	**Finance cost**

31 March 2021				
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	(124.04)	-	127.03	Finance cost

46 Changes in Liabilities arising from financing activities

Particulars	**1 April 2021**	**Cash flows**	**Exchange Difference**	**Other**	**31 March 2022**
Debt securities	**23,802.07**	**1,555.63**	**-**	**(25.39)**	**25,332.31**
Borrowings other than debt securities	**20,532.66**	**(2,248.95)**	**-**	**12.37**	**18,296.08**
Borrowings under Securitization	**2,036.41**	**(830.77)**	**-**	**-**	**1,205.64**
Subordinated liabilities	**3,987.61**	**140.49**	**-**	**10.95**	**4,139.05**
Total	**50,358.75**	**(1,383.60)**	**-**	**(2.07)**	**48,973.08**

Particulars	1 April 2020	Cash flows	Exchange Difference	Other	31 March 2021
Debt securities	22,593.38	1,162.82	-	45.87	23,802.07
Borrowings other than debt securities	20,954.00	(450.24)	-	28.90	20,532.66
Borrowings under Securitization	2,626.16	(593.04)	-	3.29	2,036.41
Subordinated liabilities	3,630.55	344.67	-	12.39	3,987.61
Total	49,804.09	464.21	-	90.45	50,358.75

(i) Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc

(ii) Total Liabilities comprises of Debt securities, Borrowings (other than debt securities) and Subordinated Liabilities

47 Expenditure / Remittances in Foreign Currencies

a) Expenditure in Foreign Currencies

Particulars	**31 March 2022**	31 March 2021
Interest and processing charges for debt instrument	**-**	15.70
Professional charges	**0.14**	0.03
Annual software application fee	**0.20**	0.12

b) There is no dividend paid in foreign currency.

48 Event after Reporting Date

Subsequent events are tracked and evaluated by the Company. Necessary adjustments / disclosures have been provided in the financial statements for significant subsequent events.

49 Transfer of Financial Assets

49.1 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 17.

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	**31 March 2022**	31 March 2021
Carrying amount of transferred assets measured at amortised cost	**1,211.85**	2,167.91
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	**1,205.64**	2,036.41
Fair value of assets	**1,154.16**	1,964.93
Fair value of associated liabilities	**1,193.88**	2,004.24
Net position at Fair Value	**(39.72)**	(39.31)

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	**31 March 2022**	31 March 2021
Carrying amount of de-recognised financial asset	**117.98**	235.67
Carrying amount of retained assets at amortised cost*	**13.41**	26.37
Gain on sale of the de-recognised financial asset	**Nil**	Nil

*excludes Excess Interest Spread (EIS) on de-recognised financial assets

(Currency : Indian Rupees in crore)

49.2 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 50 to 80 have been prepared as per RBI Circulars / Directives basis Ind-AS financial statements. RBI disclosures are prepared basis gross carrying value of loans.

50 A Disclosure relating to securitisation pursuant to Reserve Bank of India notification RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 dated 24 September 2021 for Non-STC Securitisation Transactions.

Sr. No	Particulars	31 March 2022	31 March 2021
1	No of SPEs holding assets for securitisation transactions originated by the originator (only the SPVs relating to outstanding securitization exposures to be reported here)	**5.00**	8.00
2	Total amount of securitised assets as per books of the SPEs	**1,223.15**	2,078.13
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	• First loss	**62.64**	98.71
	• Others	**-**	-
	b) On-balance sheet exposures		
	• First loss	**190.47**	262.81
	• Others	**-**	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	• First loss	**-**	-
	• loss	**-**	-
	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.	**-**	-

(Currency : Indian Rupees in crore)

Sr. No	Particulars	31 March 2022	31 March 2021
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	**17.12**	62.85
	(b) Repayment received	**17.12**	62.85
	(c) Outstanding amount	**172.96**	221.09
	Corporate Guarantee		
	(a) Amount paid	**36.07**	-
	(b) Repayment received	**36.07**	-
	(c) Outstanding amount	**62.64**	98.71
8	Average default rate of portfolios observed in the past.	**1.86 %**	1.42 %
9	Amount and number of additional/top up loan given on same underlying asset.*		
	(a) Amount	**0.09**	18.86
	(b) Number	**10.00**	1,408.00
	*Additional funding made as part of COVID Restructure.		
10	Investor complaints		
	(a) Directly/Indirectly received	**NIL**	NIL
	(b) Complaints outstanding	**NIL**	NIL

50 B Disclosure relating to securitisation pursuant to Reserve Bank of India notification RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 dated 24 September 2021 for STC (Simple, transparent and comparable) Securitisation Transactions are not applicable.

50 C 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 24 September 2021.

a) Details of stressed loans transferred during the year

Sr No.	Particulars	31 March 2022			31 March 2021		
		To ARCs	To permitted transferees	To other transferees	To ARCs	To permitted transferees	To other transferees
i)	Number of Accounts	**80**	-	-	28,959	-	-
ii)	Aggregate principal outstanding of loans transferred	**14.41**	-	-	644.23	-	-
iii)	Weighted average residual tenor of the loans transferred	**6.73 Years**	-	-	2.23 Years	-	-
iv)	Net book value of loans transferred (at the time of transfer)	**12.57**	-	-	97.20	-	-
v)	Aggregate consideration	**7.50**	-	-	310.88	-	-
vi)	Additional consideration realized in respect of accounts transferred in earlier years	-	-	-	-	-	-

During the year excess provisions of ₹ 1.84 crore (Previous Year ₹ 113.47 crore) reversed to the profit and loss account on accounts of sale of stressed loans.

(Currency : Indian Rupees in crore)

b) Security Receipts (SRs) Ratings held

Particulars	**31 March 2022**		31 March 2021	
	Rating Agencies	**Rating**	Rating Agencies	Rating
EARC TRUST SC - 411 Series I (*)	**Indian rating and research**	**NR3-(75% - 100%)**	NA	unrated

(*) 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 aquired during the year

Sr. No	**Particulars**	**31 March 2022**		31 March 2021	
		From Lenders listed in Clause 3	**From ARCs**	**From Lenders listed in Clause 3**	**From ARCs**
i)	Aggregate principal outstanding of loans acquired	-	-	-	-
ii)	Aggregate consideration paid	-	-	-	-
iii)	Weighted average residual tenor of loans acquired	-	-	-	-

d) Details of Assignment Transactions

Sr No.	**Particulars**	**31 March 2022**			31 March 2021		
		To ARCs	**To permit-ted trans-ferees**	**To other transfer-ees**	To ARCs	To permit-ted trans-ferees	To other transferees
i)	Number of Accounts	-	-	-	-	-	-
ii)	Aggregate principal outstanding of loans transferred	-	-	-	-	-	-
iii)	Weighted average re-sidual tenor of the loans transferred	-	-	-	-	-	-
iv)	Net book value of loans transferred (at the time of transfer)	-	-	-	-	-	-
v)	Aggregate consideration	-	-	-	-	-	-
vi)	Additional consideration realized in respect of accounts transferred in earlier years	-	-	-	-	-	-

* The securitised loans disclosed in the above notes, i.e. 50A, 50B and 50C 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.

(Currency : Indian Rupees in crore)

51 Total fixed deposits stands at ₹ 172.96 crore (previous year ₹ 221.09 crore) on account of securitisation transaction outstanding till 31st March 2022.

52 Loan against gold portfolio to Total assets is 0.77% (Previous year 1.09%).

53 Disclosure pursuant to Reserve Bank of India notification RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 updated as on 03 March 2022 pertaining to gold loans

Details of Gold auctions conducted*

Particulars	31 March 2022	31 March 2021
No of loan accounts	**2,822**	1,019
Outstanding loan amount	**30.01**	5.19
Sale Consideration of gold **	**35.40**	10.92

* 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.

54 Disclosure pursuant to Reserve Bank of India notificationRBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 updated as on 03 March 2022 pertaining to Asset Classification as per RBI Norms

As at 31 March 2022

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	56,142.18	1,996.81	54,145.37	220.34	1,776.47
	Stage 2	2,125.38	511.25	1,614.13	8.34	502.91
Subtotal		58,267.56	2,508.05	55,759.51	228.68	2,279.38
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,829.45	1,589.28	1,240.17	258.35	1,330.93
Doubtful - up to 1 year	Stage 3	-	-	-		-
1 to 3 years	Stage 3	224.85	62.07	162.78	38.10	23.97
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		224.85	62.07	162.78	38.10	23.97
Loss	Stage 3	4.47	4.47	-	3.97	0.50
Subtotal for NPA		3,058.76	1,655.81	1,402.95	300.42	1,355.40
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	419.21	1.12	418.09	-	1.12
	Stage 2	20.78	2.05	18.73	-	2.05
	Stage 3	0.13	0.13	-	0.74	(0.61)
TOTAL	Stage 1	56,561.40	1,997.93	54,563.47	220.34	1,777.59
	Stage 2	2,146.16	513.29	1,632.87	8.34	504.95
	Stage 3	3,058.90	1,655.94	1,402.96	301.16	1,354.78
	Total	61,766.45	4,167.16	57,599.29	529.84	3,637.32

(Currency : Indian Rupees in crore)

As at 31 March 2021

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**	55,263.28	1,304.83	53,958.45	214.39	1,090.44
	Stage 2	3,300.87	542.71	2,758.16	8.10	534.61
Subtotal		58,564.14	1,847.54	56,716.60	222.49	1,625.05
Non-Performing Assets (NPA)						
Substandard	**Stage 3**	2,760.86	874.74	1,886.12	322.47	552.27
Doubtful - up to 1 year	**Stage 3**	-	-	-	18.01	(18.01)
1 to 3 years	**Stage 3**	-	-	-	-	-
More than 3 years	**Stage 3**	-	-	-	-	-
Subtotal for doubtful		-	-	-	18.01	(18.01)
Loss	**Stage 3**	-	-	-	9.25	(9.25)
Subtotal for NPA		2,760.86	874.74	1,886.12	349.73	525.01
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**	428.62	5.31	423.31	-	5.31
	Stage 2	4.53	0.50	4.03	-	0.50
	Stage 3	0.02	0.02	(0.00)	1.02	(1.00)
TOTAL	**Stage 1**	55,691.89	1,310.14	54,381.75	214.39	1,095.75
	Stage 2	3,305.40	543.22	2,762.18	8.10	535.11
	Stage 3	2,760.88	874.76	1,886.11	350.75	524.02
	Total	61,758.17	2,728.12	59,030.05	573.24	2,154.88

Additional Disclosure pursuant to Reserve Bank of India notification RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 updated as on 03 March 2022

55 A The below table depicts stage wise count and amount of loan book outstanding as on 31 March 2022.

Sr. No.	Stage	Count	31 March 2022
1	Stage 1	**36,55,901**	**56,142.18**
2	Stage 2	**1,10,555**	**2,125.38**
3	Stage 3	**1,62,567**	**3,058.76**
TOTAL		**39,29,023**	**61,326.32**

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.

(Currency : Indian Rupees in crore)

55 B Movement of Credit impaired loans under Ind-AS

S.N.	Particulars	31 March 2022	31 March 2021
(i)	Movement of Credit impaired loans under Ind-AS (Net) to Loans (Net) (%)	**2.41%**	3.22%
(ii)	Movement of Credit impaired loans under Ind-AS (Gross)		
	a) Opening balance	**2,760.86**	2,259.13
	b) Additions during the year	**3,927.26**	3,764.85
	c) Reductions during the year	**3,629.36**	3,263.12
	d) Closing balance	**3,058.76**	2,760.86
(iii)	Movement of Credit impaired loans under Ind-AS (Net)		
	a) Opening balance	**1,886.12**	1,820.53
	b) Additions during the year	**1,803.61**	2,866.15
	c) Reductions during the year	**2,286.78**	2,800.56
	d) Closing balance	**1,402.95**	1,886.12
(iv)	Movement of impairment loss allowance on credit impaired loans		
	a) Opening balance	**874.74**	438.60
	b) Impairment loss allowance made during the year	**2,120.12**	898.70
	c) Write-off / write-back of excess allowance	**1,339.05**	462.56
	d) Closing balance	**1,655.81**	874.74

55C Movement of impairment loss allowance for low credit risk loans and significant increase in credit risk loans

S.N.	Particulars	31 March 2022	31 March 2021
(i)	Movement of impairment allowance for low credit risk loans and significant increase in credit risk loans		
	a) Opening balance	**1,848.82**	846.46
	b) Additions during the year	**949.39**	1,372.83
	c) Reductions during the year	**290.15**	370.47
	d) Closing balance	**2,508.06**	1,848.82

56 Concentration of Loan, Exposures & Credit impaired loan

a) Concentration of Loan

Particulars	31 March 2022	31 March 2021
Total Advances to Twenty Largest Borrowers	**198.85**	184.69
Percentage of advances to twenty largest borrowers to Total Advances	**0.32%**	0.30%

b) Concentration of Exposures

Particulars	31 March 2022	31 March 2021
Total Exposure to Twenty Largest Borrowers	**198.85**	184.69
Percentage of exposures to twenty largest borrowers to Total Exposures	**0.32%**	0.30%

c) Concentration of credit impaired loans

Particulars	31 March 2022	31 March 2021
Total Exposure to Top four credit impaired accounts	**21.79**	26.24

d) Sector-wise distribution of credit impaired loans

Sr. No.	Sector	Percentage of Impairment loss allowance to Total credit impaired loans in that sector	
		31 March 2022	31 March 2021
1	Agriculture & allied activities	**7.51%**	5.41%
2	Corporate borrowers	**3.26%**	4.96%
3	Services	**2.56%**	2.95%
4	Unsecured personal loans	**4.83%**	3.34%
5	Auto loans	**4.98%**	4.89%
6	Other personal loans	**0.00%**	0.00%
7	Others	**10.67%**	6.65%

Note: MSME category is included in the above categories

57 Details of credit impaired financial assets purchased/sold

The Company has not purchased any credit impaired financial assets during the financial year 2021-22. However, the Company has transferred certain credit impaired assets to Asset Reconstruction Company in terms of guidelines issued by RBI circular no. DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021 (Refer Note 50C). Further, the Company has not sold any credit impaired financial asset to institutions other than to Securitization / Reconstruction Company (SC / RC).

58 Customer Complaints

S.N.	Particulars	31 March 2022	31 March 2021
a)	No. of Complaints pending at the beginning of the year	**391**	130
b)	No. of Complaints received during the year	**4,334**	12,925
c)	No. of Complaints redressed during the year	**4,661**	12,664
d)	No. of Complaints pending at the end of the year	**64**	391

Note :- Complaints include any expression of dissatisfaction from a customer or any identified service deficiency

59 Investments

S.N.	Particulars	31 March 2022	31 March 2021
1	Value of Investments*		
i)	Gross value of Investments	**2,247.54**	1,584.13
ii)	Unrealised fair value movement	**(14.03)**	8.78
iii)	Fair value of Investments	**2,233.51**	1,592.90
	** Please note that all investments are held in India*		
2	Movement of unrealised fair value movement on investments		
i)	Opening Balance	**8.78**	3.63
ii)	Add : increase in unrealised fair value during the year	**-**	5.15
iii)	Less : decrease in unrealised fair value during the year	**22.81**	-
iv)	Closing Balance	**(14.03)**	8.78

(Currency : Indian Rupees in crore)

60 Derivatives

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

S.N.	Particulars	31 March 2022	31 March 2021
i)	The notional principal of swap agreements	**4,017.00**	3,874.83
ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreement	**-**	-
iii)	Collateral required by the Company upon entering into swaps	**-**	-
iv)	Concentration of credit risk arising from the swaps	**4.34%**	4.19%
v)	The fair value of the swap book (Asset / (Liability))	**1.00**	1.00

b) Exchange Traded Interest Rate (IR) Derivatives

The Company has not entered into any exchange traded derivative.

c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures

i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run over the life of the underlying instrument, irrespective of profit or loss. Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and 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

S.N.	Particulars	31 March 2022		31 March 2021	
		Currency Derivatives*	**Interest Rate Derivatives**	Currency Derivatives*	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount)				
	- For hedging	**4,017.00**	**-**	3,874.83	-
ii)	Marked to Market Positions				
	(a) Asset [+] Estimated gain	**-**	**-**	-	-
	(b) Liability [-] Estimated loss	**-**	**-**	-	-
iii)	Credit exposure	**4,017.00**	**-**	3,874.83	-
iv)	Unhedged exposures	**-**	**-**	-	-

* Cross currency interest rate swap

(Currency : Indian Rupees in crore)

61 Exposure to Capital Market

Sr. No.	Particulars	31 March 2022	31 March 2021
i)	Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity- oriented mutual funds the corpus of which is not exclusively invested in corporate debt	**2.30**	2.30
ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPO's / ESOP's), convertible bonds, convertible debentures and units of equity oriented mutual funds	**0.02**	0.04
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security ;	**-**	-
iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds ' does not fully cover the advances ;	**-**	-
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)	All exposures to Venture capital funds (both registered and unregistered)	**-**	-
	Total Exposure to Capital Market	**2.32**	2.34

62 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	31 March 2022	31 March 2021
CRAR%	**20.22%**	18.89%
CRAR - Tier I Capital %	**15.22%**	13.44%
CRAR - Tier II Capital %	**5.00%**	5.45%
Amount of Subordinated Debt raised as Tier-II capital	**3,500**	3,500
Amount Raised by the issue of Perpetual Debt Instruments	**650**	500

(Currency : Indian Rupees in crore)

63 Exposure to Real Estate Sector

Categories	31 March 2022	31 March 2021
A. Direct Exposure		
i. Residential Mortgages -	**11,779.72**	12,171.29
(Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented);		
ii. Commercial Real Estate -	**5,345.78**	5,506.12
(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 (NFB) limits)		
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential,	**-**	-
b) Commercial Real Estate	**-**	-
Total Exposure to Real Estate Sector	**17,125.50**	17,677.41

64 Maturity pattern of certain items of assets and liabilities

Particulars	Deposits	Advances	Investments(*)	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day to 30/31 days	**45.96** -	**2,453.75** *2,049.29*	**2,144.03** *1,455.03*	**1,530.02** *781.39*	**-** -	**-** -
Over one month to 2 months	**1.04** -	**1,926.23** *1,583.03*	**-** -	**691.34** *1,650.10*	**-** -	**-** -
Over 2 months upto 3 months	**-** *2.59*	**1,951.17** *1,708.44*	**-** -	**1,497.90** *1,761.29*	**-** -	**-** -
Over 3 months to 6 months	**25.24** *22.90*	**5,399.67** *4,605.46*	**-** -	**4,175.78** *4,719.02*	**-** -	**-** -
Over 6 months to 1 year	**103.95** *195.01*	**9,568.93** *8,554.29*	**-** -	**7,195.46** *6,571.91*	**-** -	**2,264.60** -
Over 1 year to 3 years	**-** *2.37*	**24,094.04** *24,455.10*	**-** -	**23,936.94** *26,364.01*	**-** -	**1,740.02** *3,851.76*
Over 3 years to 5 years	**-** -	**5,936.77** *7,787.17*	**88.03** *136.42*	**2,614.90** *1,401.65*	**-** -	**-** -
Over 5 years	**-** -	**5,831.89** *7,858.66*	**1.45** *1.45*	**3,326.11** *3,257.62*	**-** -	**-** -
Total	**176.19** *222.87*	**57,162.45** *58,601.44*	**2,233.51** *1,592.90*	**44,968.45** *46,506.99*	**-** -	**4,004.63** *3,851.76*

* Long-Term Investment in Clayfin Technologies Private Limited (Erstwhile Vayana Private Limited) are shown in "over 5 year"

Previous year figures are presented in *italics*.

(Currency : Indian Rupees in crore)

65 Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 pertaining to Resolution Framework for COVID-19-related Stress read with RBI/2021-22/31 DOR. STR.REC.11/21.04.048/2021-22 dated May 5, 2021 pursuant to Resolution Framework 2.0 - Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) and Disclosure pursuant to Reserve Bank of India Circular RBI/2021-22/31 DOR.STR.REC. 11/21.04.048 /2021-22 dated 5 May 2021 pertaining to Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses

Format-B For Resoultion 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 half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	327.13	49.10	-	21.75	256.28
Corporate persons*	53.41	-	-	7.55	45.86
Of which, MSMEs	53.41	-	-	7.55	45.86
Others	0.32	-	-	0.01	0.31
Total	**380.86**	**49.10**	**-**	**29.31**	**302.45**

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

66 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 4, 2021 read with Circular RBI/2018-19/100 DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 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	**49,823**	**3,711.08**
	Previous Year	56,950	3,619.06

(Currency : Indian Rupees in crore)

67 Disclosure on Liquidity Risk Management Framework pursuant to Reserve Bank of India notification RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated March 03, 2022.

Quantitative Disclosure on Liquidity Coverage Ratio (LCR) for year ended 31 March 2022 is given below:

	Particulars	Quarter Ended 31 March 2022			Quarter Ended 31 December 2021			Quarter Ended 30 September 2021			Quarter Ended 30 June 2021		
		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)**	**948.78**	**100%**	**948.78**	**851.43**	**100%**	**851.43**	**1,028.60**	**100%**	**1,028.60**	**1,056.61**	**100%**	**1,056.61**
	Cash & Bank Balances	139.82	100%	139.82	121.51	100%	121.51	171.29	100%	171.29	185.33	100%	185.33
	Investment in T-Bills	808.96	100%	808.96	729.92	100%	729.92	857.31	100%	857.31	871.29	100%	871.29
Cash Outflows													
2	Deposits(for deposit taking companies)	N.A.	115%	N.A.	N.A.	115%	N.A.	N.A.	115%	N.A.	N.A.	115%	N.A.
3	Unsecured wholesale funding	-	115%	-	-	115%	-	-	115%	-	-	115%	-
4	Secured wholesale funding	1,234.41	115%	1,419.57	950.41	115%	1,092.97	1,211.27	115%	1,392.96	1,765.67	115%	2,030.52
5	Additional requirements, of which												
(i)	Outflows related to derivative exposures and other collateral requirements**	500.00	115%	575.00	500.01	115%	575.00	500.01	115%	575.00	500.00	115%	575.00
(ii)	Outflows related to loss of funding on debt products		115%	-		115%	-		115%	-		115%	-
(iii)	Credit and liquidity facilities	-	115%	-	-	115%	-	-	115%	-	-	115%	-
6	Other contractual funding obligations	250.24	115%	287.78	295.63	115%	339.98	176.30	115%	202.75	139.29	115%	160.18
7	Other contingent funding obligations	40.31	115%	46.36	28.36	115%	32.62	15.06	115%	17.32	11.68	115%	13.43
8	**Total Cash Outflows**	**2,024.96**		**2,328.71**	**1,774.41**		**2,040.57**	**1,902.64**		**2,188.03**	**2,416.64**		**2,779.13**
Cash Inflows													
9	Secured Lending	-		-	-		-	-		-	-		-
10	Inflows from fully performing exposures	2,329.62	75%	1,747.22	2,276.40	75%	1,707.30	2,094.13	75%	1,570.60	2,125.63	75%	1,594.22
11	Other cash inflows	1,372.26	75%	1,029.19	1,477.89	75%	1,108.42	1,199.44	75%	899.57	1,361.21	75%	1,020.91
12	**TOTAL CASH INFLOWS**	**3,701.88**		**2,776.41**	**3,754.29**		**2,815.72**	**3,293.57**		**2,470.17**	**3,486.84**		**2,615.13**
13	TOTAL HQLA			948.78			851.43			1,028.60			1,056.61
14	TOTAL NET CASH OUTFLOWS			582.18			510.14			547.01			694.78
15	**LIQUIDITY COVERAGE RATIO (%)**			**162.97%**			**166.90%**			**188.04%**			**152.08%**

* *The average weighted and unweighted amounts are calculated taking simple averages of monthly observations for the respective quarters*

** *Consist of outflows related to collateral requirements where downgrade triggers upto and including 3 notches downgrade*

Qualitative Disclosure on LCR

The Liquidity Coverage Ratio (LCR) is a global minimum standard to measure the Company's liquidity position. Reserve Bank introduced the liquidity coverage ratio (LCR) requirement for all deposit-taking NBFCs and non-deposit taking NBFCs with an asset size of ₹ 5,000 crore and above. LCR seeks to ensure that the Company has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario. LCR is calculated by dividing the stock of HQLA's by its total net cash outflow over a 30 day calendar period.

The Company has adopted the liquidity risk framework as required under RBI regulation. It ensures a sound and robust liquidity risk management system by maintaining sufficient liquidity through inclusion of a cushion of unencumbered, high quality liquid asset to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The Board of Directors have delegated responsibility of balance sheet Liquidity Risk Management to the Asset Liability Committee.

The LCR is calculated by dividing a Company's stock of HQLA by it's total net cash outflows over a 30-day stress period. The guidelines for LCR were effective from December 1, 2020 with the minimum LCR to be 50% which would rise in equal annual steps to reach 100%, on December 1, 2024. The present requirement, as on December 31, 2021 is 60%. 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 ouflow under secured wholesale funding includes contractual obligations under Term loans, NCDs, Interest payable within 30 days. Outflow under other collateral requirement, the Company considers the loans which are callable under rating downgade trigger up to and including 3- notch downgrade. Outflow under other contractual funding obligations primarily includes outflow on account of overdrawn balances with Banks and sundry payables. In order to determine Inflows from fully performing exposures, Company considers the collection from performing advances in next 30 days. Other Cash inflows includes invetments in mutual funds, CPs which are maturing within 30 days. The Average LCR for the quarter ended March 31, 2022 was 162.97% as against 166.90% for the quarter ended Decemeber 31, 2021 which is well above present prescribed minimum requirement of 60%. The average HQLA for the quarter ended March 31, 2022 was ₹ 948.78 crore as against ₹ 851.43 crore for the quarter ended Decemeber 31, 2021. During the same period the composition of Government securities in the HQLA was 85% for the quarter ended March 31, 2022 as against 86% for the quarter ended December 31, 2021.

Public Disclosure on LCR

Fund Concentration based on Significant counter parties

Sr.No	No of Significant counter Parties	Amount	% of Total Liabilities
1	11	26,734.78	50.94%

Note : The above is arrived including Securitization exposure to Banks

Top Ten Borrowings as a % of Total Borrowings

Sr.No	Particulars	Amount	% of Total Borrowing
1	Top 10	25,734.78	52.55%

(Currency : Indian Rupees in crore)

Fund Concentration Based on Significant Instrument /Products

Sr.No	No of Instruments	Amount	% of Total Liabilities
1	Non Convertible Debentures & Market Linked Debentures	25,332.31	48.26%
2	Term Loans from Banks	14,291.45	27.23%
3	Subordinate Debts & Perpetual Debts	4,139.05	7.89%
4	External Commercial Borrowings	4,004.63	7.63%
5	Securitization Borrowings	1,205.63	2.30%
6	Commercial Paper	-	-

Stock Ratios

Sr.No	Stock Ratios	Ratio
1	Commercial Paper as a % of Total Public Funds	-
2	Commercial Paper as a % of Total Liabilities*	-
3	Commercial Paper as a % of Total Assets	-
4	Non Convertible Debentures with (original maturity less than 1 year) as a % of Total Public Fund	N.A
5	Non Convertible Debentures with (original maturity less than 1 year) as a % of Total Liabilities	N.A
6	Non Convertible Debentures with (original maturity less than 1 year) as a % of Total Assets	N.A
7	Other Short Term Liabilities** as % of Total Public Funds	41.76%
8	Other Short Term Liabilities as % of Total Liabilities	38.97%
9	Other Short Term Liabilities as a % of Total Assets	32.97%

* 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.

68 Provisions and Contingencies

Particulars	31 March 2022	31 March 2021
Category wise breakup of Provisions & Contingencies shown in Statement of Profit and Loss		
Provisions for depreciation on investment	**16.47**	(0.50)
Provision towards non-performing assets*	**781.07**	436.14
Provision made towards income tax	**663.40**	419.09
Provision for standard assets#	**659.24**	1,002.34
Provision for gratuity	**3.52**	15.78
Provisions for trade receivables	**(1.26)**	(2.26)

* Represents impairment loss allowance on stage 3 loans.

\# Represents impairment loss allowance on stage 1 and stage 2 loans.

(Currency : Indian Rupees in crore)

69 Schedule to the Balance Sheet of a non deposit taking Non-Banking Financial Company pursuant to Reserve Bank of India notification RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated March 03, 2022.

S.N.	Particulars	31 March 2022	31 March 2021
	Liabilities side:		
1	Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
	(a) Debentures		
	- Secured	**26,635.79**	23,410.94
	- Unsecured	**4,322.76**	3,987.61
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits	**-**	-
	(c) Term Loans	**14,291.45**	15,614.53
	(d) Inter-corporate loans and borrowing	**-**	-
	(e) Commercial Paper	**-**	391.13
	(f) Other Loans	**5,234.73**	6,954.54
	(Represents Working Capital Demand Loans and Cash Credit from Banks)		
	Assets side:		
2	Break-up of Loans and Advances including Bills Receivables [other than those included in (4) below]:		
	(a) Secured	**46,644.29**	46,894.73
	(b) Unsecured	**14,682.03**	14,430.27
3	Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities		
	(i) Lease Assets including Lease Rentals sundry debtor:		
	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 AFC Activities		
	a) Loans where Assets have been Repossessed	**108.61**	62.29
	b) Loans other than (a) above	**-**	-
4	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	**946.45**	572.21
	iv. Government Securities	**1,197.57**	882.82
	v. Others (please specify)	**88.04**	136.42
	II. Unquoted:		
	i. Shares		
	a) Equity	**-**	-
	b) Preference	**-**	-
	ii. Debentures and Bonds	**-**	-
	iii. Units of Mutual Funds	**-**	-
	iv. Government Securities	**-**	-
	v. Others (please specify)	**-**	-

(Currency : Indian Rupees in crore)

S.N.	Particulars	31 March 2022	31 March 2021
	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)	-	-
	II. Unquoted:		
	i. Shares		
	a) Equity	**1.45**	1.45
	b) Preference	-	-
	ii. Debentures and Bonds	-	-
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	-	-
	v. Others (please specify)	-	-
5	Borrower group-wise classification of assets financed as in (2) and (3) 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	**46,644.29**	46,894.73
	ii. Unsecured	**14,682.03**	14,430.27
	Total	**61,326.32**	61,325.00
6	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	-	-

S.N.	Particulars	31 March 2022	31 March 2021
	ii. Book Value (Net of Provisions)	**2,232.06**	1,591.45
7	Other Information		
	(i) Gross credit impaired assets		
	a. Related Parties	**-**	-
	b. Other than related Parties	**3,058.76**	2,760.86
	(ii) Net credit impaired assets		
	(a) Related party	**-**	-
	(b) Other than related Parties	**1,402.95**	1,886.11
	(iii) Assets Acquired in Satisfaction of Debt	**-**	-

70 Penalties imposed by RBI and Other Regulators

No penalties have been imposed by RBI and Other Regulators during current year (Previous year - NIL).

71 Disclosure on frauds pursuant to RBI Master direction

The frauds detected and reported for the year amounted to ₹4.69 crore (Previous year ₹11.65 crore).

72 Details of Financing of Parent Company Products

There is no financing during the current year.

73 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.

74 Advances against Intangible Securities

The Company has not given any loans against intangible securities.

75 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

There are no overseas asset owned by the Company.

76 Draw Down from Reserves

The Company has made no drawdown from existing reserves.

77 Off-balance Sheet SPVs sponsored

The Company is now required to provide its financial statements under Ind AS, which requires all securitization 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.

78 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	31 March 2022		31 March 2021	
	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	**PP-MLD AAA/ Stable**	**PP-MLD AAAr/ Stable**	PP-MLD AAA/ Stable	PP-MLD AAAr/ Stable

79 Registration under Other Regulators

The Company is not registered under any other regulator other than Reserve Bank of India, Insurance Regulatory & Development Authority of India (IRDAI) and Association of Mutual Funds in India (AMFI).

80 RBI Circular RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated 07 April 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

S.N.	Particulars	31 March 2022	31 March 2021
1	Aggregate amount	**34.36**	159.47
2	Refunded/Adjusted	**34.36**	125.11
3	Outstanding Balance	**-**	34.36

81 Disclosure under clause 28 of the Listing Agreement for Debt Securities

Particulars	31 March 2022	31 March 2021
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.	-	-

82 Disclosure under clause 16 of the Listing Agreement for Debt Securities

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 further secured by way of hypothecation of receivables under financing activity with a minimum requirement of asset cover of 1.1 times. Assets cover as on 31 March 2022 is 1.1 times.

83 Details of revenue from Insurance segment

Particulars	31 March 2022	31 March 2021
Commission Income	**24.70**	23.69

84 Relationship with struck off companies on the basis of available data on the date of reporting

Sr No.	Name of Struck off Company	Nature of transactions	As at 31 March 2022	As at 31 March 2021	Relation ship with the struck off company, if any, to be disclosed
1	GOLDMAN VENTURE PRIVATE LIMITED	Shareholder	*	Nil	Shareholder
2	ANISH PROJECTS DEVELOPERS (I) PRIVATE LIMITED	Loan	**0.06**	0.65	Borrower
3	BRAHMASUTHRA TECHNOLOGIES PRIVATE LIMITED	Loan	**-**	0.00	Borrower
4	FOXMIND CONNECT PRIVATE LIMITED	Loan	**0.69**	0.70	Borrower
5	GALAXY PARK HOSPITALITY PRIVATE LIMITED	Loan	**0.55**	0.62	Borrower
6	GLAMOROSO FAMILY SALOON AND SPA PRIVATE LIMITED	Loan	**0.32**	0.31	Borrower
7	GRAVITEE CONCEPTS PRIVATE LIMITED	Loan	**0.01**	0.02	Borrower
8	GUIDELINE PHARMACEUTICALS PRIVATE LIMITED	Loan	**-**	-0.00	Borrower
9	GVK ALLIANCE NETWORKS PRIVATE LIMITED	Loan	**0.58**	0.54	Borrower
10	INDONEX SERVICES PRIVATE LIMITED	Loan	**-**	-0.00	Borrower
11	INVENTIVE MARK EVENTS AND PRODUCTION PRIVATE LIMITED	Loan	**-**	0.01	Borrower
12	ONUS LABS PRIVATE LIMITED	Loan	**0.35**	0.25	Borrower
13	PEESSCON INDIA REALITY PRIVATE LIMITED	Loan	**0.16**	0.14	Borrower
14	PSV INNOVATE SOFTWARE SOLUTIONS PRIVATE LIMITED	Loan	**-**	0.07	Borrower
15	SATKAR SECURITY PROVIDER PRIVATE LIMITED	Loan	**-0.00**	0.01	Borrower
16	SHANTI SARUP AND SONS PRIVATE LIMITED	Loan	**0.78**	0.85	Borrower
17	SHIV BHOLE INDIA TRAVELS PRIVATE LIMITED	Loan	**0.51**	0.48	Borrower
18	SUNRISE BUILD STRUCTURE PRIVATE LIMITED	Loan	**0.24**	0.24	Borrower
19	TAPOBHUMI REAL ESTATE & MARKETING PRIVATE LIMITED	Loan	**0.15**	0.15	Borrower
20	ARUN ELECTROCHEMICAL SYSTEMS PVT LTD	Loan	**0.25**	-	Borrower
21	RUSHI HERBAL PVT LTD	Loan	**1.27**	-	Borrower
22	TRILOGY KRIKOS PRIVATE LIMITED	Loan	**-0.00**	-	Borrower

Note:- In the absence of purchase price of share held by Goldman Venture Private Limited face value is considered for reporting purpose.

* Less than ₹ 1000/-.

(Currency : Indian Rupees in crore)

85 A 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 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.

85 B 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.

86 Dividend distributed to equity shareholders

The Board has proposed a final dividend of ₹ 1 per equity share for financial year ended March 31, 2022 in the Board of Directors meeting held on April 16, 2022.

Accounting Period	Net Profit for the accounting period	Rate of dividend (%)	Amount of Dividend	Dividend Payout ratio (%)
FY 2021-22	1,011.40	10%	79.04	7.82%

87 Standards issued but not yet effective

On March 24, 2021, the Ministry of Corporate Affairs ('MCA') through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The Company has evaluated the same for reporting.

88 Previous year figures have been regrouped/rearranged, where necessary.

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firms' Registration No: 105102W

Sd/-
Padmini Khare Kaicker
Partner
Membership No.: 044784

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firms' Registration No: 105146W/W-100621

Sd/-
Hasmukh B. Dedhia
Partner
Membership No.: 033494

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Arijit Basu
Chairman and Non-Executive Director
DIN: 06907779

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

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

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: 16 April 2022

Independent Auditors' Report

To the Members of HDB Financial Services Limited

Report on the audit of the Consolidated Ind AS Financial Statements

Opinion

1. We have audited the accompanying consolidated Ind AS financial statements of HDB Financial Services Limited ("the Parent") and its controlled structured entities (the parent and its controlled structured entities together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2022 and the consolidated statement of profit (including other comprehensive income), the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the Consolidated Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information ("the Consolidated Ind AS Financial Statements").

2. In our opinion and to the best of our information and according to the explanations given to us , the aforesaid Consolidated 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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2022, and its consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group, its controlled structured entities 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 Ind AS Financial Statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Consolidated Ind AS Financial Statements.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements of the current year. These matters were addressed in the context of our audit of the Consolidated Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	**Provisioning based on Expected Credit Loss model (ECL) under IND AS 109 and testing of Impairment of assets, more particularly the Loan Book of the Parent Company**	
	Refer to the accounting policies in 'Note 3(B) to the Consolidated Ind AS Financial Statements: Expected Credit Loss', 'Note 2.11 to the Consolidated Ind AS Financial Statements: Revenue Recognition' and 'Note 2.2(G) to the Consolidated Ind AS Financial Statements: Impairment of Financial Assets and Note 44 to the Consolidated Ind AS Financial Statements: Risk Management'.	
	Subjective estimates: 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 in the Parent Company's estimation of ECLs 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. • 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 Parent Company's modelling approach. • Economic scenarios - Ind AS 109 requires the Parent Company to measure ECLs on an unbiased forward looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Consolidated Ind AS Financial Statements as a whole, and possibly many times that amount. Disclosures: The disclosures (including disclosures prescribed by RBI) regarding the Parent Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	**Our key audit procedures included:** Review of Policy/procedures & design/controls ➢ Minutely going through the Board approved Policy and approach concerning the assessment of credit and other risks and ascertainment/ageing of 'default' by the borrowers and procedures in relation to stages and ECL computation. ➢ Studying the report of review of ECL model of the Parent Company for the year, as performed by an independent expert, whose report is placed before the Board of Directors of the Company. ➢ Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights. ➢ Assessing the design, implementation and operating effectiveness of key internal financial controls including monitoring process of overdue loans (and those which became overdue after the reporting date), measurement of provision, stage-wise classification of loans, identification of NPA accounts, assessing the reliability of management information, which included overdue reports. ➢ Understanding management's approach, interpretation, systems and controls implemented in relation to probability of default and stage-wise bifurcation of product-wise portfolios for timely ascertainment of stress and early warning signals. ➢ Testing of review controls over measurement of provisions and disclosures in the Consolidated Ind AS Financial Statements. ➢ Involvement of Information system resource to obtain comfort over data integrity and process of report generation through interface of various systems. ➢ Understanding of models and general economic indicator criteria used for regression testing over data of the loan book. Substantive verification ➢ Sample testing 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. ➢ Model calculations testing through re-performance, where possible. ➢ Assessing disclosures - Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Consolidated Ind AS Financial Statements are appropriate and sufficient.

2	Information Technology	
	IT systems and controls The Parent Company's financial reporting processes are dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology ('IT') systems. The Financial accounting system of the Parent Company is interfaced with several other IT systems including Loan Management & Originating systems and several other systemic workflows. IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data. These 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, in our preliminary risk assessment, 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.	In course of audit, our focus was on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems. We performed a range of audit procedures, which included: ➢ Review of the report of IS Audit carried in earlier year(s) by an independent firm of Chartered Accountants pertaining to IT systems general controls including access rights over applications, operating systems and databases relied upon for financial reporting. ➢ Deployed our internal experts to carry out IT general Controls testing and identifying gaps, if any. ➢ Our other processes include: • selectively recomputing interest calculations and maturity dates; • Selectively re-evaluating masters updation, interface with resultant reports; • Selective testing of the interface of INFOR with other IT systems like LMS and other workflows. • Testing of the system generated reports and accounting entries manually for core financial reporting matters (i.e. verification around the computer system) • Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. • Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases

Other Information

5. The Parent Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Parent Company's annual report, but does not include the Consolidated Ind AS Financial Statements and our auditors' report thereon. The Other Information is expected to be made available to us after the date of this auditor's report.

6. Our opinion on the Consolidated Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

7. In connection with our audit of the Consolidated Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated 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 and based on the work done / audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors responsibility for the Consolidated Ind AS Financial Statements

8. The Parent Company's Management and Board of Directors are responsible for the preparation and presentation of these Consolidated Ind AS Financial Statements, that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") 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 the assets of the Group 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 Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Parent Company, as aforesaid.

9. In preparing the Consolidated Ind AS Financial Statements, the management of the controlled structured entities included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

10. The management of the controlled structured entities included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's responsibilities for the audit of the Consolidated Ind AS Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the Consolidated 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 Consolidated Ind AS Financial Statements.

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

    12.1 Identify and assess the risks of material misstatement of the Consolidated Ind AS 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.

12.2 Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent Company has adequate internal financial controls with reference to the Consolidated Ind AS Financial Statements and the operating effectiveness of such controls.

12.3 Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

12.4 Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS 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.

12.5 Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

12.6 Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Ind AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the Consolidated Ind AS Financial Statements of which we are the independent auditors. We remain solely responsible for our audit opinion. Our responsibilities under this section are further described in the section titled 'Other Matters' in the audit report.

13. We communicate with those charged with governance of the Parent Company and such other entities included in the Consolidated Ind AS 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.

14. 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.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

16. The financial information of 5 controlled structured entities, whose financial information reflect total assets of ₹ Nil as at 31 March 2022, total revenues of ₹ Nil and net cash flows amounting to ₹ Nil for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements, have not been audited either by us or by other auditors. These unaudited financial informations have been furnished to us by the management and our opinion on the Consolidated Ind AS Financial Statements is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial informations are not material to the Group.

17. Our opinion on the Consolidated Ind AS Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial information certified by the management.

18. The comparative financial information of the Company for the year ended March 31, 2021 included in Consolidated Ind AS Financial Statements, were audited by the then statutory auditors "BSR & Co. LLP, Chartered Accountants" for the year ended March 31, 2021 whose reports dated April 17, 2021 expressed an unmodified opinion on those financial statements. Our opinion is not modified in respect of this matter

Report on Other Legal and Regulatory Requirements

19. As required by section 143(3) of the Act, based on our audit and as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

    19.1 We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements.

    19.2 In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books.

    19.3 The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.

    19.4 In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Ind AS specified under Section 133 of the Act.

    19.5 On the basis of the written representations received from the directors of the Parent Company as on 31 March 2022, taken on record by the Board of Directors of the Parent Company, none of the directors of the Parent company, is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

    19.6 With respect to the adequacy of internal financial controls with reference to the Financial Statements of the Parent Company, its subsidiary companies, and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

    19.7 In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Parent Company is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.

20. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and as noted in the 'Other Matters' paragraph:

    20.1 The Consolidated Ind AS Financial Statements disclose the impact of pending litigations as at 31 March 2022 on the consolidated financial position of the Group - Refer Note 38.2 to the Consolidated Ind AS Financial Statements.

    20.2 Provision has been made in the Consolidated Ind AS 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 38.3 to the Consolidated Ind AS Financial Statements;

    20.3 There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent Company,

    20.4 The management has represented to us 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 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 Parent Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. Based on such audit procedures, considered reasonable and appropriate, adopted by us, nothing has come to our notice indicating that such representation contains any material misstatement.

20.5 The management has also represented to us that no funds have been received by the Parent Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent 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. Based on such audit procedures, considered reasonable and appropriate, adopted by us, nothing has come to our notice indicating that such representation contains any material misstatement.

20.6 The final dividend recommended by the Board of Directors is in compliance with provisions of Section 123 of the Act - Refer note 55 to the Consolidated Ind AS Financial Statements in our opinion.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration Number - 105102W

Sd/-
Padmini Khare Kaicker
Partner
Membership Number: 044784
UDIN: 22044784AHELPC4845

Place: Mumbai
Date: 16 April, 2022

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firm Registration Number - 105146W/W- 100621

Sd/-
Hasmukh B Dedhia
Partner
Membership Number: 033494
UDIN: 22033494AHFFEV2260

Place: Mumbai
Date: 16 April, 2022

(Referred to in paragraph "19.6" under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

1. In conjunction with our audit of the Consolidated Financial Statements of HDB Financial Services Limited as of and for the year ended 31 March 2022, HDB Financial Services Limited we have audited the internal financial controls with reference to the Consolidated Financial Statements of ("the Parent Company") and its controlled structured entities as of that date.

2. In our opinion, the Parent Company and its structured control entities, 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 2022, based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note").

Management's responsibility for Internal Financial Controls

3. The Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

4. Our responsibility is to express an opinion on the internal financial controls with reference to the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ("SA"), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Consolidated Financial Statements. Those SAs and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Consolidated Financial Statements were established and maintained and if such controls operated effectively in all material respects.

5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to the Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

6. We believe that the audit evidence we have obtained and also refer to 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the Consolidated Financial Statements.

Meaning of Internal Financial controls with reference to the Consolidated Financial Statements

7. A company's internal financial controls with reference to the Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the Consolidated Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to the consolidated Financial Statements

8. Because of the inherent limitations of internal financial controls with reference to the Consolidated Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Consolidated Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls system with reference to the Consolidated Financial Statements in so far as it relates to Parent Company, as Section 143(3)(i) of the Act is not applicable to controlled structured entities.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration Number - 105102W

Sd/-
Padmini Khare Kaicker
Partner
Membership Number: 044784
UDIN: 22044784AHELPC4845

Place: Mumbai
Date: 16 April, 2022

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firm Registration Number - 105146W/W- 100621

Sd/-
Hasmukh B Dedhia
Partner
Membership Number: 033494
UDIN: 22033494AHFFEV2260

Place: Mumbai
Date: 16 April, 2022

Consolidated Balance Sheet
as at 31 March 2022

(Currency : Indian Rupees in crore)

Particulars	Note No.	As at 31 March 2022	As at 31 March 2021
ASSETS:			
1 Financial Assets			
(a) Cash and cash equivalents	4	**507.78**	753.51
(b) Bank balances other than (a) above	5	**176.19**	222.87
(c) Derivative financial instruments	6	**132.44**	-
(d) Trade receivables	7	**141.82**	117.32
(e) Loans	8	**57,162.45**	58,601.44
(f) Investments	9	**2,233.51**	1,592.90
(g) Other financial assets	10	**314.60**	249.22
		60,668.79	61,537.26
2 Non-financial Assets			
(a) Current tax assets (Net)	11	**13.34**	56.91
(b) Deferred tax assets (Net)	12	**1,051.17**	729.99
(c) Property, plant and equipment		**78.14**	91.52
(d) Capital work-in-progress	13	**-**	-
(e) Other intangible assets		**12.01**	7.98
(f) Right of Use Assets	14	**202.49**	217.40
		1,357.15	1,103.80
TOTAL ASSETS		**62,025.94**	62,641.06
LIABILITIES AND EQUITY:			
Liabilities			
3 Financial Liabilities			
(a) Derivative financial instruments	6	**-**	42.72
(b) Trade payables	15		
(i) Total outstanding dues of micro enterprises and small enterprises		**-**	0.01
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		**246.91**	334.25
(c) Debt securities	16	**25,332.31**	23,802.07
(d) Borrowings (other than debt securities)	17	**19,501.72**	22,569.07
(e) Subordinated liabilities	18	**4,139.05**	3,987.61
(f) Other financial liabilities	19	**2,708.72**	2,844.93
		51,928.71	53,580.66
4 Non-Financial Liabilities			
(a) Current tax liabilities (net)	20	**59.73**	173.05
(b) Provisions	21	**314.75**	319.85
(c) Other non-financial liabilities	22	**183.02**	121.26
		557.50	614.16
5 Equity			
(a) Equity share capital	23	**790.44**	789.19
(b) Other equity	24	**8,749.29**	7,657.05
		9,539.73	8,446.24
TOTAL LIABILITIES AND EQUITY		**62,025.94**	62,641.06
Significant accounting policies and notes to the Consolidated Financial Statements.	2-57		

The notes referred to above form an integral part of the Consolidated Financial Statements.

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firms' Registration No: 105102W

Sd/-
Padmini Khare Kaicker
Partner
Membership No.: 044784

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firms' Registration No: 105146W/W-100621

Sd/-
Hasmukh B. Dedhia
Partner
Membership No.: 033494

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Arijit Basu
Chairman and Non-Executive Director
DIN: 06907779

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

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

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: 16 April 2022

Consolidated Statement of Profit and Loss
for the year ended 31 March 2022

(Currency : Indian Rupees in crore)

Particulars	Note No.	For the year ended 31 March 2022	For the year ended 31 March 2021
1 Revenue from operations			
(a) Interest income	25	**8,362.97**	8,487.88
(b) Sale of services		**2,363.41**	2,020.43
(c) Other financial charges		**569.01**	405.05
(d) Net gain on fair value changes	26	**16.48**	40.04
(e) Net gain / (loss) on derecognition of financial instruments under amortised cost category		**(5.58)**	(8.62)
Total Revenue from operations		**11,306.29**	10,944.78
2 Expenses			
(a) Finance Costs	27	**3,325.50**	3,882.93
(b) Impairment on financial instruments	28	**2,465.73**	3,068.77
(c) Employee Benefits Expenses	29	**3,500.41**	2,955.59
(d) Depreciation, amortization and impairment	13,14	**98.94**	107.79
(e) Others expenses	30	**568.15**	428.99
Total Expenses		**9,958.73**	10,444.07
3 Profit/(loss) before tax		**1,347.56**	500.71
4 Tax Expense:	11,12		
(a) Current tax		**663.40**	419.09
(b) Deferred tax (credit)		**(327.24)**	(309.85)
Total Tax expense		**336.16**	109.24
5 Profit for the year		**1,011.40**	391.47
6 Other Comprehensive Income			
(a) Items that will not be reclassified to profit or loss			
- Remeasurement loss on defined benefit plan		**(13.15)**	(20.97)
- Income tax relating to items that will not be reclassified to profit or loss		**2.25**	5.28
Sub total (a)		**(10.90)**	(15.69)
(b) Items that will be reclassified to profit or loss			
- Movement in cash flow hedge reserve		**33.00**	2.99
- Income tax relating to items that will be reclassified to profit or loss		**(8.31)**	(0.75)
Sub total (b)		**24.69**	2.24
Other Comprehensive Income		**13.79**	(13.45)
7 Total Comprehensive Income for the year		**1,025.19**	378.02
8 Earnings per equity share (for continuing operations)	31		
Basic (₹)		**12.81**	4.97
Diluted (₹)		**12.80**	4.97
Significant accounting policies and notes to the Consolidated Financial Statements.	2-57		

The notes referred to above form an integral part of the Consolidated Financial Statements.
As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firms' Registration No: 105102W

Sd/-
Padmini Khare Kaicker
Partner
Membership No.: 044784

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firms' Registration No: 105146W/W-100621

Sd/-
Hasmukh B. Dedhia
Partner
Membership No.: 033494

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Arijit Basu
Chairman and Non-Executive Director
DIN: 06907779

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

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

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: 16 April 2022

Consolidated Statement of Changes in Equity
as at 31 March 2022

(Currency : Indian Rupees in crore)

Statement of Changes in Equity

A	Equity Share Capital	As at 31 March 2022	As at 31 March 2021
	Balance at the beginning of the period	**789.19**	787.58
	-Changes in Equity Share Capital due to prior period errors	**-**	-
	-Restated balance at the beginning of the current reporting period	**-**	-
	-Changes in Equity Share Capital during the year	**1.25**	1.61
	Balance at the end of the reporting period	**790.44**	789.19

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 1, 2021	**2,960.70**	**62.97**	**1,090.94**	**3,617.98**	**(42.65)**	**(32.89)**	**7,657.05**
Adjustment on initial application of IndAS 116	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit for the year	**-**	**-**	**-**	**1,011.40**	**-**	**-**	**1,011.40**
Other Comprehensive Income	**-**	**-**	**-**	**-**	**(10.90)**	**24.69**	**13.79**
Total Comprehensive Income for the year	**-**	**-**	**-**	**1,011.40**	**(10.90)**	**24.69**	**1,025.19**
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	**-**	**-**	**202.28**	**(202.28)**	**-**	**-**	**-**
Premium on issue of shares	**36.63**	**-**	**-**	**-**	**-**	**-**	**36.63**
Share based payment	**-**	**30.42**	**-**	**-**	**-**	**-**	**30.42**
Transfer on allotment of shares pursuant to ESOP scheme	**57.86**	**(57.86)**	**-**	**-**	**-**	**-**	**-**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividend Distribution Tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance As At March 31, 2022	**3,055.19**	**35.53**	**1,293.22**	**4,427.10**	**(53.55)**	**(8.20)**	**8,749.29**

Consolidated Statement of Changes in Equity
as at 31 March 2022 (Continued)

(Currency : Indian Rupees in crore)

B Other Equity (Contd.)

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 1, 2020	**2,925.43**	**49.42**	**1,012.65**	**3,304.80**	**(26.96)**	**(35.13)**	**7,230.22**
Adjustment on initial application of IndAS 116	-	-	-	-	-	-	-
Profit for the year	-	-	-	**391.47**	-	-	**391.47**
Other Comprehensive Income	-	-	-	-	**(15.69)**	**2.24**	**(13.45)**
Total Comprehensive Income for the year	-	-	-	**391.47**	**(15.69)**	**2.24**	**378.01**
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	-	-	**78.29**	**(78.29)**	-	-	-
Premium on issue of shares	**35.27**	-	-	-	-	-	**35.27**
Share based payment	-	**13.55**	-	-	-	-	**13.55**
Dividends	-	-	-	-	-	-	-
Dividend Distribution Tax	-	-	-	-	-	-	-
Balance As At March 31, 2021	**2,960.70**	**62.97**	**1,090.94**	**3,617.98**	**(42.65)**	**(32.89)**	**7,657.05**

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.

Significant accounting policies and notes to the Consolidated Financial Statements. Note 2 - 57

The notes referred to above form an integral part of the Consolidated Financial Statements.

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firms' Registration No: 105102W

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firms' Registration No: 105146W/W-100621

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Padmini Khare Kaicker
Partner
Membership No.: 044784

Sd/-
Hasmukh B. Dedhia
Partner
Membership No.: 033494

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Arijit Basu
Chairman and Non-Executive Director
DIN: 06907779

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

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

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: 16 April 2022

Consolidated Cash Flow Statement
for the year ended 31 March 2022
(Currency : Indian Rupees in crore)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A	**Cash flow from operating activities**		
	Profit/(loss) before tax	**1,347.56**	500.71
	Adjustments for		
	Interest Income	**(8,362.97)**	(8,487.88)
	Interest Expenses	**3,316.64**	3,857.22
	(Profit)/loss on sale of asset	**(0.06)**	1.91
	Realised net loss/ (gain) on FVTPL investments	**39.29**	(79.75)
	Unrealised gain on FVTPL investments	**(22.81)**	(5.15)
	Discount on commercial paper	**8.86**	25.71
	Provision for compensated absence and gratuity	**3.52**	15.78
	Employee share based payment expenses	**30.42**	13.55
	Depreciation, amortization and impairment	**98.94**	107.79
	Impairment on financial insturments	**2,465.73**	3,065.52
	Operating cash flow before working capital changes	**(1,074.88)**	(984.59)
	Adjustments for working capital changes:		
	Interest Paid	**(3,699.47)**	(3,695.31)
	Interest Received	**8,353.15**	8,447.48
	Increase in Loans	**(1,016.51)**	(4,482.17)
	(Increase)/ decrease in trade receivables	**(24.50)**	66.12
	Increase in other financial assets and others	**(47.70)**	(65.41)
	Increase/(decrease) in other financial and non financial liabilities & provisions	**(960.09)**	7.85
	Increase/(decrease) in trade payables	**(87.34)**	184.28
	Cash generated from operations	**1,442.66**	(521.75)
	Direct taxes paid (net of refunds)	**514.43**	180.00
	Net cash flow generated from/(used in) operating activities (A)	**1,957.09**	(341.75)
B	**Cash flow from investing activities**		
	Purchase of investments	**(24,583.62)**	(15,557.50)
	Proceeds of investments	**23,920.20**	15,713.15
	Purchase of fixed assets	**(41.13)**	(24.64)
	Proceeds from sale of fixed assets	**1.27**	0.38
	Net cash generated (used in)/ from investing activities (B)	**(703.28)**	131.38

Consolidated Cash Flow Statement
for the year ended 31 March 2022 (Continued)

(Currency : Indian Rupees in crore)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
C	**Cash flow from financing activities**		
	Debt securities issued	**8,876.00**	10,541.10
	Debt securities repaid	**(7,274.50)**	(9,378.90)
	Borrowings other than debt securities issued	**8,800.35**	9,309.34
	Borrowings other than debt securities repaid	**(12,026.41)**	(10,195.20)
	Subordinated debt issued	**150.00**	356.50
	Proceeds from issue of shares and security premium	**37.89**	36.87
	Repayment of lease liabilities	**(62.87)**	(61.78)
	Net cash generated (used in)/ from financing activities (C)	**(1,499.54)**	607.93
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(245.73)**	397.56
	Add : Cash and cash equivalents as at the beginning of the year	**753.51**	355.95
	Cash and cash equivalents as at the end of the year *	**507.78**	753.51
	* Components of cash and cash equivalents		
	Balances with banks	**430.81**	650.42
	Demand drafts on hand	**11.32**	12.88
	Cash on hand	**35.07**	29.62
	Collateral with Banks for Derivative	**30.58**	60.59
		507.78	753.51
	Significant accounting policies and notes to the Consolidated Financial Statements.	Note 2 - 57	

The notes referred to above form an integral part of the Consolidated Financial Statements.

The above Consolidated statement of cash flow has been prepared under the indirect method set out in Ind AS 7 - Statement of Cash Flow.

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firms' Registration No: 105102W

Sd/-
Padmini Khare Kaicker
Partner
Membership No.: 044784

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firms' Registration No: 105146W/W-100621

Sd/-
Hasmukh B. Dedhia
Partner
Membership No.: 033494

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Arijit Basu
Chairman and Non-Executive Director
DIN: 06907779

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

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

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: 16 April 2022

1 Group overview

HDB Financial Services Limited ('the Company'), 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.

It provides lending services and business process outsourcing services. It also provides services related to the marketing and promotion of various financial products.

It's registered office is situated at Ahmedabad, India, while its corporate office is located in Mumbai, India. It is a subsidiary of HDFC Bank Limited.

2 Significant accounting policies

2.1 Statement of Compliance, Basis of Preparation and Presentation of Financial Statements

(A) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act. Any directions issued by the RBI or other regulators are implemented as and when they become applicable. Further, it has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC).CC.PD.No.109/22.10.106/ 2019-20 dated 13 March 2020.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use. These consolidated financial statements have been subjected to audit by the Statutory Auditors, have been reviewed by the Audit Committee and approved by the Board of Directors and authorized for issue on 16 April 2022.

(B) Presentation of financial statements

The Balance Sheet, the Statement of Changes in Equity and the Statement of Profit and Loss are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies ('NBFCs') that are required to comply with Ind AS. The Statement of Cash Flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its controlled structured entities (collectively known as 'the Group') as at 31 March 2022. The Group consolidates an entity when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of the entity begins when the Group obtains control over the entity and ceases when the Group loses control of the entity.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of structured entities to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The financial statement of the following controlled structured trusts (all incorporated in India) have been consolidated as per Ind-AS 110 - Consolidated Financial Statements.

Name of the entity	Proportion of Ownership Interest (%)*	
	31 March 2022	31 March 2021
Venus Trust March 2022	**3.65%**	-
Venus Trust March 2021	**1.10%**	1.10%
Venus Trust September 2020	**0.84%**	0.84%
Venus Trust March 2020	**1.46%**	1.46%
Venus Trust December 2019	**1.86%**	1.86%
Venus Trust June 2019	**-**	4.40%
Venus Trust March 2019	**-**	3.33%
Venus Trust November 2018 Series 2	**-**	3.34%
Venus Trust November 2018 Series 1	**-**	4.12%

* the Group's share of pass through certificates issued by the trust.

The above structured entities are the entities that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, but the relevant activities are directed by means of contractual agreements. The primary use of structured entities is to provide the Group access to liquidity through asset securitisations.

(C) Basis of preparation

The financial statements have been prepared under the historical cost convention on the accrual basis except for certain financial instruments and plan assets of defined benefit plans, which are measured at fair values at the end of each reporting period as explained in the accounting policies below. All amounts disclosed in the financial statements and notes have been rounded off to the nearest INR crores in compliance with Schedule III of the Act, unless otherwise stated.

(D) Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or '₹') which is also the Group's functional currency. All amounts are rounded-off to the nearest crores, unless otherwise indicated.

(E) Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) and disclosures as of the date

of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are recognised in the periods in which the Group becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised and future periods. The estimates and judgements that have significant impact on the carrying amount of assets and liabilities at each balance sheet date are discussed at Note 3.

2.2 Financial Instruments

(A) Date of recognition

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

(B) Initial measurement

Recognised financial instruments are initially measured at transaction price, which equates fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in statement of profit and loss.

(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 at amortised cost.

(b) Financial assets at fair value through other comprehensive income

Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the assets, ('Contractual cash flows of assets collected through hold and sell model') and contractual cash flows that are SPPI, are subsequently measured at FVOCI. Movements in the carrying amount of such financial assets are recognised in Other Comprehensive Income ('OCI'), except dividend income which is recognised in statement of profit and loss. Amounts recorded in OCI are not subsequently transferred to the statement of profit and loss. Equity instruments at FVOCI are not subject to an impairment assessment.

(c) Financial assets at fair value through profit and loss

Financial assets, which do not meet the criteria for categorization as at amortized 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, mutual funds and Treasury bills at FVTPL.

(ii) Financial liabilities and equity instrument

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(a) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group is recognised at the proceeds received, net of directly attributable transaction costs.

(b) Financial liabilities

Financial liabilities are measured at amortised cost. The carrying amounts are determined based on the EIR method. Interest expense is recognised in statement of profit and loss.

Any gain or loss on de-recognition of financial liabilities is also recognised in statement of profit and loss.

Undrawn loan commitments are not recorded in the balance sheet. However, these financial instruments are in the scope of expected credit loss ('ECL') calculation.

(D) Reclassification

Financial assets are not reclassified subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line or in the period the Group changes its business model for managing financial assets. Financial liabilities are not reclassified.

(E) Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, the Group has a legally enforceable right to offset the recognised amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(F) Derecognition

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The contractual rights to receive cash flows from the financial asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset and the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Group neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amount it may have to pay.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de-recognised and the proceeds received are recognised as a collateralised borrowing.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit and loss.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying value of the original financial liability and the new financial liability with modified terms is recognised in statement of profit and loss.

(G) Impairment of financial assets

The Group applies the expected credit loss ('ECL') model in accordance with Ind AS 109 for recognising impairment loss on financial assets. The ECL allowance is based on the credit losses expected to arise from all possible default events over the expected life of the financial asset ('lifetime ECL'), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12-month ECL. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is calculated on a collective basis, considering the retail nature of the underlying portfolio of financial assets.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. When determining whether the risk of default on a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on a provision matrix which takes into account the Group's historical credit loss experience, current economic conditions, forward looking information and scenario analysis.

The expected credit loss is a product of exposure at default ('EAD'), probability of default ('PD') and loss given default ('LGD'). The Group has devised an internal model to evaluate the PD and LGD based on the parameters set out in Ind AS 109. Accordingly, the financial assets have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial asset. The Group categorises financial assets at the reporting date into stages based on the days past due ('DPD') status as under:

- Stage 1: 0 to 30 days past due
- Stage 2: 31 to 90 days past due
- Stage 3: more than 90 days past due

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 recognized at prevailing exchange rates between reporting currency and foreign currency on transaction date.

(B) Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in Statement of profit and loss. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis.

2.5 Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognised at fair value at the date of a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting policy

The Group makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Group would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liabilty (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit and loss. For designated and qualifying

cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in Finance Cost in the statement of profit and loss. When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

The Group's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind-AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationships exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

2.6 Cash and cash equivalents

Cash and cash equivalents includes cash at banks and on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

The Group follows the policy of crediting the customer's account only on receipt of amount in the bank and as such no cheques in hand are taken into consideration.

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 capitalized 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 years	5 years

Type of Assets	Estimated useful life as assessed by the Group	Estimated useful life under Schedule II of the Act
Motor cars	4 years	8 years
Furniture and fixtures	3-7 years	10 years
Building	60 years	60 years
Leasehold improvements	Tenure of lease agreements	Tenure of lease agreements

The Group uniformly estimates a zero residual value for all these assets. Items costing less than ₹ 5,000 are fully depreciated in the year of purchase. Depreciation is pro-rated in the year of acquisition as well as in the year of disposal.

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Consequently, the useful life of certain computer-related assets, furniture and fixtures, office equipment and motor cars differ from the life prescribed in Schedule II of the Act.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate, and treated as changes in accounting estimates.

Property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income/expense in the statement of profit and loss in the year the asset is de-recognised.

2.9 Other intangible assets

Software and system development expenditure are capitalised at cost of acquisition including cost attributable to readying the asset for use. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. The useful life of these intangible assets is estimated at 3 years with zero residual value. Any expenses on such software for support and maintenance payable annually are charged to the statement of profit and loss.

2.10 Dividends

Provision is made for the amount of any dividend declared on or before the end of the reporting period but not distributed at the end of the reporting period, being appropriately authorised and no longer at the discretion of the Group. The final dividend on shares is recorded as a liability on the date of approval by the shareholders, and interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors.

2.11 Revenue recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments is applicable) is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of goods and services tax ('GST') and amounts collected on behalf of third parties. Ind AS 115 Revenue from Contracts with Customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Group recognises revenue from contracts with customers based on a five-step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Specific policies for the Group's different sources of revenue are explained below:

(A) Income from lending business

Interest income

Interest income on a financial asset at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ('EIR'). The EIR is the rate that exactly discounts estimated future cash flows of the financial asset through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The internal rate of return on financial asset after netting off the fees received and cost incurred approximates the effective interest rate method of return for the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs).

Other financial charges

Cheque bouncing charges, late payment charges, foreclosure charges and application money are recognised on a point-in-time basis, and are recorded when realised since the probability of collecting such monies is established when the customer pays.

(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 amortized 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 recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(B) Provident fund

Retirement benefit in the form of provident fund, is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

(C) ESIC and Labour welfare fund

The Group's contribution paid/payable during the year to ESIC and Labour welfare fund are recognised in the statement of profit and loss.

(D) Gratuity

The Group operates a defined benefit gratuity plan that provides for gratuity benefit to all employees. The Group makes annual contributions to a fund administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. The benefit is in the form of lump sum payments to vested employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non- routine settlements; and
- Net interest expense or income

(E) Share-based payments

The Group recognizes 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 contingencies

The Group recognises a provision when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that may arises from past events but probably will not require an outflow of resources to settle the obligation.

When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resource is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

2.15 Leases

Effective 01 April 2019, the Group has adopted Ind AS 116 - Leases and applied it to all lease contracts existing on 01 April 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, 01 April 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease , it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in statement of profit and loss.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

2.16 Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables, respectively, in the balance sheet.

2.17 Income tax

(A) Current tax

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 in respect of taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years.

(B) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

2.18 Earnings per share

The Group reports basic and diluted earnings per equity share. Basic earnings per equity share have been computed by dividing net profit / loss attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share have been computed by dividing the net profit attributable to the equity share holders after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Managing Director ('MD') of the Group has been identified as the CODM as defined by Ind AS 108 Operating Segments, who assesses the financial performance and position of the Group and makes strategic decisions.

Operating segments identified by the Group comprises as under:

- Lending services
- BPO services

The accounting policies consistently used in the preparation of the financial statements are also applied to item of revenue and expenditure in individual segments. Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprises as a whole and are not allocable to a segment on a reasonable basis have been disclosed as 'Unallocated'. Segment assets and segment liabilities represent assets and liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as 'Unallocated'.

2.20 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.

2.21 Statement of cash flows

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

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 42.

(B) Expected credit loss

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and credit assessment and including forward looking information.

The inputs used and process followed by the Group in determining the ECL have been detailed in Note 44.

(C) Effective interest rate

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected behavioural life of the financial asset to the gross carrying amount of the financial asset.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges) as well expected changes to the base rate and other transaction costs and fees paid or received that are integral parts of the instrument.

(D) Business model assessment

Classification and measurement of financial assets depends on the results of the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

(E) Useful life and expected residual value of assets

Depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values 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 contingencies

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.

(Currency : Indian Rupees in crore)

4 Cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Cash on hand	**35.07**	29.62
Balances with banks	**430.81**	650.42
Demand drafts on hand	**11.32**	12.88
Collateral with Banks for Derivative	**30.58**	60.59
Total	**507.78**	753.51

5 Bank balances Other than cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Deposits with bank	**1.89**	0.03
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments.	**172.96**	221.09
Interest accrued but not due on fixed deposits	**1.34**	1.75
Total	**176.19**	222.87

6 Derivative financial Instruments

	As at 31 March 2022			As at 31 March 2021		
	Notional amounts	**Fair Value-Assets**	**Fair Value-Liabilities**	Notional amounts	Fair Value-Assets	Fair Value-Liabilities
Part I						
(i) Currency derivatives:						
Currency swaps	**4,017.00**	**132.44**	**-**	3,874.83	-	42.72
Subtotal (i)	**4,017.00**	**132.44**	**-**	3,874.83	-	42.72
(ii)Interest rate derivatives						
Forward Rate Agreements and Interest Rate swaps	**-**	**-**	**-**	-	-	-
Subtotal (ii)	**-**	**-**	**-**	-	-	-
Total Derivative Financial Instruments (i)+(ii)	**4,017.00**	**132.44**	**-**	3,874.83	-	42.72
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)	**-**	**-**	**-**	-	-	-
(ii) Cash flow hedging:						
Currency derivatives	**4,017.00**	**132.44**	**-**	3,874.83	-	42.72
Interest rate derivatives	**-**	**-**	**-**	-	-	-
Subtotal (ii)	**4,017.00**	**132.44**	**-**	3,874.83	-	42.72
(iii) Undesignated Derivatives						
Currency Swaps	**-**	**-**	**-**	-	-	-
Subtotal (iii)	**-**	**-**	**-**	-	-	-
Total Derivative Financial Instruments (i)+(ii)+(iii)	**4,017.00**	**132.44**	**-**	3,874.83	-	42.72

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.

(Currency : Indian Rupees in crore)

7 Trade receivables

	As at 31 March 2022	As at 31 March 2021
Receivables Considered good - Secured	-	-
Receivables Considered good - Unsecured	124.20	117.33
Receivables which have significant increase in the credit risk	20.79	4.53
Receivables credit impaired	0.13	0.02
Unbilled Trade Receivables	-	-
	145.12	121.88
Less: Impairment loss allowance	3.30	4.56
Total	141.82	117.32

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 31 March 2022	As at 31 March 2021
Balance as at beginning of the year	4.56	6.82
Increase during the year	2.11	0.73
Decrease during the year	(3.37)	(2.99)
Balance at end of the year	3.30	4.56

Trade receivables aging schedule :

Previous Year figures are in (brackets)

Particulars	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Undisputed Trade Receivables - Considered good	123.55 (117.43)	0.41 0.39	(0.05) 0.16	0.10 (0.02)	0.20 (0.42)	124.21 (117.33)
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	19.50 (1.07)	0.79 (1.80)	0.39 (0.63)	0.02 (0.94)	0.09 (0.08)	20.79 (4.54)
(iii) Undisputed Trade Receivables - credit impaired	- 0.00	- -	0.07 (0.02)	0.06 -	- (0.00)	0.13 (0.02)
(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	143.05 (118.50)	1.20 (1.41)	0.41 (0.49)	0.18 (0.96)	0.29 (0.50)	145.13 (121.89)

(Currency : Indian Rupees in crore)

8 Loans (at amortised cost)

		As at 31 March 2022	As at 31 March 2021
A	Term Loans in India	**61,326.32**	61,325.00
B	Public sector		
	Others	**61,326.32**	61,325.00
	Total	**61,326.32**	61,325.00
C	Secured (Secured by tangible assets)	**46,644.29**	46,894.73
	Unsecured	**14,682.03**	14,430.27
	Total	**61,326.32**	61,325.00
D	Less: Impairment loss allowance	**4,163.87**	2,723.56
	Total	**57,162.45**	58,601.44
	Term Loans in India - at amortised cost		
	- Public sector		
	- Others		
	Secured (Secured by tangible assets)	**46,644.29**	46,894.73
	Unsecured	**14,682.03**	14,430.27
	Total Gross Loans	**61,326.32**	61,325.00
	Less: Impairment loss allowance	**4,163.87**	2,723.56
	Total	**57,162.45**	58,601.44

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 31 March 2022	As at 31 March 2021
Stage 1	**56,142.18**	55,263.27
Stage 2	**2,125.38**	3,300.87
Stage 3	**3,058.76**	2,760.86
	61,326.32	61,325.00

Loans or advances in the nature of loans are granted to promoters, directors, KMPs, and the related parties, either serverally or jointly with any other person.

Particulars	As at 31 March 2022	% to the total Loans and Advances in the nature of loans	As at 31 March 2021	% 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

(Currency : Indian Rupees in crore)

9 Investments

	As at 31 March 2022	As at 31 March 2021
Recorded at Fair value through profit and loss account		
Outside India	-	-
In India		
Mutual fund units	**946.45**	572.21
Treasury bills / G-Sec	**1,197.57**	882.82
Securities receipt of ARC	**88.04**	136.42
Recorded at Amortised Cost		
Outside India	-	-
In India		
Unquoted equity shares	**1.45**	1.45
Total	**2,233.51**	1,592.90

10 Other financial assets

	As at 31 March 2022	As at 31 March 2021
Capital advances	**0.43**	1.22
Security deposits at amortised cost (Unsecured, considered good)	**21.64**	19.78
Prepaid rent (Security deposits, Unsecured, considered good)	**7.19**	7.62
Retained interest on assigned loan	**3.12**	8.71
Servicing assets on assigned loan	**0.96**	2.26
Advances recoverable in cash or in kind (Unsecured, considered good)	**281.26**	209.63
Total	**314.60**	249.22

11 Current tax assets (Net)

	As at 31 March 2022	As at 31 March 2021
Current tax assets		
Advance tax and tax deducted at source (Net of provision for tax ₹ 663.40 crore (Previous Year: ₹ 419.09 crore)	**13.34**	56.91
Total	**13.34**	56.91

12 Deferred tax assets (Net)

	Balance as at 1 April 2020	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2021	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2022
Deferred Tax Asset							
Depreciation and amortisation	16.77	4.05	-	20.82	14.78	-	35.60
Provision for employee benefits	7.58	(2.86)	5.28	10.00	2.04	2.25	14.30
Loans - Impairment	325.13	371.33	-	696.46	349.57	-	1,046.03
Loans - DSA	63.27	(34.82)	-	28.45	(15.45)	-	13.00
Lease	3.78	3.64	-	7.42	(10.87)	-	(3.45)
Cash Flow Hedges Reserve	11.82	-	(0.75)	11.07	-	(8.31)	2.76
Deferred Tax Asset	**428.35**	**341.34**	**4.53**	**774.22**	**340.07**	**(6.06)**	**1,108.24**

(Currency : Indian Rupees in crore)

12 Deferred tax assets (Net) (Continued)

	Balance as at 1 April 2020	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2021	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2022
Deferred Tax Liabilities							
Borrowings	(12.07)	0.60	-	(11.47)	4.32	-	(7.15)
Investments - MTM and others	(0.57)	(1.43)	-	(2.00)	(16.84)	-	(18.84)
Securitization and others	(0.09)	(30.67)	-	(30.76)	(0.32)	-	(31.08)
Deferred Tax Liabilities	(12.73)	(31.50)	-	(44.23)	(12.84)	-	(57.07)
Net Deferred Tax Assets	415.62	309.84	4.53	729.99	327.24	(6.06)	1,051.17
Deferred Tax Asset						1,051.17	729.99
Movement in Net deferred tax Asset during the year						321.18	314.37

The components of income tax expense for the years ended 31 March 2022 and 2021 are:

	As at 31 March 2022	As at 31 March 2021
Current tax:		
In respect of current year	**663.40**	419.09
In respect of prior years	**-**	-
Deferred Tax:		
Deferred tax relating to origination and reversal of temporary differences	**(327.24)**	(309.85)
In respect of prior years	**-**	-
Total Income Tax recognised in profit or loss	**336.16**	109.24
Current tax	**663.40**	419.09
Deferred tax (Debit)	**(327.24)**	(309.85)

Income Tax recognised in Other comprehensive income

	As at 31 March 2022	As at 31 March 2021
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	**2.25**	5.28
Income tax relating to items that will be reclassified to profit or loss	**(8.31)**	(0.75)
Total income tax recognised in other comprehensive income (Debit)	**(6.06)**	4.53

The reconciliation of estimated income tax expense at tax rate to income tax expense reported in profit or loss is as follows:

	As at 31 March 2022	As at 31 March 2021
Profit before tax	**1,347.56**	500.71
Applicable income tax rate (%)	**25.17**	25.17
Income tax expense calculated at applicable income tax rate	**339.15**	126.02
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	**14.16**	11.65
Effect of tax incentives (net)	**(17.14)**	(28.43)
Effects of income not considered as taxable on compliance of condition	**-**	-
Income tax for earlier year	**-**	-
Income tax expense recognised in profit and loss	**336.16**	109.24

13 Property, Plant and Equipment (PPE) and Other Intangible assets

Description	Office equipment	Furniture and fixtures	Leasehold improve-ments	Computers	Building	Motor cars	Total PPE Tangibles	Software and System development	Total Other Intangibles	Total
Balance as at 1st April, 2021	**61.62**	**93.46**	**79.06**	**142.88**	**0.15**	**8.03**	**385.21**	**39.23**	**39.23**	**424.43**
Additions during the year	**2.85**	**3.04**	**4.70**	**16.49**	**-**	**2.47**	**29.55**	**11.58**	**11.58**	**41.13**
Disposals/Adjustments during the year	**1.34**	**1.35**	**3.05**	**0.62**	**-**	**1.65**	**8.00**	**-**	**-**	**8.00**
Balance as at 31st March, 2022	**63.13**	**95.15**	**80.72**	**158.76**	**0.15**	**8.85**	**406.76**	**50.81**	**50.81**	**457.57**
Accumulated Depreciation / impairment as at 1st April, 2021	**47.23**	**73.50**	**45.36**	**122.45**	**0.02**	**5.13**	**293.69**	**31.25**	**31.25**	**324.93**
Depreciation charge during the year	**5.93**	**8.29**	**9.03**	**16.87**	**0.02**	**1.58**	**41.72**	**7.56**	**7.56**	**49.28**
Disposals/Adjustments during the year	**1.30**	**1.28**	**2.43**	**0.61**	**0.02**	**1.15**	**6.79**	**-**	**-**	**6.79**
Accumulated Depreciation / impairment as at 31st March, 2022	**51.86**	**80.51**	**51.96**	**138.71**	**0.03**	**5.56**	**328.63**	**38.80**	**38.80**	**367.43**
Net carrying amount as at 31st March, 2022	**11.27**	**14.64**	**28.76**	**20.05**	**0.12**	**3.29**	**78.13**	**12.01**	**12.01**	**90.14**
Balance as at 1st April, 2020	59.26	93.79	79.00	137.68	0.15	7.39	377.27	33.43	33.43	410.70
Additions during the year	3.45	2.41	4.18	7.61	-	1.13	18.79	5.80	5.80	24.58
Disposals/Adjustments during the year	1.09	2.74	4.12	2.41	-	0.49	10.85	-	-	10.85
Balance as at 31st March, 2021	61.61	93.46	79.06	142.88	0.15	8.03	385.21	39.23	39.23	424.43
Accumulated Depreciation / impairment as at 1st April, 2020	40.43	66.75	38.49	103.40	0.04	3.67	252.79	24.36	24.36	277.15
Depreciation charge for the year	7.83	8.90	9.44	21.46	0.00	1.84	49.46	6.88	6.88	56.34
Disposals/Adjustments during the year	1.03	2.15	2.57	2.41	0.02	0.38	8.56	-	-	8.56
Accumulated Depreciation / impairment as at 31st March, 2021	47.23	73.50	45.36	122.45	0.02	5.13	293.68	31.25	31.25	324.93
Net carrying amount as at 31st March, 2021	14.39	19.96	33.70	20.43	0.13	2.91	91.52	7.98	7.98	99.50

Note : No revaluation of any class of asset is carried out during the year.

(Currency : Indian Rupees in crore)

14 Right of Use Assets

	As at 31 March 2022	As at 31 March 2021
Right of Use Assets	**202.49**	217.40
Total	**202.49**	217.40

15 Trade Payables

	As at 31 March 2022	As at 31 March 2021
Trade payables		
i) total outstanding dues to micro and small enterprises	**-**	0.01
ii) total outstanding dues of creditors other than micro and small enterprises	**246.91**	334.25
iii) Unbilled Trade payables	**-**	-
Total	**246.91**	334.26

15.1 Trade Payables includes ₹ 0 Crore (Previous Years: ₹ 0.01 Crore) 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

15.2 Trade payables aging schedule :

Previous Year figures are in (brackets)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) MSME	**-** *(0.01)*	**-** -	**-** -	**-** -	**-** ***(0.01)***
ii) Others	**239.47** *(326.49)*	**1.45** *(3.02)*	**2.78** *(2.03)*	**3.21** *(2.71)*	**246.91** ***(334.25)***
ii) Disputed dues - MSME	**-** -	**-** -	**-** -	**-** -	**-** -
ii) Disputed dues - Others	**-** -	**-** -	**-** -	**-** -	**-** -
iii) Unbilled Trade payables	**-** -	**-** -	**-** -	**-** -	**-** -
Total	**239.47** *(326.50)*	**1.45** *(3.02)*	**2.78** *(2.03)*	**3.21** *(2.71)*	**246.91** *(334.26)*

16 Debt Securities

	As at 31 March 2022	As at 31 March 2021
At Amortised Cost		
Secured		
Privately placed redeemable Non Convertible Debenture	**25,357.70**	23,356.20
Secured by pari passu charge by mortgage of Group's Office no.319, 3rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and receivables under financing activity.		
Unsecured		
Commercial paper	**-**	400.00
Total	**25,357.70**	**23,756.20**
Less: Unamortised borrowing cost/Unmatured discount on Commercial paper/Premium and discount on NCD	**25.39**	(45.87)
Debt Securities net of unamortised cost	**25,332.31**	**23,802.07**

(Currency : Indian Rupees in crore)

16 Debt Securities (Continued)

	As at 31 March 2022	As at 31 March 2021
Debt securities in India	**25,357.70**	23,756.20
Debt securities outside India	**-**	-
Total	**25,357.70**	**23,756.20**
Less: Unamortised borrowing cost/Unmatured discount on Commercial paper/Premium and discount on NCD	**25.39**	(45.87)
Debt Securities net of unamortised cost	**25,332.31**	**23,802.07**

16.1 No non convertible debentures, non convertible perpetual debentures and any other borrowing is guaranteed by directors and/or others.

16.2 Terms of repayment of privately placed redeemable non convertible debenture.

Previous Year figures are in (brackets)

Rate of interest (%)	**0-1 years**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
4.5-5.5	1,380.00 (575.00)	2,616.00 (2,330.00)	- -	- -	3,996.00 (2,905.00)
5.5-6.5	1,510.00 -	6,470.00 (3,050.00)	1,390.00 -	- -	9,370.00 (3,050.00)
6.5-7.5	- -	5,691.10 (6,311.10)	- -	- -	5,691.10 (6,311.10)
7.5-8.5	3,189.00 (1,942.00)	280.00 (2,129.00)	- (280.00)	900.00 (600.00)	4,369.00 (4,951.00)
8.5-9.5	1,931.60 (4,207.50)	- (1,931.60)	- -	- -	1,931.60 (6,139.10)
9.5-10.5	- -	- -	- -	- -	- -
Total	8,010.60 (6,724.50)	15,057.10 (15,751.70)	1,390.00 (280.00)	900.00 (600.00)	25,357.70 (23,356.20)

16.3 All the above non convertible debentures are secured by specific charge on receivables under financing activities. Minimum security cover of 1.1 times is required to be maintained throughout the year (Refer Note 51).

17 Borrowings (Other than Debt Securities)

	As at 31 March 2022	As at 31 March 2021
At Amortised Cost		
Borrowings (other than debt securities)		
Secured		
(a) External commercial borrowings (ECB)	**4,017.00**	4,849.83
(b) Term loan against hypothecation of Receivables under financing activity	**14,291.45**	15,614.53
(c) Borrowing under Securitisation	**1,205.64**	2,036.41
(d) Borrowing under ARC	**-**	97.20
Total	**19,514.09**	22,597.97
Less: Unamortised borrowing cost	**12.37**	28.90
Borrowings (Other than Debt Securities) net of unamortised cost	**19,501.72**	22,569.07
Borrowings in India	**15,497.09**	18,723.14
Borrowings outside India	**4,017.00**	3,874.83
Total	**19,514.09**	22,597.97
Less: Unamortised borrowing cost	**12.37**	28.90
Borrowings (Other than Debt Securities) net of unamortised cost	**19,501.72**	22,569.07

(Currency : Indian Rupees in crore)

17.1 No term loans, external commercial borrowings, commercial paper and any other borrowing is guaranteed by directors and / or others.

17.2 During the period presented there were no defaults in the repayment of principal and interest.

17.3(a) Terms of repayment of External commercial borrowings from International Financial Corporation.

Previous Year figures are in (brackets)

Rate of interest (%)	0-3 years	3-5 years	>5 years	Total
8 - 9	-	-	-	-
	(975.00)	-	-	(975.00)

17.3(b) Terms of repayment of External commercial borrowings in foreign currency

Previous Year figures are in (brackets)

Rate of interest (%)	0-3 years	3-5 years	>5 years	Total
6 - 9	**4,017.00**	**-**	**-**	**4,017.00**
	(3,874.83)	-	-	(3,874.83)

The Group had availed total External Commercial Borrowing (ECBs) of USD 530 million for financing prospective borrower as per the ECB guidelines issued by Reserve Bank of India (“RBI”) from time to time. Out of same USD 230 million was raised in FY20-21. The borrowing had 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. The charges for raising of the aforesaid ECB has been amortised over the tenure of the ECB.

17.4 Terms of repayment of Term loans from Banks.

Previous Year figures are in (brackets)

Marginal Cost of Funds Based Lending Rate (MCLR) (a)	0-1 years	1-3 years	3-5 years	Total
Overnight MCLR + (0.00% to 0.75%)	**-**	**100.00**	**-**	**100.00**
	-	-	-	-
1 Month MCLR + (0.00% to 0.75%)	**41.67**	**41.67**	**-**	**83.33**
	(733.33)	(716.67)	(16.67)	(1,466.67)
3 Month MCLR + (0.00% to 1.5%)	**75.00**	**75.00**	**-**	**150.00**
	(1,797.73)	(2,164.39)	-	(3,962.12)
6 Month MCLR + (0.00% to 0.75%)	**-**	**-**	**-**	**-**
	(804.55)	(1,008.33)	-	(1,812.88)
1 Year MCLR + (0.00% to 0.25%)	**-**	**-**	**-**	**-**
	(631.82)	(45.45)	-	(677.27)
1 Year MCLR + (0.25% to 1.25%)	-	-	-	-
	-	-	-	-
Total (a)	**116.67**	**216.67**	**-**	**333.33**
	(3967.43)	(3934.84)	(16.67)	(7918.94)
Rate linked to T-Bills rates (b)	**0-1 year**	**1-3 years**	**3-5 years**	**Total**
3 Month T-Bills rates (0.00% to 4.00%)	**1579.53**	**1,562.28**	**136.67**	**3,278.48**
	(655.00)	(919.69)	-	(1,574.69)
6 Month T-Bills rates (0.00% to 3.50%)	**109.09**	**-**	**-**	**109.09**
	(109.09)	(109.09)	-	(218.18)
12 Month T-Bills rates (0.00% to 3.50%)	**431.67**	**772.50**	**-**	**1,204.17**
	(210.83)	(530.83)	(110.83)	(852.49)

Rate linked to T-Bills rates (b)	0-1 year	1-3 years	3-5 years	Total
Overnight Index Swap (OIS)	-	-	-	-
(0.00% to 3.50%)	-	(500.00)	-	(500.00)
Repo Rate (0.00% to 3.50%)	**1,061.46**	**2,286.39**	**1,473.21**	**4,821.06**
	(726.67)	(1,616.70)	(31.82)	(2,375.19)
Mumbai InterBank Offer rate (MIBOR)	**725.00**	**252.08**	-	**977.08**
(0.00% to 3.50%)	(197.92)	(450.00)	(27.12)	(675.04)
Total (b)	**3,906.75**	**4,873.25**	**1,609.88**	**10,389.88**
	(1899.51)	(4126.31)	(169.77)	(6195.59)
Fixed Interest rate				
4.50% - 5.50%	**1,018.70**	**2,187.40**	**362.14**	**3,568.24**
	(318.18)	(1,090.91)	(90.91)	(1,500.00)
Total (a)+(b)	**5,042.12**	**7,277.32**	**1,972.01**	**14,291.45**
	(6,185.12)	(9,152.06)	(277.35)	(15,614.53)

17.5 All the above Term loans are secured by specific charge on receivables under financing activities. Minimum security cover of 1.1 times is required to be maintained throughout the year.

17.6 Terms of repayment of Borrowing under Securitisation.

Previous Year figures are in (brackets)

Rate of Interest (%)	0-1 years	1-3 years	3-5 years	Total
3.50% to 8.00%	**763.50**	**429.25**	**12.89**	**1,205.64**
	(1,198.04)	(793.05)	(45.32)	(2,036.41)

17.7 Term Loans were used fully for the purpose for which the same were obtained.

17.8 Periodic Statements of securities filed with lending banks are as per book of accounts.

18 Subordinated Liabilities

	As at 31 March 2022	As at 31 March 2021
At Amortised Cost		
Unsecured		
(a) Privately placed subordinated (Tier II) redeemable bonds	**3,500.00**	3,500.00
(b) Redeemable non convertible perpetual bonds	**650.00**	500.00
Total	**4,150.00**	4,000.00
Less: Unamortised borrowing cost	**10.95**	12.39
Subordinated Liabilities net of unamortised cost	**4,139.05**	3,987.61
Subordinated Liabilities in India	**4,150.00**	4,000.00
Subordinated Liabilities outside India	**-**	-
Total	**4,150.00**	4,000.00
Less: Unamortised borrowing cost	**10.95**	12.39
Subordinated Liabilities net of unamortised cost	**4,139.05**	3,987.61

18.1 No subordinate debts and any other borrowing is guaranteed by directors and / or others.

18.2 Terms of repayment of Privately placed unsecured subordinated (Tier II) redeemable bonds and redeemable non convertible perpetual bonds.

Previous Year figures are in (brackets)

Rate of interest	<5 year	>5 years	Total
7.5-10.5	**4,000** (1,330.00)	**150** (2,670.00)	**4,150** (4,000.00)

19 Other financial liabilities

	As at 31 March 2022	As at 31 March 2021
Interest accrued	**1,511.65**	1,914.16
Overdrawn balances in current account with banks	**850.59**	576.42
Deposits (not as defined in Section 2(31) of Companies Act, 2013)	**10.22**	10.29
Creditors for other expenses	**18.31**	22.79
Statutory liabilities	**78.82**	73.72
Lease Liability (RTU)	**239.13**	247.55
Total	**2,708.72**	**2,844.93**

20 Current tax liabilities (Net)

	As at 31 March 2022	As at 31 March 2021
Provisions for tax (Net of advance tax ₹ 440 crore, Previous Year ₹ 180.00 crore)	**59.73**	173.05
Total	**59.73**	**173.05**

21 Provisions

	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits		
Gratuity (funded)	**71.44**	67.92
Salary, bonus and reimbursements	**208.10**	222.18
Contribution to provident fund	**35.21**	29.75
Total	**314.75**	**319.85**

22 Other non-financial liabilities

	As at 31 March 2022	As at 31 March 2021
Other payables	**-**	-
Provision for expenses	**183.02**	121.26
Total	**183.02**	**121.26**

23 Equity Share capital

	Face Value ₹ each	**As at 31 March 2022**	As at 31 March 2021	**As at 31 March 2022**	As at 31 March 2021
		Number of shares	Number of shares		
Authorised equity shares	10	**1,00,15,50,000**	1,00,15,50,000	**1,001.55**	1,001.55
Issued, Subscribed & Paid up equity shares fully paid up	10	**79,04,40,031**	78,91,85,216	**790.44**	789.19
Total				**790.44**	**789.19**

23.1 Reconciliation of the number of shares

	As at 31 March 2022		As at 31 March 2021	
	Number	**Amount**	Number	Amount
Equity shares of ₹10 fully paid up				
Shares outstanding at the beginning of the year	**78,91,85,216**	**789.19**	78,75,79,656	787.58
Shares issued - exercised for ESOP scheme	**12,54,815**	**1.25**	16,05,560	1.61
Shares outstanding at the end of the year	**79,04,40,031**	**790.44**	78,91,85,216	789.19

23.2 Terms/rights attached to equity shares.

The Group has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Group, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by shareholders at the Annual General Meeting.

23.3 Details of shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31 March 2022			As at 31 March 2021		
	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**	**94.96**	**0.00%**	75,05,96,670	95.11	0.00%

23.4 Number of shares reserved for ESOPs

Particulars	As at 31 March 2022	As at 31 March 2021
Equity shares of ₹10 fully paid up		
Number of Shares reserved for ESOPs (Refer note 34)	**40,69,315**	31,76,650

24 Other equity

		As at 31 March 2022	As at 31 March 2021
(i)	Securities Premium Account	**3,055.19**	2,960.70
(ii)	Employee stock Options Outstanding Account	**35.53**	62.97
(iii)	Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	**1,293.22**	1,090.94
(iv)	Retained Earnings-Other than Remeasurement of Post Employment Benefit Obligations	**4,427.10**	3,617.98
(v)	Retained Earnings- Remeasurement of Post Employment Benefit Obligations	**(53.55)**	(42.65)
(vi)	Cash Flow Hedges Reserve	**(8.20)**	(32.89)
		8,749.29	7,657.05

(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.

(Currency : Indian Rupees in crore)

(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.

25 Interest Income

	For the year ended 31 March 2022	For the year ended 31 March 2021
On Financial Assets measured at Amortised Cost :		
Interest on Loans	**8,293.64**	8,420.35
Interest on deposits with Banks	**11.39**	22.67
On Financial Assets measured at fair value through profit or loss (FVTPL) :		
Interest income from Investment	**57.94**	44.86
Total	**8,362.97**	8,487.88

26 Net gain / (loss) on fair value changes

	For the year ended 31 March 2022	For the year ended 31 March 2021
Net gain/ (loss) on financial instruments at fair value through profit or loss (FVTPL)		
Investments	**16.48**	40.04
Unquoted equity shares	**-**	-
	16.48	40.04
Net gain/ (loss) on financial instruments at fair value through profit or loss (FVTPL)		
Realised	**39.29**	34.89
Unrealised	**(22.81)**	5.15
Total	**16.48**	40.04

27 Finance Costs

	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest expenses on financial liabilities measured at amortised cost		
Interest on borrowings (includes Interest on lease liabilities ₹ 19.68 Crore, Previous Year ₹ 25.47 crore)	**1,248.83**	1,684.74
Interest on debt securities	**1,671.08**	1,791.21
Interest on subordinated liabilities	**369.15**	346.70
Discount on commercial paper	**8.86**	25.71
Other borrowing costs	**27.58**	34.57
Total	**3,325.50**	3,882.93

(Currency : Indian Rupees in crore)

28 Impairment on financial instruments

	For the year ended 31 March 2022	For the year ended 31 March 2021
Impairment on financial instruments at amortised cost		
Loans	**2,466.99**	3,071.52
Investment	**-**	(0.49)
Trade receivables	**(1.26)**	(2.26)
Total	**2,465.73**	3,068.77

29 Employee benefits expenses

	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries and wages (including bonus)	**3,162.38**	2,684.48
Contribution to provident and other funds	**277.92**	233.35
Employee share based payment expenses	**30.42**	13.55
Staff welfare expenses	**29.69**	24.21
Total	**3,500.41**	2,955.59

30 Other expenses

	For the year ended 31 March 2022	For the year ended 31 March 2021
Rent	**5.53**	5.69
Rates and taxes	**0.78**	1.76
Telephone	**30.70**	31.56
Power and fuel	**24.50**	20.03
Repairs and maintenance- premises	**4.79**	3.37
Repairs and maintenance-others	**4.47**	2.24
Credit report charges	**37.65**	34.25
Commission and brokerage	**2.56**	2.22
Auditor's remuneration (Refer Note No. 32)	**1.16**	1.06
Insurance	**0.71**	1.64
Loss on sale of asset	**(0.06)**	1.91
Expenses towards Corporate Social Responsibility Initiative (Refer Note No. 40)	**25.83**	30.83
Others administrative expenses	**429.53**	292.43
Total	**568.15**	428.99

31 Earnings per Share

	For the year ended 31 March 2022	For the year ended 31 March 2021
Net Profit (₹ in crores)	**1,011.40**	391.47
Weighted average number of equity shares		
Basic	**789,477,686**	788,029,727
Diluted	**789,939,967**	788,347,209
Earnings per share (₹)		
Basic	**12.81**	4.97
Diluted	**12.80**	4.97
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 4,62,281 shares (Previous Year 3,17,481 shares).

32 Auditor's Remuneration (Rupees in crore)

	For the year ended 31 March 2022	For the year ended 31 March 2021
As Auditor *	**1.05**	0.90
For taxation matters	**-**	-
For company law matters	**-**	-
For other services	**-**	0.07
For reimbursement of expenses	**0.02**	-
Sub Total	**1.07**	0.97
GST	**0.09**	0.09
Total	**1.16**	1.06

* Includes ₹ 0.15 crore to erstwhile Statutory Auditors

33 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 31 March 2022

(i) Amounts recognised in the Balance sheet (Rupees in crore)

Sr No.	Particulars	31 March 2022	31 March 2021
a)	**Right-of-use assets (net)**	**202.49**	217.40
b)	**Lease liabilities**		
	Current	**45.64**	41.23
	Non-current	**193.49**	206.32
	Total Lease liabilities	**239.13**	247.55
c)	**Additions to the Right-of-use assets**	**37.42**	30.75

(ii) Amounts recognised in the Statement of Profit and Loss (Rupees in crore)

Sr No.	Particulars	31 March 2022	31 March 2021
a)	Depreciation charge for right-of-use assets	**49.67**	51.44
b)	Interest expense (included in finance cost)	**19.68**	25.47
c)	Expense relating to short-term leases	**5.53**	5.69

(iii) Cash Flows (Rupees in crore)

Particulars	31 March 2022	31 March 2021
The total cash outflow of leases	**62.87**	61.78

(iv) Future Commitments (Rupees in crore)

Particulars	31 March 2022	31 March 2021
Future undiscounted lease payments to which leases is not yet commenced	**23.72**	1.72

(v) **Maturity analysis of undiscounted lease liability** (Rupees in crore)

Period	31 March 2022	31 March 2021
Not later than one year	**62.93**	60.03
Later than one year and not later than five years	**173.91**	189.86
Later than five years	**62.31**	64.18
Total	**299.15**	314.07

34 Accounting for Employee Share based Payments

In accordance with resolution approved by the shareholders, the Group has reserved shares, for issue to employees through ESOP Scheme. On the approval of Nomination and Remuneration Committee (NRC), each ESOP scheme is issued. The NRC has approved stock option schemes ESOP-10 on October 13, 2017, ESOP-11 on January 15, 2019, ESOP-12 on October 5, 2020, ESOP-13 on January 14, 2021, ESOP-13A on August 31, 2021 and ESOP-14 on October 27, 2021. Under the term of the schemes, the Group may issue stock options to employees and directors of the Group, each of which is convertible into one equity share.

Such options vest at a definitive date, save for specific incidents, prescribed in the scheme as framed/approved by the NRC. Such options are exercisable for a period following vesting at the discretion of the NRC, subject to a maximum of four years from the date of vesting.

Description of share based payments plans

Particulars		ESOP-10	ESOP-11	ESOP-12	ESOP-13	ESOP-13A	ESOP-14
i.	Vesting requirements	30% at the end of each 12 and 24 months and 40% at the end of 36 months from 31 Oct 2017	30% at the end of each 12 and 24 months and 40% at the end of 36 months from 31 Jan 2019	60% at the end of 12 months and 40% at the end of 24 months from 31 Oct 2020	30% at the end of each 12 and 24 months and 40% at the end of 36 months from 31 Jan 2021	30% at the end of each 12 and 24 months and 40% at the end of 36 months from August 31, 2021	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2021
ii.	Maximum term of option	7 years	7 years	6 years	7 years	7 years	7 years
iii.	Method of settlement	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled
iv.	Modifications to share based payment plans	NA	NA	NA	NA	NA	NA
v.	Any other details as disclosed in the audited Ind-AS financials	NA	NA	NA	NA	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.

Movement in the options outstanding under the Employees Stock Option Plan for the year ended 31 March 2022

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	**48,150**	**-**	**5,500**	**650**	**42,000**	**42,000**
ESOP-11	**394,000**	**-**	**269,610**	**17,960**	**106,430**	**106,430**
ESOP-12	**1,558,900**	**-**	**773,130**	**82,860**	**702,910**	**123,570**
ESOP-13	**1,175,600**	**-**	**206,575**	**35,870**	**933,155**	**141,245**
ESOP-13A	**-**	**50,000**	**-**	**-**	**50,000**	**-**
ESOP-14	**-**	**2,244,730**	**-**	**9,910**	**2,234,820**	**-**
Total	**3,176,650**	**2,294,730**	**1,254,815**	**147,250**	**4,069,315**	**413,245**
Weighted average exercise price (₹)	**313.22**	**432.48**	**301.93**	**317.09**	**383.81**	**300.52**

Movement in the options outstanding under the Employees Stock Option Plan for the year ended 31 March 2021

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	1,283,200	-	1,168,150	66,900	48,150	48,150
ESOP-11	868,380	-	437,410	36,970	394,000	71,280
ESOP-12	-	1,602,500	-	43,600	1,558,900	-
ESOP-13	-	1,176,950	-	1,350	1,175,600	-
Total	2,151,580	2,779,450	1,605,560	148,820	3,176,650	119,430
Weighted average exercise price (₹)	237.65	320.33	229.62	255.07	313.22	249.41

Following summarises the information about stock options outstanding as at 31 March 2022

Plan	**Exercise price (₹)**	**Number of shares arising out of options**	**Weighted average remaining contractual life (in years)**
ESOP - 10	**213**	**42,000**	**2.53**
ESOP - 11	**274**	**106,430**	**3.79**
ESOP - 12	**300**	**702,910**	**4.52**
ESOP - 13	**348**	**933,155**	**5.64**
ESOP - 13A	**409**	**50,000**	**6.42**
ESOP - 14	**433**	**2,234,820**	**6.58**

Following summarizes the information about stock options outstanding as at 31 March 2021

Plan	Exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)
ESOP - 10	213	48,150	3.59
ESOP - 11	274	394,000	4.58
ESOP - 12	300	1,558,900	5.07
ESOP - 13	348	1,175,600	5.94

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 13A**	**ESOP 14**
Dividend yield	0.00%	0.00%
Expected volatility	59.89%	56.24%
Risk-free interest rate	5.35%	5.41%
Expected life of the option	4.10 Years	4.10 Years

The Group recorded an employee stock compensation expense of ₹ 30.42 crore (previous year ₹13.55 crore) in Statement of Profit and Loss.

35 Segment Reporting

(Currency : Indian Rupees in crore)

S.N.	Particulars	31 March 2022	31 March 2021
i.	**Segment Revenue**		
	Lending business	**8,942.88**	8,924.35
	BPO Services	**2,363.41**	2,020.43
	Unallocated	**-**	-
	Income from Operations	**11,306.29**	10,944.78
ii.	**Segment Results**		
	Lending business	**1,238.71**	445.98
	BPO Services	**134.69**	103.72
	Unallocated	**(25.84)**	(48.99)
	Profit before tax	**1,347.56**	500.71
	Income Tax expenses		
	Current tax	**663.40**	419.09
	Deferred tax Asset	**(327.24)**	(309.85)
	Income tax for earlier year	**-**	-
	Net Profit	**1,011.40**	391.47
iii.	**Capital Employed**		
	Segment assets		
	Lending business	**60,812.70**	61,694.54
	BPO Services	**148.72**	147.52
	Unallocated	**1,064.51**	798.99
	Total Assets	**62,025.94**	62,641.05
	Segment Liabilities		
	Lending business	**52,009.27**	53,886.31
	BPO Services	**95.61**	50.43
	Unallocated	**381.33**	258.08
	Total Liabilities	**52,486.21**	54,194.82
	Net Segment assets / (liabilities)	**9,539.73**	8,446.23
iv.	**Capital Expenditure (including net CWIP)**		
	Lending business	**36.25**	22.48
	BPO Services	**4.88**	2.11
	Unallocated	**-**	-
	Total	**41.13**	24.59
v.	**Depreciation**		
	Lending business	**79.17**	87.83
	BPO Services	**19.77**	15.34
	Unallocated	**-**	4.62
	Total	**98.94**	107.79
vi.	**Other non cash expenditure**		
	Lending business	**2,465.73**	3,068.77
	BPO Services	**-**	-
	Unallocated	**-**	-
	Total	**2,465.73**	3,068.77

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 ('MD') of the Group has been identified as the CODM as defined by Ind AS 108 Operating Segments, who assesses the financial performance and position of the Group and makes strategic decisions.

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.

36 Related party disclosures

Name of the related party and nature of relationship

Holding Group : HDFC Bank Limited

Enterprise under common control of Holding Group : HDFC Securities Limited

Key Management Personnel (KMP) :

Arijit Basu (Chairman & Non Executive Director) (date of appointment 01 June 2021)

Arundhati Mech (Independent Director) (date of appointment 11 February 2022)

Smita Affinwalla (Independent Director)

Venkatraman Srinivasan (Independent Director)

Dr. Amla Samanta (Independent Director)

Adayapalam Viswanathan (Independent Director)

G Ramesh (Managing Director & CEO)

Other related parties :

HDFC Ergo General Insurance Company Limited

HDFC Life Insurance Company Limited

HDFC Asset Management Company Limited

HDBFS Employees Welfare Trust

Details of Related Party Transactions for the Year:

Related party	**Nature of transaction**	**31 March 2022**	31 March 2021
HDFC Bank Limited	Bank charges	12.20	11.98
	Charges for back office support services received / recoverable	921.26	907.26
	Charges for sales support services received / recoverable	1,607.28	1,233.14
	Commission Expenses	1.71	4.94
	Corporate logo license fees	14.63	3.72
	Fixed deposits placed	17.77	1,172.73
	Interest paid on non-convertible debentures	185.85	59.92
	Interest paid on term loan and OD account	312.90	379.94
	Interest received on fixed deposits	5.47	12.78
	Investment banking fees paid	0.56	1.26
	Reimbursement of IT expense, secondment charge & other common expenses	0.89	2.74
	Rent paid for premises taken on sub-lease	2.37	2.42
	Securities purchased during the year	1,310.00	3,115.00
	Securitisation	-	473.06
	Term loan availed during the year	4,050.00	2,350.00
	Tele collection charges / field collection charges received / recoverable for collection services rendered	220.58	206.53
HDFC Securities Limited	Rent income for premises given on sub-lease	0.07	0.08
Key Management Personnel	Director sitting fees and commission paid	1.25	0.80
	Salary including perquisites and allowances	4.53	3.79
	Stock Options#	0.48	0.86
HDFC Life Insurance Company Limited	Income from Insurance commission	6.19	7.91
	Rent Expense	-	0.01
HDFC Ergo General Insurance Company Limited	Income from Insurance commission	9.89	9.77
	Insurance Premium Expense (Car & Group policy)	1.86	-

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 ₹ 2.62 crore (previous year ₹1.10 crore) with a corresponding credit to the reserves.

Balances outstanding:

Related party	Nature of transaction	31 March 2022	31 March 2021
HDFC Bank Limited	Securitisation	**454.03**	1,469.56
	Balance in current accounts	**409.00**	645.56
	Balance receivable	**95.95**	85.66
	Balance payable	**0.12**	1.92
	Fixed deposit	**88.51**	182.53
	Security deposit paid	**0.11**	0.11
	Security deposit received	**9.85**	9.85
	Term loan outstanding	**6,067.14**	5,572.73
	Non convertible debentures issued	**5,080.00**	3,115.00
	Undrawn commitment facility	**-**	500.00
HDFC Securities Ltd.	Balance receivable	**-**	0.13
HDFC Life Insurance Company Limited**	Balance payable - Securities	**920.00**	905.00
	Balance payable - Expenses	**0.01**	0.01
	Balance receivable	**0.72**	1.59
HDFC Asset Management Group Limited	Balance payable	**346.00**	811.90
	Balance receivable	**-**	0.36
HDFC Ergo General Insurance Company Limited**	Balance payable	**120.00**	70.00
	Balance receivable	**1.36**	1.22

** excludes amounts pertaining to insurance premiums payable that are in the nature of pass through.

37 Employee benefits

(A) Defined contribution plan

The contribution made to various statutory funds is recognized as expense and included in Note 29 '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.

Details of Actuarial Valuation as at March 31, 2022

	Particulars	31 March 2022	31 March 2021
A.	**Change in defined benefit obligation**		
1	Defined benefit obligation at beginning of period	**149.09**	116.48
2	Service cost		
	a. Current service cost	**17.17**	12.76
	b. Past service cost	**1.49**	-
	c. (Gain) / loss on settlements	**-**	-
3	Interest expenses	**5.75**	5.67
4	Cash flows		
	a. Benefit payments from plan	**(19.88)**	(10.00)
	b. Benefit payments from employer	**-**	-
	c. Settlement payments from plan	**-**	-
	d. Settlement payments from employer	**-**	-

	Particulars	31 March 2022	31 March 2021
5	Remeasurements		
	a. Effect of changes in demographic assumptions	**2.51**	4.36
	b. Effect of changes in financial assumptions	**(3.08)**	5.10
	c. Effect of experience adjustments	**13.85**	14.72
6	Transfer In /Out		
	a. Transfer In	**-**	-
	b. Transfer out	**-**	-
7	Defined benefit obligation at end of period	**166.90**	149.09
B.	**Change in fair value of plan assets**		
1	Fair value of plan assets at beginning of period	**81.51**	54.53
2	Interest income	**3.15**	2.66
3	Cash flows		
	a. Total employer contributions		
	(i) Employer contributions	**30.66**	32.78
	(ii) Employer direct benefit payments	**-**	-
	(iii) Employer direct settlement payments	**-**	-
	b. Participant contributions	**-**	-
	c. Benefit payments from plan assets	**(19.88)**	(10.00)
	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)	**0.13**	1.54
5	Transfer In /Out		
	a. Transfer In	**-**	-
	b. Transfer out	**-**	-
6	Fair value of plan assets at end of period	**95.57**	81.51
C.	**Amounts recognised in the Balance Sheet**		
1	Defined benefit obligation	**166.90**	149.09
2	Fair value of plan assets	**(95.57)**	(81.51)
3	Funded status	**71.33**	67.58
4	Effect of asset ceiling	**-**	-
5	Net defined benefit liability (asset)	**71.33**	67.58
D.	**Components of defined benefit cost**		
1	Service cost		
	a. Current service cost	**17.17**	12.76
	b. Past service cost	**1.49**	-
	c. (Gain) / loss on settlements	**-**	-
	d. Total service cost	**18.66**	12.76
2	Net interest cost		
	a. Interest expense on DBO	**5.75**	5.67
	b. Interest (income) on plan assets	**3.15**	2.66
	c. Interest expense on effect of (asset ceiling)	**-**	-
	d. Total net interest cost	**2.60**	3.01
3	Remeasurements (recognized in OCI / Retained Earnings)		
	a. Effect of changes in demographic assumptions	**2.51**	4.36
	b. Effect of changes in financial assumptions	**(3.08)**	5.10
	c. Effect of experience adjustments	**13.85**	14.72

	Particulars	31 March 2022	31 March 2021
	d. Return on plan assets (excluding interest income)	**0.13**	1.54
	e. Changes in asset ceiling (excluding interest income)	**-**	-
	f. Total remeasurements included in OCI / Retained Earnings	**13.15**	22.64
4	Total defined benefit cost recognized in P&L and OCI	**34.41**	38.41
E.	**Re-measurement**		
	a. Actuarial Loss/(Gain) on DBO	**13.28**	24.18
	b. Returns above Interest Income	**(0.13)**	(1.54)
	c. Change in Asset ceiling	**-**	-
	Total Re-measurements (OCI / Retained Earnings)	**13.15**	22.64
F.	**Employer Expense (P&L)**		
	a. Current Service Cost	**17.17**	12.76
	b. Interest Cost on net DBO	**2.60**	3.01
	c. Past Service Cost	**1.49**	-
	d. Total P&L Expenses	**21.26**	15.77
G.	**Net defined benefit liability (asset) reconciliation**		
1	Net defined benefit liability (asset)	**67.58**	61.95
2	Defined benefit cost included in P&L	**21.26**	15.77
3	Total remeasurements included in OCI / Retained Earnings	**13.15**	22.64
4	a. Employer contributions	**(30.66)**	(32.78)
	b. Employer direct benefit payments	**-**	-
	c. Employer direct settlement payments	**-**	-
5	Net transfer	**-**	-
6	Net defined benefit liability (asset) as of end of period	**71.33**	67.58
H.	**Reconciliation of OCI (Re-measurement)**		
1	Recognised in OCI at the beginning of period	**57.11**	34.46
2	Recognised in OCI during the period	**13.15**	22.64
3	Recognised in OCI / Retained Earnings at the end of the period	**70.26**	57.11
I.	**Sensitivity analysis - DBO end of Period**		
1	Discount rate +100 basis points	**(4.38)**	(3.77)
2	Discount rate -100 basis points	**4.77**	4.10
3	Salary Increase Rate +1%	**4.57**	3.66
4	Salary Increase Rate -1%	**(4.29)**	3.49
5	Attrition Rate +1%	**(1.34)**	1.27
6	Attrition Rate -1%	**1.42**	1.35
J.	**Significant actuarial assumptions**		
1	Discount rate Current Year (p.a.)	**4.77%**	3.86%
2	Discount rate Previous Year (p.a.)	**3.86%**	4.87%
3	Salary increase rate (p.a.)	**6.00% - 11.00%**	5.00% - 9.00%
4	Attrition Rate (%)	**9.00% - 74.00%**	9.00% - 76.00%
5	Retirement Age (years)	**60**	60
6	Pre-retirement mortality	**IALM (2012-14) Urban**	IALM (2006-08) Ultimate
7	Disability	**Nil**	Nil
K.	**Data**		
1	No.	**115,490**	99,629
2	Average age (yrs.)	**28.99**	29.23
3	Average past service (yrs.)	**2.42**	2.71
4	Average salary monthly (₹)	**9,046.16**	8,863.61
5	Future service (yrs.)	**31.01**	30.77
6	Weighted average duration of DBO	**4.00**	4.00

	Particulars	31 March 2022	31 March 2021
L.	**Expected cash flows for following year**		
1	Expected contributions / Addl. Provision Next Year	**29.61**	30.31
2	Expected total benefit payments		
	Year 1	**51.64**	47.88
	Year 2	**33.72**	30.37
	Year 3	**24.02**	20.98
	Year 4	**16.99**	15.27
	Year 5	**12.79**	10.90
	Next 5 years	**32.29**	25.22

Category of Plan asset	% of Fair value to total planned assets (as at 31 March 2022)
Government securities and corporate bonds/debentures	**86.48%**
Money market instruments and fixed deposits	**11.93%**
Net current assets and other approved security	**1.59%**
Total	**100.00%**

The Group's gratuity plan obligation is determined by actuarial valuation and is funded by investments in government securities. As such, the valuation and the funding are exposed to certain risks, including mainly salary increments, attrition levels, interest rates and investment yields. If salaries and interest rates rise faster than assumed or if the attrition rates are lower than assumed, then the Group's gratuity obligation would rise faster in future periods and an increase in market yields of government securities would reduce the value of the plan's investments, leading to higher future funding requirements. The Group monitors plan obligations and investments regularly with a view to ensuring that there is adequate funding on an ongoing basis, thus mitigating any potential adverse consequences of the risks described.

C) Compensated absences

The Group neither has a policy of encashment of unavailed leaves for its employees nor allow the leaves to be carry forward to next year.

D) The Parliament has approved the Code on Social Security, 2020 ('Code') which may impact the contribution by the Group towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed after which the financial impact can be ascertained. The Group will complete its evaluation and will give appropriate impact, if any, in the financial result following the Code becoming effective and the related rules being framed and notified.

38 Contingent liabilities

S.N.	Particulars	31 March 2022	31 March 2021
1	Claims against the Group not acknowledged as debt (Refer Note 38.1)	**90.59**	93.55
2	Estimated amount of contracts remaining to be executed on capital account and not provided for:	**13.27**	8.64
	(Net of Advances amounting to ₹ 0.43 crore, previous year ₹1.22 crore)		
3	Undrawn committed sanctions to borrowers	**59.40**	26.65

38.1 Claims against the Group not acknowledged as debt

Particulars	31 March 2022	31 March 2021
Suit filed by borrowers	**5.25**	3.36
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. Income tax matter	**-**	4.85
4. Payment of Labour Welfare Fund	**0.32**	0.32
Total	**90.59**	93.55

a) Provident Fund matter

The Group has received a notice of demand from the Provident Fund department amounting to ₹ 50.14 crore. The Group had filed an appeal challenging the Provident Fund Commissioner's order before the Provident Fund Appellate Tribunal, wherein the Group had received a favourable outcome. However, a sum of ₹ 1 crore has been deposited under protest with the Provident Fund Appellate Authority. This amount is shown under Other financial assets.

The Provident Fund department has challenged order of the appellate authority in the High Court. The management of the Group is of the view that no material losses will arise in respect of the legal claim and accordingly the same has been disclosed as a contingent liability. In the eventuality of any claim arising out of this case, the same will be billed to the customer in the year the claim is final and accordingly no provision has been made.

b) Payment of Bonus (Amendment) Act, 2015

As per the amendment to the Payment of Bonus (Amendment) Act, 2015 vide notification number DL-(N)04/70007/2003-16 issued on 1 January 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 1 April 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.

38.2 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.

38.3 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.

39 Maturity analysis of assets & liabilities

Particulars	31 March 2022		31 March 2021	
	Within 12 months	**After 12 months**	Within 12 months	After 12 months
ASSETS				
Financial Assets				
(a) Cash and cash equivalents (CCE)	**477.20**	**30.58**	753.51	-
(b) Bank balances other than CCE	**176.19**	**-**	220.50	2.37
(c) Derivative financial instruments	**-**	**132.44**	-	-
(d) Trade receivables	**141.82**	**-**	117.32	-
(e) Loans	**21,299.76**	**35,862.69**	18,500.34	40,101.10
(f) Investments	**2,144.02**	**89.49**	1,455.03	137.87
(g) Other financial assets	**58.99**	**255.61**	209.63	39.59
	24,297.98	**36,370.81**	21,256.33	40,280.93

Particulars	31 March 2022		31 March 2021	
	Within 12 months	**After 12 months**	Within 12 months	After 12 months
Non-financial Assets				
(a) Current tax assets (Net)	**13.34**	**-**	56.91	-
(b) Deferred tax assets (Net)	**-**	**1,051.17**	-	729.99
(c) Property, plant and equipment	**-**	**78.14**	-	91.52
(d) Capital work-in-progress	**-**	**-**	-	-
(e) Other intangible assets		**12.01**	-	7.98
(f) Right of Use Assets	**49.00**	**153.49**	47.39	170.01
	62.34	**1,294.81**	104.30	999.50
TOTAL ASSETS	**24,360.32**	**37,665.62**	21,360.63	41,280.43
LIABILITIES				
Financial Liabilities				
(a) Derivative financial instruments	**-**	**-**	42.72	-
(b) Trade payables	**246.91**	**-**	334.26	-
(c) Debt securities	**8,003.83**	**17,328.48**	7,131.39	16,670.68
(d) Borrowings other than debt securities	**8,752.04**	**10,749.68**	8,352.32	14,216.75
(e) Subordinated liabilities	**599.23**	**3,539.82**	-	3,987.61
(f) Other financial liabilities	**2,344.47**	**364.25**	2,291.85	553.08
	19,946.48	**31,982.23**	18,152.54	35,428.12
Non-Financial Liabilities				
(a) Current tax liabilities (net)	**59.73**	**-**	173.05	-
(b) Provisions	**264.61**	**50.14**	282.24	37.61
(c) Other non-financial liabilities	**183.02**	**-**	121.26	-
	507.36	**50.14**	576.55	37.61
TOTAL LIABILITIES	**20,453.84**	**32,032.37**	18,729.09	35,465.73
NET	**3,906.48**	**5,633.25**	2,631.54	5,814.70

40 Corporate social responsibility

The average profit before tax of the Group for the last three financial years was ₹ 1234.89 crore, basis which the Group was required to spend ₹ 24.70 crore towards Corporate Social Responsibility (CSR) activities for the current financial year.

a) Amount spent during the year on:

Particulars	31 March 2022			31 March 2021		
	Amount Spent	**Amount Unpaid/ provision**	**Total**	Amount Spent	Amount Unpaid/ provision	Total
Construction/acquisition of any asset	**-**	**-**	**-**	-	-	-
On purpose other than (i) above	**25.83**	**Not Applicable**	**25.83**	23.52	7.31	30.83

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
7.31	NIL	24.70	25.83	(1.13)

Note: ₹ 7.31 crore reported as unspent in financial year 2020-21 has been transferred to Unspent CSR Account. Of this, ₹ 5.03 crore has been disbursed towards Ongoing Projects during the year.

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
NIL	24.70	25.83	(1.13)

Note: ₹ 1.13 crore was spent over and above the prescribed CSR Budget of ₹ 24.70 crore for the financial year 2021-22.

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 Group	In Separate CSR Unspent Account		From Group's Bank Account	From Separate CSR Unspent A/c	With Group	In Separate CSR Unspent Account
NIL	7.31	24.70	25.83	5.03	(1.13)	2.28

e) Nature of CSR activities

CSR activities for promotion of healthcare including water & sanitation, livelihood enhancements through skill and vocational training, promoting quality education and supporting water conservation initiatives etc.

41. 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	31 March 2022	31 March 2021
The Principal amount remaining unpaid at the end of the year	-	0.01
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	-	0.01

Note - The above is based on the information available with the Group which has been relied upon by the auditors.

42 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. (Rupees in crore)

Particulars	Category	Fair value hierarchy	Fair Value	
			31 March 2022	31 March 2021
Mutual fund units	FVTPL	Level 1	**946.45**	572.21
Unquoted equity shares	FVTPL	Level 3	**1.45**	1.45
Treasury bills	FVTPL	Level 1	**1,197.57**	882.82
Securities receipt of ARC	FVTPL	Level 2	**88.04**	136.42
Derivative financial instruments	FVTPL	Level 2	**132.44**	-

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.

Level 3:

Fair value of loans have estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product.

Unquoted equity shares are measured at fair value using suitable valuation models viz., net asset value technique.

c) The table below presents information pertaining to the fair values and carrying values of the Group's financial assets and liabilities. (Rupees in crore)

Particulars	Category	Fair value hierarchy	31 March 2022		31 March 2021	
			Carrying value	**Fair value**	Carrying value	Fair value
Financial Assets						
(a) Cash and cash equivalents (CCE)	Amortised cost		**507.78**	**507.78**	753.51	753.51
(b) Bank balances other than CCE	Amortised cost		**176.19**	**176.19**	222.87	222.87
(c) Derivative financial instruments	FVTPL	Level 2	**132.44**	**132.44**	-	-
(d) Trade receivables	Amortised cost		**141.82**	**141.82**	117.32	117.32
(e) Loans	Amortised cost	Level 3	**57,162.45**	**54,511.90**	58,601.44	55,503.95

(Rupees in crore)

Particulars	Category	Fair value hierarchy	31 March 2022		31 March 2021	
			Carrying value	Fair value	Carrying value	Fair value
(f) Investments - Mutual funds and Treasury bills	FVTPL	Level 1	**2,144.02**	**2,144.02**	1,455.03	1,455.03
Investments - In Security Receipts	FVTPL	Level 2	**88.04**	**88.04**	136.42	136.42
Investments - Unquoted equity shares	FVTPL	Level 3	**1.45**	**1.45**	1.45	1.45
(g) Other financial assets	Amortised cost		**314.60**	**314.60**	249.22	249.22
			60,668.79	**58,018.24**	61,537.26	58,439.77
Financial Liabilities						
(a) Derivative financial instruments	FVTPL	Level 2	**-**	**-**	42.72	42.72
(b) Trade payables	Amortised cost		**246.91**	**246.91**	334.26	334.26
(c) Debt securities	Amortised cost	Level 2	**25,332.31**	**26,356.46**	23,802.07	25,052.85
(d) Borrowings other than Securitization	Amortised cost	Level 2	**18,296.08**	**17,976.30**	20,532.65	19,753.95
Borrowings under Securitization	Amortised cost	Level 2	**1,205.64**	**1,193.88**	2,036.41	2,004.24
(e) Subordinated liabilities	Amortised cost	Level 2	**4,139.05**	**4,429.21**	3,987.61	4,281.90
(f) Other financial liabilities	Amortised cost		**2,708.72**	**2,708.72**	2,844.94	2,844.94
			51,928.71	**52,911.47**	53,580.66	54,314.86

(i) Short-term and other financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months) and for other financial assets and other financial liabilities that are insignificant in value, the carrying amounts, net of impairment, if any, are a reasonable approximation of their fair value. Such instruments include cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, trade payables, other financial assets and other financial liabilities.

(ii) Loans

These financial assets are recorded at amortised cost, the fair values of which are estimated at portfolio level using a discounted cash flow model based on contractual cash flows discounted using market rates incorporating the counterparties' credit risk.

(iii) Debt securities, borrowings and subordinated liabilities

Fair value is estimated at portfolio level by a discounted cash flow model incorporating market interest rates and the Group's own credit risk or based on market-observable data such as secondary market prices for its traded debt, as relevant.

43 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.

44 Risk Management

While risk is inherent in the Group's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls.

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Committee is responsible for managing risk decisions and monitoring risk levels and reports to the Supervisory Board.

The Group's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

a) Credit risk

The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and industry concentrations, and by monitoring exposures in relation to such limits.

Financial assets measured on a collective basis

The Group splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Secured / unsecured i.e. based on whether the loans are secured
- Nature of security i.e. the nature of the security if the loans are determined to be secured
- Nature of loan i.e. based on the nature of loan

Significant increase in credit risk

The Group considers an exposure to have significantly increased in credit risk when the borrower crosses 30 DPD but is within 90 DPD.

Impairment assessment

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower crosses 90 days past due on its contractual payments. Further, the borrower is retained in Stage 3 (credit-impaired) till all the overdue amounts are repaid i.e. borrower becomes 0 days past due on its contractual payments.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Loss given default

The credit risk assessment is based on a standardised LGD assessment framework that incorporates the probability of default and subsequent recoveries, discounted.

Current economic data and forward-looking economic forecasts and scenarios are used in order to determine the Ind AS 109 LGD rate. The Group uses data obtained from third party sources and combines such data with inputs to the Group's ECL models including determining the weights attributable to the multiple scenarios.

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.

(Rupees in crore)

Stage	**31 March 2022**	31 March 2021
Stage 1	**56,142.18**	55,263.27
Stage 2	**2,125.38**	3,300.87
Stage 3	**3,058.76**	2,760.86
Total	**61,326.32**	61,325.00

b) An analysis of changes in the gross carrying amount and corresponding ECL allowances in relations to loans is as under:

	31 March 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount - opening balance	**55,263.27**	**3,300.87**	**2,760.86**	**61,325.00**
Originated or new	**28,624.70**	**251.85**	**156.66**	**29,033.21**
Matured or repaid	**(24,958.69)**	**(1,099.41)**	**(1,818.27)**	**(27,876.37)**
Transfers to Stage 1	**1,964.69**	**(1,394.17)**	**(570.52)**	**-**
Transfers to Stage 2	**(2,016.03)**	**2,097.54**	**(81.51)**	**-**
Transfers to Stage 3	**(2,735.76)**	**(1,031.30)**	**3,767.06**	**-**
Amounts written off (net of recovery)	**-**	**-**	**(1,155.52)**	**(1,155.52)**
Gross carrying amount - closing balance	**56,142.18**	**2,125.38**	**3,058.76**	**61,326.32**

	31 March 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount - opening balance	54,243.55	1,928.27	2,259.13	58,430.95
Originated or new	24,165.19	269.87	142.71	24,577.77
Matured or repaid	(18,076.95)	(753.75)	(1,365.78)	(20,196.48)
Transfers to Stage 1	919.63	(650.27)	(269.36)	-
Transfers to Stage 2	(3,088.42)	3,229.17	(140.75)	-
Transfers to Stage 3	(2,899.73)	(722.42)	3,622.15	-
Amounts written off (net of recovery)	-	-	(1,487.24)	(1,487.24)
Gross carrying amount - closing balance	55,263.27	3,300.87	2,760.86	61,325.00

	31 March 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Impairment loss allowance - opening balance	**1,306.11**	**542.71**	**874.74**	**2,723.56**
Originated or new	**362.16**	**50.74**	**82.96**	**495.86**
Matured or repaid	**333.52**	**202.97**	**1,563.48**	**2,099.97**
Transfers to Stage 1	**335.24**	**(176.84)**	**(158.40)**	**-**
Transfers to Stage 2	**(108.83)**	**133.96**	**(25.13)**	**-**
Transfers to Stage 3	**(231.39)**	**(242.29)**	**473.68**	**-**
Amounts written off (net of recovery)	**-**	**-**	**(1,155.52)**	**(1,155.52)**
Impairment loss allowance - closing balance	**1,996.81**	**511.25**	**1,655.81**	**4,163.87**

	31 March 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Impairment loss allowance - opening balance	634.25	212.22	438.60	1,285.07
Originated or new	401.34	38.68	34.77	474.79
Matured or repaid	(175.73)	(66.92)	1,108.56	865.91
Transfers to Stage 1	111.71	(56.61)	(55.09)	-
Transfers to Stage 2	(61.34)	90.13	(28.79)	-
Transfers to Stage 3	(60.93)	(66.90)	127.83	-
Remeasurement	456.81	392.11	736.11	1,585.03
Amounts written off (net of recovery)	-	-	(1,487.24)	(1,487.24)
Impairment loss allowance - closing balance	1,306.11	542.71	874.74	2,723.56

c) Modified financial assets

The Group renegotiates loans given to customers in financial difficulties (referred to as forbearance activities, restructuring or rescheduling) to maximise collection opportunities and minimise the risk of default. Under the Companies forbearance policy, loan forbearance is granted on a selective basis if the customer is currently in default on its debt or if there is a high risk of default, there is evidence that the customer made all reasonable efforts to pay under the original contractual terms and the customer is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Risk Management Committee regularly reviews reports on forbearance activities.

Upon renegotiation, such accounts are classified as Stage 3. Such accounts are upgraded to Stage 1 only upon observation of satisfactory repayments of one year from the date of such down-gradation and accordingly loss allowance is measured using 12 month PD.

Exposure to modified financial assets	**31 March 2022**	31 March 2021
Gross carrying amount	**5,100.35**	3,649.96
Impairment allowance	**1,975.22**	956.92
Net carrying amount	**3,125.13**	2,693.04

Analysis of risk concentration

The following table shows risk concentration of the Group's loans basis risk exposure into smaller homogeneous portfolios, based on shared credit risk characteristics as under:

	31 March 2022	31 March 2021
Carrying value of Loans	**57,162.44**	58,601.44
Mortgage backed loans	**16,404.30**	17,041.68
Other assets backed loans	**24,290.68**	25,430.92
Personal loans	**13,143.46**	13,322.88
Others	**3,324.00**	2,805.97
Total	**57,162.44**	58,601.44

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	**31 March 2022**	31 March 2021
Upto 50 % Coverage	**1,259.26**	1,476.62
51-75 % Coverage	**139.87**	402.89
76-100 % Coverage	**3.75**	5.95
Above 100% Coverage	**0.07**	0.65
Total	**1,402.95**	1,886.11

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 31st March.

31 March 2022	**Less than 1 year**	**1 year to 3 years**	**3 years to 5 years**	**5 years and above**	**Total**
Trade payables	**246.91**				**246.91**
Derivative financial instruments	**-**				**-**
Debt securities	**9,999.33**	**16,693.39**	**1,684.16**	**1,117.35**	**29,494.22**
Borrowings	**8,182.18**	**10,532.33**	**932.43**	**12.56**	**19,659.50**
Borrowings under Securitization	**774.09**	**408.48**	**11.31**	**-**	**1,193.88**
Subordinated liabilities	**975.04**	**1,338.21**	**878.57**	**2,981.50**	**6,173.32**
Total	**20,177.55**	**28,972.40**	**3,506.47**	**4,111.41**	**56,767.84**

31 March 2021	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
Trade payables	334.26	-	-	-	334.26
Derivative financial instruments	42.72	-	-	-	42.72
Debt securities	8,780.45	17,885.98	399.14	793.20	27,858.77
Borrowings	8,107.92	13,506.54	282.55	-	21,897.01
Borrowings under Securitization	1,342.04	842.97	14.75	-	2,199.76
Subordinated liabilities	363.54	1,497.86	1,013.71	3,396.56	6,271.67
Total	**18,970.94**	**33,733.35**	**1,710.15**	**4,189.76**	**58,604.19**

c) Market risk

Market risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

i) **Interest rate risk**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Group's statement of profit and loss.

	% Increase/decrease in rate		**Increase/decrease in profit**	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021
Borrowings that are re-priced	**0.25%**	0.25%	**31.69**	38.00
Loans that are re-priced	**0.25%**	0.25%	**35.63**	40.31

ii) **Foreign Currency Risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Group arise majorly on account of foreign currency borrowings. The Group manages this foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge, the Group negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Group's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Group holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

d) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or from external events.

The operational risks of the Group are managed through comprehensive internal control systems and procedures and key back up processes. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The Group also undertakes Risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure.

The Group has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the Group's readiness.

45 Impact of hedging activities

a) Disclosure of effects of hedge accounting on financial position:

31 March 2022								
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)	**4,017.00**		**132.44**		**30 Oct 2022, 29 Nov 2020, 10 Dec 2022 & 18th June 2023**	**175.17**	**175.17**	**Borrowings**

31 March 2021								
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)	3,874.83	-	-	42.72	30 Oct 2022, 29 Nov 2020, 10 Dec 2022 and 18 June 2023	(124.04)	(124.04)	Borrowings

b) Disclosure of effects of hedge accounting on financial performance

31 March 2022				
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	**175.17**		**(142.17)**	**Finance cost**

31 March 2021				
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 and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge				
Foreign exchange risk and interest rate risk	(124.04)	-	127.03	Finance cost

46 Changes in Liabilities arising from financing activities

Particulars	**1 April 2021**	**Cash flows**	**Exchange Difference**	**Other**	**31 March 2022**
Debt securities	**23,802.07**	**1,555.63**	**-**	**(25.39)**	**25,332.31**
Borrowings other than debt securities	**20,532.66**	**(2,248.95)**	**-**	**12.37**	**18,296.08**
Borrowings under Securitization	**2,036.41**	**(830.77)**	**-**	**-**	**1,205.64**
Subordinated liabilities	**3,987.61**	**140.49**	**-**	**10.95**	**4,139.05**
Total	**50,358.75**	**(1,383.60)**	**-**	**(2.07)**	**48,973.08**

Particulars	1 April 2020	Cash flows	Exchange Difference	Other	31 March 2021
Debt securities	22,593.38	1,162.82	-	45.87	23,802.07
Borrowings other than debt securities	20,954.00	(450.24)	-	28.90	20,532.66
Borrowings under Securitization	2,626.16	(593.04)	-	3.29	2,036.41
Subordinated liabilities	3,630.55	344.67	-	12.39	3,987.61
Total	**49,804.09**	**464.21**	**-**	**90.45**	**50,358.75**

(i) Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.

(ii) Total Liabilities comprises of Debt securities, Borrowings (other than debt securities) and Subordinated Liabilities

47 Expenditure / Remittances in Foreign Currencies

a) Expenditure in Foreign Currencies

Particulars	**31 March 2022**	31 March 2021
Interest and processing charges for debt instrument	**-**	15.70
Professional charges	**0.14**	0.03
Annual software application fee	**0.20**	0.12

b) There is no dividend paid in foreign currency.

48 Event after Reporting Date

Subsequent events are tracked and evaluated by the Group. Necessary adjustments / disclosures have been provided in the financial statements for significant subsequent events.

49 Transfer of Financial Assets

49.1 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 17.

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:

(Rupees in crore)

Particulars	31 March 2022	31 March 2021
Carrying amount of transferred assets measured at amortised cost	**1,211.85**	2,167.91
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	**1,205.64**	2,036.41
Fair value of assets	**1,154.16**	1,964.93
Fair value of associated liabilities	**1,193.88**	2,004.24
Net position at Fair Value	**(39.72)**	(39.31)

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.

(Rupees in crore)

Particulars	31 March 2022	31 March 2021
Carrying amount of de-recognised financial asset	**117.98**	235.67
Carrying amount of retained assets at amortised cost*	**13.41**	26.37
Gain on sale of the de-recognised financial asset	**Nil**	Nil

*excludes Excess Interest Spread (EIS) on de-recognised financial assets

49.2 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.

50 Disclosure under clause 28 of the Listing Agreement for Debt Securities

Sr No.	Particulars	31 March 2022	31 March 2021
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.	-	-

51 Disclosure under clause 16 of the Listing Agreement for Debt Securities

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 further secured by way of hypothecation of receivables under financing activity with a minimum requirement of asset cover of 1.1 times. Assets cover as on 31 March 2022 is 1.1 times.

52 Details of revenue from Insurance segment

Particulars	As at 31 March 2022	As at 31 March 2021
Commission Income	**24.70**	23.69

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 31 March 2022	As at 31 March 2021	Relation ship with the struck off company, if any, to be disclosed
1	GOLDMAN VENTURE PRIVATE LIMITED	Shareholder	*	Nil	Shareholder
2	ANISH PROJECTS DEVELOPERS (I) PRIVATE LIMITED	Loan	**0.06**	0.65	Borrower
3	BRAHMASUTHRA TECHNOLOGIES PRIVATE LIMITED	Loan	-	0.00	Borrower
4	FOXMIND CONNECT PRIVATE LIMITED	Loan	**0.69**	0.70	Borrower
5	GALAXY PARK HOSPITALITY PRIVATE LIMITED	Loan	**0.55**	0.62	Borrower
6	GLAMOROSO FAMILY SALOON AND SPA PRIVATE LIMITED	Loan	**0.32**	0.31	Borrower
7	GRAVITEE CONCEPTS PRIVATE LIMITED	Loan	**0.01**	0.02	Borrower
8	GUIDELINE PHARMACEUTICALS PRIVATE LIMITED	Loan	-	-0.00	Borrower
9	GVK ALLIANCE NETWORKS PRIVATE LIMITED	Loan	**0.58**	0.54	Borrower
10	INDONEX SERVICES PRIVATE LIMITED	Loan	-	-0.00	Borrower
11	INVENTIVE MARK EVENTS AND PRODUCTION PRIVATE LIMITED	Loan	-	0.01	Borrower
12	ONUS LABS PRIVATE LIMITED	Loan	**0.35**	0.25	Borrower

Sr No.	Name of Struck off Company	Nature of transactions	As at 31 March 2022	As at 31 March 2021	Relation ship with the struck off company, if any, to be disclosed
13	PEESSCON INDIA REALITY PRIVATE LIMITED	Loan	**0.16**	0.14	Borrower
14	PSV INNOVATE SOFTWARE SOLUTIONS PRIVATE LIMITED	Loan	**-**	0.07	Borrower
15	SATKAR SECURITY PROVIDER PRIVATE LIMITED	Loan	**-0.00**	0.01	Borrower
16	SHANTI SARUP AND SONS PRIVATE LIMITED	Loan	**0.78**	0.85	Borrower
17	SHIV BHOLE INDIA TRAVELS PRIVATE LIMITED	Loan	**0.51**	0.48	Borrower
18	SUNRISE BUILD STRUCTURE PRIVATE LIMITED	Loan	**0.24**	0.24	Borrower
19	TAPOBHUMI REAL ESTATE & MARKETING PRIVATE LIMITED	Loan	**0.15**	0.15	Borrower
20	ARUN ELECTROCHEMICAL SYSTEMS PVT LTD	Loan	**0.25**	-	Borrower
21	RUSHI HERBAL PVT LTD	Loan	**1.27**	-	Borrower
22	TRILOGY KRIKOS PRIVATE LIMITED	Loan	**-0.00**	-	Borrower

Note:- In the absence of purchase price of share held by Goldman Venture Private Limited face value is considered for reporting purpose.

* Less than ₹ 1000/-.

54 A 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 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.

54 B 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.

55 Dividend distributed to equity shareholders

The Board has proposed a final dividend of ₹ 1 per equity share for financial year ended 31 March 2022 in the Board of Directors meeting held on 16 April 2022.

Accounting Period	Net Profit for the accounting period (₹ in crore)	Rate of dividend (%)	Amount of Dividend (₹ in crore)	Dividend Payout ratio (%)
FY 2021-22	1,011.40	10%	79.04	7.82%

56 Standards issued but not yet effective

On 24 March 2021, the Ministry of Corporate Affairs ('MCA') through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April 2021. The Company has evaluated the same for reporting.

57 Previous year figures have been regrouped/rearranged, where necessary.

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firms' Registration No: 105102W

Sd/-
Padmini Khare Kaicker
Partner
Membership No.: 044784

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firms' Registration No: 105146W/W-100621

Sd/-
Hasmukh B. Dedhia
Partner
Membership No.: 033494

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Arijit Basu
Chairman and Non-Executive Director
DIN: 06907779

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

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

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: 16 April 2022

NOTES

HDB FINANCIAL SERVICES

REIMAGINING OPPORTUNITIES

Total Branches-1374

Disclaimer : All efforts have been made to make this image accurate. However, the Company and it's Directors do not own the responsibility for the correctness or the authenticity of the same.

TRANSPORT AAROGYAM KENDRA

A PHYSIOTHERAPY PROGRAM INITIATED BY

HDB FINANCIAL SERVICES

REIMAGINING OPPORTUNITIES

3	20	24K+
Kendras Launched	Physio Camps Conducted	Truckers Benefitted

#reimaginingopportunities

EMPOWERING ASPIRATIONS

Annual Report 2022-23

www.hdbfs.com

HDB FINANCIAL SERVICES

ACROSS THE PAGES

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Investor Information

CIN	U65993GJ2007PLC051028
AGM Date	June 30, 2023
Day	Friday
Time	12 noon
AGM Venue	Through Video conferencing (VC) / Other Audio Visual Means (OAVM)

Scan this QR code

to navigate investor related information

An electronic version of this report is available online at:

www.hdbfs.com

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.

OUR APPROACH TO REPORTING

Basis of Reporting

This Report provides a holistic assessment of the Company's financial and non-financial performance. Furthermore, it captures the key initiatives that have been conducted towards addressing the needs of the broader community.

Our Approach to Reporting

Through this Report, the Company aspires to provide its stakeholders with an overall depiction of the organisation's value creation ability by providing insights into its strategies, operating environment, risks and opportunities, governance structure and its approach toward long-term sustainability.

Reporting Period, Scope and Boundary

The reporting period for this Annual Report is April 1, 2022 to March 31, 2023. It provides an overview of the Company's operations and business development activities. The content of this report has been reviewed by the senior management of the Company and reviewed and approved by the Board of Directors to ensure accuracy, completeness and relevance of the information presented.

Management Assurance

The Board of Directors believe that this Report presents a true and fair account of the Company's financial and non-financial matters, performance and business model. It acknowledges its responsibilities to ensure the integrity of this report.

EMPOWERING ASPIRATIONS

Over the years, Non-Banking Financial Companies(NBFCs) have emerged as crucial players in driving the socioeconomic progress of India. With the vast potential for credit expansion in the country, it is encouraging to witness the growing recognition of NBFCs role in facilitating genuine economic activity and meeting credit needs, particularly among the unbanked.

HDB Financial Services Limited (HDBFS) is well-positioned to capitalise on this opportunity and cater to the underserved segments of society. We take pride in Empowering the Aspiration of this group, offering a comprehensive range of consumer loans, enterprise loans and asset finance options. We serve as a prime example of how NBFCs are evolving to support India's development.

Our pride extends beyond providing financial support. What sets us apart is the meaningful impact we create on people's lives across India. Our Company's collaborative approach and dynamism enable us to navigate the ever-changing business landscape and deliver long-lasting value, one that meets specific expectations and fulfils dreams and goals by Empowering Aspirations.

A SNAPSHOT OF OUR BUSINESS

HDBFS at a Glance

Founded in 2007, HDB Financial Services Limited ('HDBFS' OR 'The Company') has established itself as one of the prominent players in the non-banking financial space. Its expertise in loan origination, underwriting and wide product offering enables it to design solutions for various customer needs. The Company's product portfolio encompasses Loans, Fee-Based Products and Business Process Outsourcing (BPO) services.

The Company prioritises its customers' needs and follows a customer-centric fulfilment model. Its strategically located branches benefit clients through local knowledge and expertise even in non-metro cities. This approach enables the Company to meet its customers' needs with precision and exceed their expectations while consistently delivering services to generate customer delight.

At HDBFS, honesty, integrity and respect for every individual are key principles defining the organisational culture. The Company places great value in diversity and individuality and fosters an inclusive work environment where all its employees can thrive and grow.

1,492
NUMBER OF BRANCHES

1,054 Cities
NATIONAL PRESENCE

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.

AAA / Stable

CARE AND CRISIL RATINGS FOR LONG-TERM DEBT AND BANK FACILITIES

A1+

CARE AND CRISIL RATING FOR COMMERCIAL PAPERS

Technology

HDBFS is deeply committed to delivering the highest standards of service to its customers. By effectively leveraging technology, the Company has designed its offerings in tune with the digital world we live in. Technology is used as a tool by the Company to gather deeper insights into the requirements of its customers and offer relevant solutions for their evolving needs.

HDBFS continues to provide innovative solutions and has leveraged technology to enhance its offerings on several fronts:

Empowering Our Partners in Progress

Our Stakeholders

HDBFS is deeply committed to ensuring that it addresses the needs of each of its stakeholders. The Company seeks to constantly align its efforts to deliver enduring value to those its serves.

Customers

- Utilising digital offerings to pave the way for further financial inclusion
- Digitising processes to lead to a swifter turnaround for borrowers
- Providing omnichannel servicing through a pan-India branch network

Employees

- Maintaining a solution-centric work culture
- Offering opportunities for development and growth
- Providing an array of engagement activities and actively encouraging the learning of new skills

Communities

- Empowering communities through a wide array of CSR interventions
- Enabling local bodies and front-line workers through capacity building in different formats
- Investing in water conservation and green projects that have the potential to mitigate the risk of climate change

AWARDS AND ACCOLADES

Best Impact Award at the CSR Summit & Awards, 2022

Best CSR Film Award at the India's Largest CSR Film Festival

Special Jury Award for the Transport Aarogyam Kendra Initiative at Distinguished NBFC Awards, 2022

AmbitionBox Best Place to Work 2022 Award in the Financial Services - Mega Companies Category

MAKING A DIFFERENCE BY
EMPOWERING ASPIRATIONS

As a nation, we have made rapid advancements on the economic front. However, this growth would benefit society only if it trickles down through socially responsible corporate citizens.

During the year, the Company displayed its commitment to society by responsibly conducting its operations and engaging in various CSR initiatives towards building a better world.

₹ 20.29 Crore
SPENT TOWARDS CSR PROGRAMMES

2,94,715
LIVES TOUCHED

Our programmes were implemented across 96 districts in 20 States and 1 Union Territory in collaboration with credible CSR Partners having an impeccable track record in addressing the local needs of the communities.

Each CSR programme is outcome-driven and the performance of every project is closely monitored so as to address the challenges and maximise social outcomes.

The key outcomes of the CSR programmes that made a difference in the lives of aspirational citizens are presented below.

Serving the Highway Heroes through Transport Aarogyam Kendra Initiative

The Company directed its efforts towards India's truck drivers and emphasised their well-being through the introduction of Transport Aarogyam Kendras – a physiotherapy counselling and treatment centre dedicated to the trucking community. This initiative by HDBFS is the first full-time physiotherapy programme in India specifically designed for truck drivers.

- Transport Aarogyam Kendras were established in three major transport hubs across the country namely Delhi, Namakkal (Tamil Nadu) and Kalamboli (Maharashtra). This year we launched our 4th Kendra in Ranchi (Jharkhand), on September 8, 2022 (World Physiotherapy Day) to address key issues that truck drivers face due to prolonged sitting and driving hours.
- Every Transport Aarogyam Kendra is furnished with necessary medical equipment and is managed by trained and qualified staff. It is equipped to provide truck drivers with preventative and remedial care for musculoskeletal disorders caused by prolonged periods of driving in a fixed position, repetitive twisting of the neck and back, working and sleeping in cramped spaces, insufficient rest and an inadequate diet.
- Thanks to the collaborative efforts of key stakeholder groups, we were able to conduct week-long physiotherapy camps in major transport hubs located in Tier II and Tier III cities, at zero cost to truck drivers. This initiative was made possible through the joint efforts of transporters, industry associations and NGOs who came together to serve the highway heroes.

SDGs Impacted

3 GOOD HEALTH AND WELL-BEING

Good Health and Well-Being

60,000+
STAKEHOLDERS BENEFITTED

90
PHYSIO-CAMPS HELD

4
TRANSPORT AAROGYAM KENDRAS

Upgrading Medical Infrastructure

During the financial year 2022-23, the Company continued its collaboration with various healthcare organisations. This was done to reinforce the need for affordable healthcare services and support the country's endeavours to enhance capacity and infrastructure in healthcare.

- Contributed towards equipping the charitable cancer care facility established by the Tata Cancer Care Foundation in Tirupati (Andhra Pradesh).
- Collaborated with Sankara Eye Foundation to renovate the operation theatre at a charitable eye care facility in Anand (Gujarat) and for equipping the eye care facilities in Shimoga (Karnataka) and Jaipur (Rajasthan).
- Inaugurated a 44-bedded community in-patient ward at the Bhaktivedanta Hospital in Mumbai (Maharashtra), established to provide affordable medical services to indigent patients from in and around Mumbai.
- Project SNEHA was introduced to raise awareness on the diagnostic and curative measures to prevent anaemia among women in the reproductive age. The project is an extension of an ongoing child nutrition and maternal health intervention in high anaemic areas of Gujarat and Madhya Pradesh.
- Along with promoting hygiene among children and adult population, providing easy access to clean water and sanitation continued to remain the focus during the year.

3,110
INDIVIDUALS DIAGNOSED FOR CATARACT

24,860
DIALYSIS SESSIONS SUBSIDISED

10,900
WOMEN SCREENED FOR ANAEMIA

24
SANITATION BLOCKS DEVELOPED IN SCHOOLS AND COMMUNITIES

23
HAND PUMPS AND WATER TANKS REFURBISHED / DEVELOPED

SDGs Impacted

3 GOOD HEALTH AND WELL-BEING — Good Health and Well-Being

6 CLEAN WATER AND SANITATION — Clean Water & Sanitation

Restoring Ecological Balance

Climate change is a growing concern and its impact is garnering global attention. The Company recognises the importance of sustainability and mitigating the negative effects of climate change. It actively supports environmentally sustainable programmes that seek to bring about positive change. Some of the initiatives that the Company conducted to move one step ahead towards a more sustainable future are as follows:

- Built 133 water harvesting structures, alongside integrated watershed management activities, to encourage soil and moisture conservation practices in the area.
- Established 73 farm ponds for small and marginal farmers to secure water for both irrigation and domestic use, while about 200 hectares of land were treated through eco-friendly methods.
- Scientifically restored a total of 19 small to medium sized water bodies under the initiative, to maintain ecological balance, safeguard local flora and fauna and recharge natural aquifers within the command area.
- Ensured responsible management of e-waste, through disposal of electronic waste such as computer, printers and routers generated across offices.
- Planted over 75,000 trees as part of the Mission Million Trees initiative, in a responsible manner during the year. This was done with the aim of creating mini carbon sinks in both urban and peri-urban areas of Tier I and II cities.

19
LAKES RESTORED

133
WATER HARVESTING STRUCTURES ESTABLISHED

73
FARM PONDS DEVELOPED

75,115
TREES PLANTED

Sustainable Development Goals (SDGs) Impacted

6 CLEAN WATER AND SANITATION — Clean Water & Sanitation

12 RESPONSIBLE CONSUMPTION AND PRODUCTION — Responsible Consumption and Production

13 CLIMATE ACTION — Climate Action

Empowering Communities with Literacy and Livelihood Interventions

The Company provides a new lease of life to school and college dropouts, unemployed youth and adults through its literacy and livelihoods initiative. The Youth Training & Development Program encourages disoriented individuals to pursue studies, provides access to employment opportunities or market linkages to sell their produce.

Through various initiatives focused on youth training and development, as well as the establishment of nano and micro enterprises, the Company aims to positively impact society.

HDB CAFÉ

- Introduced HDB CAFÉ (Community Awareness on Financial Education); a financial literacy initiative conceptualised to enable and encourage individuals across age-groups to make informed financial decisions.
- Program was implemented in a phygital model using carefully designed Information, Education & Communication (IEC) tools, for effective engagement with the targeted beneficiaries.
- Over 10,000 individuals were sensitised on the concept of credit score and more than 1,00,000 individuals were sensitised on basic concepts of savings, investments and financial discipline.

Enabling Livelihoods

HDBFS' Youth Training and Development program provided entry-level job training to 3,500 youth in various sectors including Beauty & Wellness, BFSI, FMCG, ITeS, Logistics and Retail.

Besides this, a small cohort of 100 artisans (potters and bamboo weavers) were up-skilled by introducing modern-day designs, efficiency enhancing tools, e-business platforms and local market linkages. With adequate support, the potters and weavers reported a substantial increase in their annual income.

3,500
ENTRY-LEVEL JOBS PROVIDED THROUGH THE COMPANY'S YOUTH TRAINING AND DEVELOPMENT PROGRAMME

64%
TRAINEES EMPLOYED IN FORMAL SECTOR

3,100
INDIVIDUALS TRAINED TO BECOME PARAMEDICS, SOLOPRENUERS

SDGs Impacted

4 QUALITY EDUCATION — Quality Education

8 DECENT WORK AND ECONOMIC GROWTH — Decent Work and Economic Growth

HDB CAFE | India's Unified Payments Interface (UPI) Explained

HDB CAFE | Review Your Income Tax Liability before March 31st

Saluting the Nation's Heroes

During the financial year 2022-23, HDBFS continued its tradition of celebrating Republic Day with the Soldiers of Indian Army and their families.

Pioneered and organised by the Sri Shanmukhananda Fine Arts & Sangeetha Sabha, the Wounded Warriors were graced in the presence of senior dignitaries of the Indian army and the civil society.

With immense gratitude, HDBFS contributed towards the program, honouring the martyr's families and wounded soldiers for their heroic contributions in protecting our borders in difficult terrains and harsh weather conditions.

Acts of Simple Kindness

Acts of Simple Kindness (ASK) is an employee volunteering program planned and implemented by HDBians, organisation-wide. Through this initiative, employees welcome the new year with gratitude in their hearts by voluntarily performing simple acts of kindness. It helped the employees' express gratitude towards various community segments such as frontline workers, elderly citizens, children, adults, animals and the natural environment.

HDBians generously contributed voluntarily to conduct various ASK activities, such as distributing essential items, including blankets, cooked meals and rations, masks and sanitisers, clothing, books, stationery kits, water purifiers and other necessary items of utilities to the needy.

24 STATES + **3** UNION TERRITORIES
COVERED THROUGH ASK

SDGs Impacted

3 GOOD HEALTH AND WELL-BEING

Good Health and Well-Being

675
BRANCHES PARTICIPATED

16,000+
HDBIANS MADE VOLUNTARY CONTRIBUTIONS

309
NGOs BENEFITED FROM ASK'23

15,000+
LIVES TOUCHED

MESSAGE FROM THE CHAIRMAN

Dear Stakeholders,

I am very excited to address all our valued stakeholders and share my thoughts on our Company's progress with you. This is my first correspondence with you through an Annual Report letter and I wish to delve into the ways we have continued to enhance our services and create exceptional value for our clients. Together, we have forged a strong partnership and I take immense pleasure in sharing insightful perspectives on our diverse offerings.

Inflation Caused Distortions in the Global Economy

The global economy encountered numerous challenges during the year, ranging from geopolitical tensions to surging inflation levels. To fight inflation, interest rates were hiked, which caused disruptions in economic activity throughout the year. Policymakers responded to the challenges by implementing multiple measures.

The Indian economy witnessed six interest rate hikes, amounting to 250 basis points since May 2022. The inflationary pressures caused the Reserve Bank of India to increase interest rates, a trend no different from other major economies such as the United States and Europe, in which the central banks also resorted to a series of rate hikes.

Indian Economy Poised for a Robust Growth

The Indian economy navigated the challenging conditions with resilience largely backed by domestic consumption. According to the World Bank India Development Update, April 2023, India is expected to continue its robust growth trajectory. The growth projections are primarily driven by the strong investment activity bolstered by the government capex, growth in private consumption and easing commodity prices.

Recovery in private consumption levels and a consequent boost to production activity, supported by higher levels of capacity utilisation, have all contributed to the accelerated growth trajectory in India. The nation presents opportunities across a variety of sectors and is expected to remain an attractive investment destination.

The NBFC Industry is Well Positioned to Contribute to Nation's Growth

The promising prospects for the Indian economy have unlocked a tremendous opportunity for financial services. NBFCs are projected to play a critical role in fulfilling the financial aspirations of various sections of the society. The NBFC industry's scope involves complementing and sometimes even substituting banks by widening the ambit and access to financial services. The increased credit availability has been a major factor driving enterprise growth in the country. We are also witnessing a steady transition of a larger population segment towards financial prosperity.

I believe that the recent RBI scale-based regulations based on the size, activity and perceived risk of NBFCs is a welcome step to improved governance. Under the revised norms, the industry is expected to attain greater operational flexibility to meet the increasing credit demand and aid India's economic growth.

Digitally Empowering Aspirations

Technology has been a key enabler of efficiencies across various industries, largely enhancing our capabilities as a nation. The increasing integration of technology into our lives has given rise to newer opportunities, adding value in unimagined ways.

This year, we have emphasised implementing a digital framework throughout the value chain across origination, management and collection activities. Our digitally enabled physical acquisition model has enabled wider reach and efficient customer engagement through the lifecycle.

We have also empowered our customers by introducing intuitive and seamless digital self-service channels across platforms, thus providing a frictionless experience to our valued customers. At HDBFS, we consistently strive to evolve with the dynamic business landscape and align our efforts with our vision of empowering aspirations.

Achievements

In the financial year 2022-23, your company performed well on both qualitative and quantitative parameters, details of which have been shared elsewhere in this report. You will be happy to note the improvement in management of stressed assets and in business growth reflected in better NPA ratios and higher profits. Your company remains committed to striving for continuous improvement and delivering value to all stakeholders.

Note of Gratitude

I would like to thank the regulator for their guidance and support throughout the year. My fellow board members played a crucial role in steering the governance of the company and I thank them for their efforts. The dedication, hard work and commitment demonstrated by our team have been instrumental in driving the evolution of our organisation and helped us continuously thrive. I would like to take this opportunity to express my heartfelt gratitude to each and every member of our team. To conclude, I would like to thank all our shareholders for their keen interest in the affairs of the company and for their unstinted support.

Warm Regards,

Arijit Basu
Chairman

MESSAGE FROM THE MD & CEO

Dear Stakeholders,

In the last few years, we have witnessed unprecedented events that have completely transformed the present global economic environment. Political, technological and economic volatility and unpredictability is on the rise. However, as always, new challenges lead to new opportunities.

To respond to these challenges, countries and multinational corporations worldwide are placing greater stress on ensuring their supply chains' resilience, diversification and security. India is filled with potential and presents huge opportunities as an export hub and investment destination in the manufacturing and services space.

Consequently, there has been a healthy rise in Foreign Direct Investment (FDI) equity flows from Japan, Singapore, the United Kingdom and the United Arab Emirates during the financial year 2022-23. Moreover, gross fixed capital investment and private consumption remained robust and grew by 10% YoY.

As an institution offering a comprehensive product suite, our Company is well positioned to be a key beneficiary of the promising growth outlook of the NBFC industry. By identifying newer avenues for catering to the growing needs of an aspirational India, HDBFS has made progress on several fronts to further our objective of 'Empowering Aspirations'.

This year, our efforts were aligned towards strengthening our digital infrastructure to grow along the trends shaping the NBFC industry. We made investments in the digitalisation of lending services to offer a unique proposition to our customers. Digital offerings aimed at simplifying the borrowing journey for our customers have been launched. We are also collaborating with various technology and fintech companies to provide innovative lending solutions.

Enhancing customer experience has consistently been among our key priorities. We have leveraged data and analytics to gather meaningful insights and develop a range of offerings that closely meet the requirements of our customers.

We aspire to enable a frictionless customer experience by continuously upgrading our digital orientation. To this end, we have adopted an omni-channel servicing model to deliver a well-integrated customer experience. Efforts to regularly engage with our customers throughout the lifecycle of their association with our Company deepens our understanding of their preferences and also enables us to provide effective credit solutions.

Rising interest rates typically present a challenge to borrowers in servicing their installments, thus posing potential default risks. However, our Company has adopted a very prudent approach, prioritising higher asset quality and stability. Moreover, we have diversified our borrowings mix to minimise impact on our interest margins.

Beyond the initiatives towards enhancing the standard of services, we also remain deeply committed to contributing to society through our CSR initiatives. This encompasses addressing key social and environmental concerns.

Our Company's collective efforts through the diverse range of offerings and an extensive network of branches that are digitally enabled across the country helps differentiate us. The untapped potential of the Indian economy has generated enthusiasm around unexplored possibilities. As India continues to progress towards a thriving financial future, HDBFS is privileged to contribute to empowering a growing nation's aspirations.

Warm Regards,

Ramesh G.
MD & CEO

KEY METRICS AND INDICATORS THAT EMPOWER US

Total Revenue (₹ in Crore)

Profit Before Tax (₹ in Crore)

Profit After Tax (₹ in Crore)

Assets Under Management (₹ in Crore)

Shareholders' Funds (₹ in Crore)

Borrowings (₹ in Crore)

Earnings Per Share (₹)

Book Value Per Share (₹)

EMPOWERED THROUGH OUR COMPETITIVE EDGE

As the NBFC industry emerges as an increasingly integral component of the credit landscape, a deep understanding of customer needs and a digitally enabled branch network across the country enables HDBFS to capitalise on emerging opportunities.

Strengthened Presence in Rural Regions

HDBFS takes great pride in serving the needs of aspirational India and has made significant efforts to deepen its presence in rural areas. The Company's strong foothold in semi-urban and rural India has made it possible to understand and meet the diverse requirements of its customers. The comprehensive range of solutions it provides are designed to enable individuals and businesses to leverage finance from HDBFS to fulfil their potential. These financial solutions serve as a key factor for the underserved segment to unlock the vast opportunities that our nation has to offer.

80%

DISTRIBUTION BEYOND TOP 20 CITIES

Simplified Solutions

HDBFS excels in providing simple and efficient financial solutions tailored to meet the specific needs of their customers and other stakeholders. The Company's wide array of offerings are capable of meeting the diverse requirements of both households and enterprises in India.

Technical Prowess

The Company has automated loan application processes to make informed credit decisions at the initial stage itself. This is achieved through various tools like CRM, Rule Engine, Bureau Integration and Deviations Management. This has resulted in higher productivity, lower overhead costs and swift processes, thus enabling a seamless journey for the customer.

Legacy of the Parent Company: HDFC Bank

HDBFS enjoys the brand image largely cultivated by its parent company, HDFC Bank. The HDFC Bank brand has helped HDBFS reach an expansive customer base, which it values immensely.

Skilled and Dedicated Workforce

HDBFS' passionate workforce has been the driving force behind the business. The skills, dedication and hard work demonstrated by its employees have made it possible for the Company to achieve its goals and deliver exceptional services to its customers. The Company deeply values their contributions and is committed to providing them with a supportive and rewarding work environment.

BOARD OF DIRECTORS

HDBFS places great importance on adhering to strong governance practices and is committed to upholding its standards of excellence in its internal procedures. Given the highly regulated and competitive nature of the financial services industry, it is crucial to have effective governance in place to build trust and confidence among stakeholders.

The Company is ably led by a distinguished Board of Directors who provide rich guidance to help navigate a wide array of challenges and emerge stronger with every opportunity.

MR. ARIJIT BASU
Chairman

MR. RAMESH G.
Managing Director & Chief Executive Officer

MR. VENKATRAMAN SRINIVASAN
Independent Director

MS. SMITA AFFINWALLA
Independent Director

Board Diversity by Age and Gender

3
WOMEN DIRECTORS ON THE BOARD

DR. AMLA SAMANTA
Independent Director

MR. ADAYAPALAM VISWANATHAN
Independent Director

MS. ARUNDHATI MECH
Independent Director

SENIOR MANAGEMENT TEAM

MR. RAMESH G.
Managing Director &
Chief Executive Officer

MR. KARTHIK SRINIVASAN
Chief Business Officer

MR. SARABJEET SINGH
Chief Business Officer

MR. MANISH TIWARI
Business Head –
Commercial Equipment

MR. VENKATA SWAMY
Chief Digital and
Marketing Officer

MR. JAYKUMAR P. SHAH
Chief Financial Officer

MR. ROHIT PATWARDHAN
Chief Credit Officer

MR. ASHISH GHATNEKAR
Head - Human Resources
& Operations

MR. MATHEW PANAT
Chief Technology
Officer

MR. HARISH VENUGOPAL
Chief Risk Officer

MR. ARJUN DUTTA
Chief Compliance Officer

MR. PREMAL BRAHMBHATT
Head - Internal Audit

MS. DIPTI KHANDELWAL
Company Secretary &
Head - Legal

Notice

HDB FINANCIAL SERVICES LIMITED

Corporate Identity Number: U65993GJ2007PLC051028
Registered Office: Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad - 380 009
Corporate Office: Ground Floor, Zenith House, Keshavrao Khadye Marg, Mahalaxmi, Mumbai 400 034
Tel: +91 22 49116300; **Fax:** +91 22 49116666, **Website:** www.hdbfs.com, **Email:** compliance@hdbfs.com

NOTICE OF 16th ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixteenth Annual General Meeting of HDB Financial Services Limited will be held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") on Friday, 30th day of June, 2023 at 12 noon to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2023 and the Reports of the Board of Directors and Auditors thereon.
2. To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2023 and the Reports of the Auditors thereon.
3. To declare final dividend @11% i.e. Re. 1.10 (Rupee One and Paise Ten Only) on each Equity Share for the financial year ended March 31, 2023.

SPECIAL BUSINESS:

4. **TO APPROVE APPOINTMENT OF MR. ARIJIT BASU AS A PART-TIME NON-EXECUTIVE CHAIRMAN AND INDEPENDENT DIRECTOR OF THE COMPANY**

   To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152, 197 read with Schedule IV, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 any other applicable rules made thereunder and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Article of Association of the Company and pursuant to the recommendation of the Nomination & Remuneration Committee and approval of the Board of Directors of the Company, Mr. Arijit Basu (DIN: 06907779), who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and SEBI Listing Regulations, the consent of the Members of the Company be and is hereby accorded to approve appointment of Mr. Arijit Basu (DIN: 06907779) as a Part-Time Non-Executive Chairman and Independent Director of the Company for a period of three (3) years commencing from May 31, 2023 up to May 30, 2026 (both days inclusive), at a remuneration of ₹ 30,00,000 (Rupees Thirty Lakhs Only) per annum drawn on monthly basis and he shall not be liable to retire by rotation and the Board is authorised to fix the remuneration payable to Mr. Arijit Basu and subsequently vary at annual or periodic intervals as per the recommendations of the Nomination and Remuneration Committee, approval of the Board from time to time during his tenure and that he will be entitled to sitting fees for attending Board and Committee meetings of the Company;

   RESOLVED FURTHER THAT in case of absence or inadequacy of profit in any financial year, the aforesaid remuneration and perquisites as approved by the Nomination and Remuneration Committee / Board of Directors shall be paid as minimum remuneration to Mr. Arijit Basu subject to restrictions, if any, set out in Schedule V to the Companies Act, 2013, from time to time;

   RESOLVED FURTHER THAT the Board (which term shall include any Committee thereof) be and is hereby authorised to do all such acts, deeds, matters and things and to execute any agreements, documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts

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that may arise in regard to the said appointment as it may in its sole discretion deem fit and to delegate all or any of its powers conferred herein to any Director(s) and/ or Officer(s) of the Company to give effect to this resolution."

5. **TO APPROVE SELLING, ASSIGNMENT, SECURITISATION OF RECEIVABLES / BOOK DEBTS OF THE COMPANY UPTO ₹ 7,500 CRORE**

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 180(1)(a), all other applicable provisions, if any, of the Companies Act, 2013, read with the Rules made thereunder (including any statutory amendment(s), modification(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 of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "Board" which term shall be deemed to include any Committee constituted/ to be constituted by the Board from time to time to exercise its powers conferred by this resolution) to sell / assign / securitise substantial assets including present and /or future receivables / book debts of the Company in favour of banks / financial institutions, other investing agencies, Asset Reconstruction Companies and trustees for the holders of Debentures /Bonds /Pass Through Certificates / Security Receipts and other instruments and also to issue covenants for negative pledges / negative liens in respect of the said assets and properties in such form and manner as the Board may deem fit and for the said purpose, to do and perform all such acts, deeds, matters and things as may be necessary, desirable or expedient and also to execute the required documents including power of attorney in favour of all or any of the persons, firms, bodies corporate, banks, financial institutions, trustees etc., from time to time, provided that the aggregate amount of such transactions shall not exceed ₹ 7,500 Crore (Rupees Seven Thousand Five Hundred Crore Only);

RESOLVED FURTHER THAT the Board of the Company be and are hereby severally 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."

6. **AUTHORITY TO ISSUE REDEEMABLE NON-CONVERTIBLE DEBENTURES AND/OR OTHER INSTRUMENTS ON PRIVATE PLACEMENT BASIS**

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 42, 71 and all other applicable provisions, if any of the Companies Act, 2013, 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 - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016 ("RBI Master Directions"), the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Securities and Exchange Board of India's Operational Circular for Issue and Listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the relevant provisions of the Memorandum of Association and the Articles of Association of the Company, any other 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 modifications or re-enactments thereof for the time being in force) and subject to such terms, conditions and modifications as may be considered necessary and proper by the

Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee of the Board constituted/to be constituted by the Board, from time to time, to exercise its powers conferred by this resolution), the consent of the Members be and is hereby accorded to the Board to offer and /or invite for issue of Non-Convertible Securities whether secured or unsecured, listed / unlisted, fixed rate or market /benchmark linked and /or any other hybrid Instruments (not in the nature of Equity Shares) including but not limited to Subordinated Bonds, Perpetual Debt Instruments which may or may not be classified as being additional Tier I or Tier II capital under the provisions of the RBI Master Directions, on a private placement basis (collectively "Debentures / Instruments"), in one or more tranches /series, with the consent being valid for a period of 1 (one) year from the date hereof, on such terms and conditions including the price, coupon, premium /discount, tenor etc., as may be determined by the Board (or any other person so authorised by the Board), based on the prevailing market condition;

RESOLVED FURTHER THAT the aggregate amount to be raised through the issuance of Debentures /Instruments pursuant to the authority under this Resolution aggregating up to ₹ 31,547.22 Crore (Rupees Thirty One Thousand Five Hundred Forty Seven Crore and Twenty Two Lakhs Only) under one or more shelf placement memorandums and /or in one or more letter(s) of offer as may be issued by the Company and in one or more tranches /series as the Board may decide;

RESOLVED FURTHER THAT the Board of the Company be and are 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."

7. TO APPROVE ALTERATION OF ARTICLES OF ASSOCIATION OF THE COMPANY

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 14 and all other applicable provisions, if any of the Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, 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 modifications or re-enactments thereof for the time being in force) and subject to such terms, conditions and modifications as may be considered necessary and proper by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee of the Board constituted/to be constituted by the Board, from time to time, to exercise its powers conferred by this resolution), the consent of the members be and is hereby accorded to alter the existing Articles of Association of the Company, by replacing the existing Article 184 as follows:

Article 184:

"In the event of the Company borrowing any money from any financial corporation or institution or Government or any Government body or a collaborator, bank, persons, partnership firms, trust, mutual funds, alternative investment funds, any other funds, or from any other source, the lender/security trustee/debenture holder/ debenture trustee concerned may, upon the occurrence of such events as provided in terms of Applicable Law or under a contract, exercise the right and power to appoint granted to it in terms of Applicable Law or under contract, from time to time, any person or persons as a Director or Directors or Nominee Directors of the Company and the Board of Directors of the Company will appoint such person or persons nominated by the lender/security trustee/debenture holder/debenture trustee within the timelines prescribed under Applicable Law, if any";

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RESOLVED FURTHER THAT any of the Director and / or Key Managerial Personnel of the Company be and are hereby jointly and severally authorised to do and perform all such acts, deeds, matters and things as may be required or deemed necessary or incidental thereto including signing and filing all the e-forms and other documents with the statutory authorities and to execute all such deeds, documents, agreements and writings as may be necessary for and on behalf of the Company and to settle and finalise all issues that may arise in this regard at any stage without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution and to delegate all or any of the powers conferred herein as they may deem fit in the best interest of the Company and its Members."

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

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

Registered Office:
Radhika, 2nd Floor,
Law Garden Road, Navrangpura,
Ahmedabad -380009

Place: Mumbai
Date: May 31, 2023

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Notes:

1. The Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013 ("Act"), as amended, read with the relevant rules made thereunder, the Secretarial Standard No. 2 ("SS-2") on General Meetings issued by the Institute of Company Secretaries of India, setting out the material facts and reasons, in respect of Item No. 4 to 7 of this Notice is annexed herewith. An Additional Information, pursuant to SS-2 issued, in respect of appointment of Director(s) at the 16th Annual General Meeting ("AGM") is also annexed herewith.
2. In accordance with the Ministry of Corporate Affairs, Government of India vide General Circular No. 20/2020 dated May 05, 2020 read with General Circular No. 21/2021 dated December 14, 2021, General Circular No. 2/2022 dated May 05, 2022 and General Circular No. 10/2022 dated December 28, 2022 ("MCA Circulars"), electronic copies of the Annual Report for Financial Year ("FY") 2022-23 and AGM Notice inter-alia indicating the process and manner of e-Voting along with instructions to attend the AGM through video-conferencing / other audio-visual means (VC/OAVM) are being sent by e-mail to those Members, trustees for the debenture-holder of any debentures issued by the Company, holders of Non-Convertible Securities and to all other persons so entitled whose e-mail IDs have been made available to the Company / Registrar and Transfer Agent ("RTA") i.e. Link Intime India Private Limited or with Depository Participants ("DP") unless the Member has specifically requested for a hard copy of the Annual Report. Members may note that the Annual Report for the FY 2022-23 and the AGM Notice will also be available on the Company's website at https://www.hdbfs.com/investors and on the website of BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com. The Notice is also available on the website of the service provider engaged by the Company viz. National Securities Depository Limited ("NSDL") at https://www.evoting.nsdl.com.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. Corporate Members are required to send a duly certified copy of their Board Resolution authorising their representatives to attend the AGM by email to mitesh@mjshah.com with a copy marked to evoting@nsdl.co.in.
5. In case of joint holders, only such joint holder who is first in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM provided the votes are not already cast by remote e-Voting by the first holder.
6. Members seeking any information with regard to the accounts or any matter to be placed at the AGM are requested to submit their questions in advance from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number via email at compliance@hdbfs.com, on or before Wednesday, June 28, 2023. The same will be replied by the Company suitably.
7. The Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum for the AGM under Section 103 of the Act.
8. The venue of the AGM shall be deemed to be the Corporate Office of the Company at Zenith House, Keshavrao Khadye Marg, Mahalaxmi, Mumbai 400034.
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 **Friday, June 23, 2023.**

    The final dividend, as recommended by the Board of Directors, if approved at the AGM, will be paid on or after

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Tuesday, July 04, 2023 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 June 23, 2023.

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 2023-24 provided valid PAN is registered by the Members. If the valid PAN is not registered, 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 2023-24 does not exceed ₹ 5,000. Even in the cases where the members provide valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income), no TDS shall be deducted.

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

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

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

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

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

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

vi. Shareholders who have provided a valid certificate issued 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.

b. **For Non-Resident Shareholders,** (including Foreign Portfolio Investors) Tax is required to be withheld in accordance with the provisions of Section 195 and section 196D of the IT Act at applicable rates in force. As per the relevant provisions of the IT Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, as per Section 90 of the Act, a non-resident shareholder has the option to be governed by the provisions of the Double

Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if they are more beneficial to the shareholder. For this purpose, i.e. to avail the tax treaty benefits, the non-resident shareholder will have to provide the following:

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

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

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

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

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

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

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

Accordingly, in order to enable the Company to determine the appropriate TDS / withholding tax rate applicable, we request the members to provide these details and documents as mentioned above on or before June 26, 2023.

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

Section 206AB of the IT Act:

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

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

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

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

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

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

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

Members are requested to upload the relevant documents on the link: https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html on or before Monday, June 26, 2023 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 Monday, June 26, 2023 shall be considered for payment of dividend for FY 2022-23, 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 10.00 a.m. on Tuesday, June 27, 2023 and ends at 05:00 p.m. on Thursday, June 29, 2023, 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. Friday, June 23, 2023 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. Friday, June 23, 2023.

    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://linkintime.co.in/emailreg/email_register.html as physical copies of AGM Notice as well as the other documents will not be sent to them in physical mode and will be sent only by 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@linkintime.co.in.

    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.

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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 Members	Login Method
Individual Members holding securities in demat mode with NSDL	**A. NSDL IDEAS facility** **If you are already registered, follow the below steps:** 1. Visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. 2. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under "IDEAS" section. 3. That 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. 4. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. 5. 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. **If you are not registered, follow the below steps:** 1. Option to register is available at https://eservices.nsdl.com 2. Select "Register Online for IDEAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Please follow steps given in points 1-5 above. **B. E-Voting website of NSDL** 1. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile phone. 2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. 3. 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. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play

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

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot User ID / Forgot Password option available at respective websites.

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 Members 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.: 022 - 4886 7000 and 022 - 2499 7000
Individual Members 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 1800 22 55 33

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

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

1) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile.

2) Once the home page of e-Voting system is launched, click on the icon "Login" which is available under "Shareholders / Member" section.

3) A new screen will open. You will have to enter your User ID, your Password / OTP and a Verification Code as shown on the screen.

4) Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. cast your vote electronically.

5) Your User ID details are given below:

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

6) Your password details are given below:

   a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you by NSDL. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c. How to retrieve your 'initial password'?

      i. If your email address is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email address. Trace the email sent to you from NSDL in your mailbox from evoting@nsdl.com. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account. The .pdf file contains your 'User ID' and your 'initial password'.

      ii. In case you have not registered your email address with the Company/ Depository, please follow instructions mentioned above in this notice.

7) If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:

   a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) If you are still unable to get the password by aforesaid option, you can send a request at evoting@nsdl.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 124084. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify / modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

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

1. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16-digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to compliance@hdbfs.com. If you are an Individual Members holding securities in demat mode, you are requested to refer to the login method explained at step 1 i.e. Login method for e-Voting for Individual Members holding securities in demat mode.
2. Alternatively, Members may send a request to evoting@nsdl.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.
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. Link Intime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai - 400 083, Tel No: +91 22 49186000, Fax No: +91 22 49186060, Email: rnt.helpdesk@linkintime.co.in.

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

3. Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the Notice.
4. Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis. Further, a facility will be provided to the Members attending the meeting through VC/OAVM whereby they can pose questions concurrently, during the preceding of the meeting.
5. Please note that Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches. Members are also encouraged to join the meeting through Laptops for better experience.
6. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.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 June 21, 2023 (9:00 a.m. IST) to June 27, 2023 (5:00 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 June 30, 2023 at 12 noon till the conclusion of the AGM.
18. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. June 23, 2023, 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.

Notice (Contd.)

ANNEXURE TO THE NOTICE

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

Item No. 4

Company has received declaration from Mr. Arijit Basu to the effect that he fulfills all criteria for independence under section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and in the opinion of the Board of Directors of the Company, Mr. Arijit Basu is independent of the management of the Company and fulfills the conditions specified in the Companies Act, 2013, the rules made thereunder and SEBI Listing Regulations for appointment as an Independent Director. Further the Board of Directors of the Company is of the opinion that Mr. Arijit Basu is a person of integrity and has relevant experience and expertise to be appointed as an Independent Director of the Company. Based on the skills, experience and knowledge of Mr. Arijit Basu the Board of Directors recommend appointment of Mr. Arijit Basu as the Part-Time Non-Executive Chairman and an Independent Director. Mr. Arijit Basu satisfies the fit and proper criteria as prescribed under the RBI Master Direction RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

It is proposed to appoint Mr. Arijit Basu as a Part-Time Non-Executive Chairman and Independent Director of the Company, not liable to retire by rotation, for a period of three (3) years with effect from May 31, 2023 to May 30, 2026 (both days inclusive) at a remuneration of Rs. 30,00,000 (Rupees Thirty Lakhs Only) per annum drawn on monthly basis accordingly Mr. Arijit Basu has resigned from the Board as a Chairman & Non-Executive Director on May 31, 2023.

He has been appointed as a Part-Time Non-Executive Chairman and Independent Director with effect from May 31, 2023 till the conclusion of the ensuing AGM pursuant to the provisions of Sections 149, 152 and 161 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Brief profile of Mr. Arijit Basu:

Mr. Arijit Basu has over 39 years of experience in the field of banking and financial services. He started his career with State Bank of India in 1983 as a probationary officer and was the Managing Director (Whole Time Director) in the Bank at the time of his retirement in October 2020 having been appointed MD in June 2018. He has worked in diverse roles in the bank in India and overseas in Retail Banking, Corporate Banking, International Banking, HR and Business Process Reengineering in his long career. Mr. Basu was specifically in charge of commercial and corporate banking, information technology and risk management in his role as MD of the bank.

Prior to becoming MD of SBI, he was the Managing Director and Chief Executive Officer of SBI Life Insurance Company Limited from August 2014 till March 2018 and under his leadership the company listed in October 2017.

After his retirement from SBI, Mr. Basu serves on the boards of Prudential PLC and Peerless Hospitex and Hospital Research Centre, both as an Independent Director. He is a member of the Academic Council of the College of Supervisors set up by RBI and also serves as a Senior Advisor to some firms. He was a Project Management Consultant for LIC for their IPO for a year till April 2022.

Mr. Basu holds a post graduate degree in History and is an honours graduate in Economics, both from the University of Delhi. He is also a Certified Associate of the Indian Institute of Bankers (CAIIB).

Pursuant to Regulation 17(1C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company should ensure that the approval of the Members is obtained at the next general meeting or within a time period of three months from the date of appointment of Director, whichever is earlier.

Notice (Contd.)

Other details of Director as required under Clause 1.2.5 of the Secretarial Standard on General Meetings (SS-2) are given hereunder:

Name of Director	**Mr. Arijit Basu**
DIN	**06907779**
Age	**62 years**
A brief resume, Qualification(s), Experience and Nature of his expertise in specific functional areas, Recognition or awards	**As mentioned in explanatory statement above**
Terms and conditions of appointment or reappointment	**Part-Time Non-Executive Chairman and Independent Director, not liable to retire by rotation for a period of three (3) years with effect from May 31, 2023 to May 30, 2026 (both days inclusive)**
Details of remuneration sought to be paid	**₹ 30,00,000 (Rupees Thirty Lakhs Only) per annum drawn on monthly basis**
Details of the remuneration last drawn by such person (FY 2022-23)	**Remuneration: ₹ 30,00,000** **Sitting Fees: ₹ 8,25,000**
Date of first appointment on the Board	**June 01, 2021**
Shareholding in the Company	**Nil**
Relationship with other Directors, Manager and other Key Managerial Personnel	**None**
The number of Meetings of the Board attended during FY 2022-23	**8**
Other Directorships (excluding HDB Financial Services Limited)	**1. Peerless Hospitex Hospital and Research Center Limited - Independent Director** **2. Prudential PLC – Non-Executive Director**
Membership / Chairmanship of Committees of other Board	**1. Peerless Hospitex Hospital and Research Center Limited** Project Finance Committee - Chairman Audit Committee - Member Risk Management Committee - Member **2. Prudential PLC** Audit Committee - Member Responsibility & Sustainability Working Group - Member

The Nomination and Remuneration Committee of the Company has recommended the appointment of Mr. Arijit Basu and the Board has accepted the same.

Accordingly, the approval of the Members is being sought for the appointment of Mr. Arijit Basu as a Part-Time Non-Executive Chairman and Independent Director of the Company, not liable to retire by rotation for a period of three (3) years with effect from May 31, 2023 to May 30, 2026 (both days inclusive) pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 and shall be paid a remuneration of ₹ 30,00,000 (Rupees Thirty Lakhs Only) per annum drawn on monthly basis.

Copy of the letter of appointment of Mr. Arijit Basu containing the terms and conditions of appointment, is available for inspection.

The Board recommends the passing of the Special Resolution as set out at Item No. 4 of this Notice for the approval of the Members.

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

Item No. 5

The Members of the Company at the 15th Annual General Meeting held on June 23, 2022 had granted their approval by way of Special Resolution to the Board of Directors of the Company to sell /assign /securitise substantial assets including present and /or future receivables /book debts of the Company to the holders of Debentures/Bonds/Pass

Through Certificates and other instruments for an aggregate amount not exceeding ₹ 7,500 Crore (Rupees Seven Thousand Five Hundred Crore Only).

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

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

In view of the aforesaid, the Board of Directors at its meeting held on May 31, 2023, 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 ₹ 7,500 Crore (Rupees Seven Thousand Five Hundred Crore Only).

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

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

Item No. 6

The Company has been raising funds by offer and/or invite for issuing non-convertible debentures, secured or unsecured, listed/unlisted, fixed rate or market /bench mark linked and /or any other hybrid 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 Debt Securities 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 Debt Securities 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 Debt Securities to be issued during a year and such a Special Resolution is required to be passed every year.

The Members at the 15th Annual General Meeting held on June 23, 2022 and vide postal ballot dated March 26, 2023 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 ₹ 20,328.90 Crore which included existing limit of ₹ 10,328.90 Crore and new limit of ₹ 10,000 Crore (₹ 5,000 Crore was approved vide postal ballot on March 26, 2023). As on March 31, 2023 the Company had raised NCDs of ₹ 9,599.18 Crore and the charge has been released for Debenture Trust Deed of ₹ 7,500 Crore of which unissued amount is ₹ 32.50 Crore. The unutilised limit of ₹ 10,697.22 Crore is available for issuance of NCDs.

B. Subordinated Bonds (Sub Debts) up to a limit of ₹ 500 Crore. No issue of Sub Debts was done during the FY 2022-23, hence the unutilised limit of ₹ 500 Crore continues to subsist for issuance of Sub Debts.

C. Perpetual Debt Instruments (PDIs) up to a limit of ₹ 500 Crore. As on March 31, 2023 the Company had raised PDIs of up to ₹ 150 Crore. The unutilised limit of ₹ 350 Crore is available for issuance of PDIs.

Further, the Board, at its meeting held on May 31, 2023, has approved issuance of NCDs, Sub Debts and PDIs from the above unutilised limit of Debt Securities and in addition to the above limit has also approved new limit for issuance of NCDs of ₹ 20,000 Crore, subject to the approval of the Members. Thus, the approved limit of NCDs, Sub Debts and PDIs for Issuance is ₹ 30,697.22 Crore, ₹ 500 Crore and ₹ 350 Crore respectively.

In terms of the requirements of Resource Planning Policy of the Company and Business planning for the FY 2023-24, 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 the notification dated August 07, 2018, by which Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 has been amended, it is now mandated that 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 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 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 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 at this stage. This will be determined by the Board (including any committee duly authorised by the Board thereof), from time to time, for each issuance;

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 ₹ 31,547.22 Crore (Rupees Thirty One Thousand Five Hundred Forty Seven Crore and Twenty 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 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 committee duly authorised by the Board thereof), from time to time.

In view of the aforesaid, the Board of Directors at its meeting held on May 31, 2023, has approved issuance of Debt securities in one or more tranches, on private placement basis and within the overall borrowing limit of ₹ 80,000 Crore (Rupees Eighty Thousand Crore Only).

Accordingly, the approval of the Members is being sought by way of Special Resolution as set out at Item No. 6 of this Notice authorising the Board to issue Debt Securities and /or any other hybrid 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 ₹ 31,547.22 Crore (Rupees Thirty One Thousand Five Hundred Forty Seven Crore and Twenty Two Lakhs Only) on Private Placement basis during a period of one year from the date of this AGM.

The Board, accordingly, recommends the passing of the Special Resolution as set out at Item No. 6 of this Notice, for the approval of the Members.

None of the Directors, Key Managerial Personnel 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 No. 7

The existing Articles of Association ("AOA") of the Company were framed in terms of the provisions of the Companies Act, 2013. The Securities and Exchange Board of India vide notification dated February 02, 2023 had notified the

Notice (Contd.)

Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2023 ("Amendment Regulation"). Pursuant to the Amendment Regulation the Company was required to amend its Articles of Association to ensure that its Articles of Association require its Board of Directors to appoint the person nominated by the Debenture Trustee(s) in terms of clause (e) of sub-regulation (1) of regulation 15 of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 as a Director on its Board of Directors, on or before September 30, 2023.

Thus, in order to comply with the above mentioned requirements, it is proposed to alter the Article No. 184 of the Articles of Association of the Company w.r.t. the appointment of Nominee Director. The consent of the Members of the Company by way of a Special Resolution is required for alteration of Articles of Association of the Company. Accordingly, this matter has been placed before the Members for their approval.

In this regard, it is proposed to alter existing Article 184 of AOA by replacing with the below:

Article 184:

"In the event of the Company borrowing any money from any financial corporation or institution or Government or any Government body or a collaborator, bank, persons, partnership firms, trust, mutual funds, alternative investment funds, any other funds, or from any other source, the lender/security trustee/debenture holder/debenture trustee concerned may, upon the occurrence of such events as provided in terms of Applicable Law or under a contract, exercise the right and power to appoint granted to it in terms of Applicable Law or under contract, from time to time, any person or persons as a Director or Directors or Nominee Directors of the Company and the Board of Directors of the Company will appoint such person or persons nominated by the lender/security trustee/ debenture holder/debenture trustee within the timelines prescribed under Applicable Law, if any."

Accordingly, the approval of the Members is being sought by way of Special Resolution as set out at Item No. 7 of this Notice to alter the existing AOA of the Company, by replacing, existing Article 184. A copy of the altered AOA is available for inspection.

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

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

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 -380009

Place: Mumbai
Date: May 31, 2023

Directors' Report

Dear Members,

Your Directors take pleasure in presenting the Sixteenth Annual Report on the business and financial operations of your Company together with the audited accounts for the Financial Year ended March 31, 2023.

SUMMARY OF FINANCIAL PERFORMANCE

(₹ in Crore)

Particulars	FY 2022-23	FY 2021-22
Total Income	12,402.88	11,306.29
Total Expenditure (excluding depreciation)	9,663.64	9,859.79
Profit/(Loss) before Depreciation & Tax	2,739.24	1,446.50
Less: Depreciation	111.84	98.94
Profit before Tax	2,627.40	1,347.56
Tax Expense	668.05	336.16
Profit after Tax	1,959.35	1,011.40
Other Comprehensive Income (net of tax)	10.56	13.79
Total Comprehensive Income after tax	1,969.91	1,025.19
Appropriations from Profit after Tax:		
Transfer to Reserve Fund under Section 45-IC of the RBI Act, 1934	391.87	202.28
Dividend Paid	150.24	0.00
Dividend Tax thereon	0.00	0.00
Balance carried forward to Balance Sheet	1,417.24	822.91

Your Company posted total income and net profit of ₹ 12,402.88 Crore and ₹ 1,959.35 Crore, respectively, for the financial year ended March 31, 2023, as against ₹ 11,306.29 Crore and ₹ 1,011.40 Crore respectively, in the previous financial year. Your Company has transferred an amount of ₹ 391.87 Crore to Reserve Fund under Section 45-IC of the RBI Act, 1934.

DIVIDEND

The Board of Directors of the Company, at its meeting held on April 15, 2023, has recommended a dividend of ₹ 1.10 (Rupee One and Paise Ten only) per equity share i.e. 11% (Eleven percent) on each equity share of face value of ₹ 10 (Rupees Ten only) entailing a total payout of ₹ 87.05 Crore. The proposal is subject to the approval of the shareholders at the ensuing Annual General Meeting (AGM) to be held on June 30, 2023. During the year, the Company has paid Interim Dividend of Re. 0.90 (Paise Ninety Only) per equity share i.e. 9% on each equity share, aggregating to ₹ 71.20 Crore.

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

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

CAPITAL STRUCTURE

As at March 31, 2023, the issued, subscribed and paid-up share capital of your Company is ₹ 7,91,39,90,830 (Rupees Seven Hundred Ninety One Crore Thirty Nine Lakhs Ninety Thousand Eight Hundred Thirty Only) comprising of 79,13,99,083 (Seventy Nine Crore Thirteen Lakhs Ninety Nine Thousand Eighty Three) equity shares of ₹ 10 each as on March 31, 2023.

During the year, your Company has issued 9,59,052 equity shares. The details of which are provided below:

No. of fully paid up equity shares	Date of allotment	Purpose
76,660	August 02, 2022	Shares were issued to employees under the Employees Stock Option Scheme
29,600	September 19, 2022	Shares were issued to employees under the Employees Stock Option Scheme
6,20,228	December 7, 2022	Shares were issued to employees under the Employees Stock Option Scheme
3,000	December 28, 2022	Shares were issued to employees under the Employees Stock Option Scheme
2,29,564	March 13, 2023	Shares were issued to employees under the Employees Stock Option Scheme

CAPITAL ADEQUACY

Capital adequacy as at March 31, 2023 under Ind-AS stood at 20.05% 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	30,000.00	CRISIL AAA/Stable	30,000.00
Short Term Debt Program	CARE A1+	12,500.00	CRISIL A1+	12,500.00
Non-Convertible Debentures	CARE AAA; Stable	45,308.00	CRISIL AAA/Stable	38,663.82
Market Linked Debentures*	CARE PP-MLD AAA; Stable	3,000.00	CRISIL PP-MLD AAA/Stable	2,236.10
Subordinated Bonds	CARE AAA; Stable	4,000.00	CRISIL AAA/Stable	4,000.00
Perpetual Bonds	CARE AAA; Stable	1,000.00	CRISIL AAA/Stable	1,000.00

** During the year, CRISIL has removed the suffix "r" from Market Linked Debentures ratings. Earlier rating was CRISIL PP-MLD AAAr/Stable.*

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

BORROWINGS

Your Company has diversified funding sources from Public Sector, Private Sector, Foreign Banks, Mutual Funds, Insurance Companies, Pension Funds, Financial Institutions etc. Funds were raised in line with Company's Resource Planning Policy through Term Loans, Non-Convertible Debentures ("NCDs") 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	14,320
2	Secured Redeemable Non-Convertible Debentures	CARE AAA; Stable	CRISIL AAA/Stable	9,899
3	Commercial Paper	CARE A1+	CRISIL A1+	200
4	Market Linked Debentures	CARE PP-MLD AAA; Stable	CRISIL PP-MLD AAA/Stable	Nil
5	Subordinated Bonds	CARE AAA; Stable	CRISIL AAA/Stable	Nil
6	Perpetual Bonds	CARE AAA; Stable	CRISIL AAA/Stable	Nil
	Grand Total			**24,419**

*excludes WCDL

No interest payment or principal repayment of the Term Loans was due and unpaid as on March 31, 2023. 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, Secured Redeemable Market Linked 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 5.91% of Tier I capital of the Company. An amount of ₹ 650 Crore are outstanding as on March 31, 2023.

NCDs were issued with maturity period ranging from 23 to 60 months. The interest payable on all the debt securities is either annually or quarterly or on maturity. No interest was due and unpaid as on March 31, 2023. The Company has not received any grievances from the debt security holders. The assets of the Company which are available by way of security are sufficient to discharge the claims of the debt security holders as and when they become due.

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

The Company's CSR interventions are designed to strengthen the healthcare 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 Company's CSR activities are guided and monitored by its CSR Committee. The CSR Policy of the Company provides a broad set of guidelines including intervention areas.

As per Section 135 of the Act, the Company was required to spend an amount of ₹ 22.15 Crore equivalent to 2% of the 'average net profits' of the last three (3) financial years. After adjusting the excess spend of ₹1.13 Crore for FY 2021-22, the total CSR obligation of the Company was ₹ 21.02 Crore. During the FY 2022-23, the Company has spent an amount of ₹ 21.78 Crore on CSR activities as against total CSR obligation of ₹ 21.02 Crore. The Annual Report on CSR activities is annexed herewith as **"Annexure a"**.

NUMBER OF BOARD MEETINGS HELD DURING THE FY 2022-23

The Board of Directors met 8 times during the year under review and the details of such meetings are disclosed in the Corporate Governance Report forming part of this Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Resignation

Mr. Arijit Basu (DIN: 06907779) was appointed as the Chairman and Non-Executive Director (Non- Independent Director) of the Company with effect from June 1, 2021. He has tendered his resignation from the position of Chairman and Non-Executive Director (Non-Independent Director) of the Company with effect from May 31, 2023 and also conveyed his willingness to serve the Board of the Company as an Independent Director.

Inductions to the Board

Appointment of Mr. Arijit Basu (DIN: 06907779) as a Part-Time Non-Executive Chairman and Independent Director of the Company

On the recommendation of the Nomination and Remuneration Committee, Board of Directors of the Company at its meeting held on May 31, 2023, has appointed Mr. Arijit Basu (DIN: 06907779) as a Part-Time Non-Executive Chairman and Additional Independent Director of the Company with effect from May 31, 2023 till the conclusion of the ensuing Annual General Meeting in terms of Sections 152 and 161 of the Act. Further, the Board of Directors has recommended appointment of Mr. Arijit Basu as an Independent Director to the shareholders of the Company for a period of three years with effect from May 31, 2023 up to May 30, 2026 (both days inclusive).

Mr. Arijit Basu has confirmed that he fulfills the criteria of Independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), and has also confirmed that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his

ability to discharge his duties with an objective independent judgment and without any external influence. In the opinion of the Board, Mr. Arijit Basu is a person of integrity and possess relevant experience and expertise to be appointed as an Independent Director of the Company.

Further, Mr. Arijit Basu has confirmed that he satisfies the fit and proper criteria as prescribed under the applicable RBI regulations and that he is not disqualified from being appointed as a director in terms of Section 164(2) of the Act.

The Company has received written notice as per Section 160 of the Act, from a member proposing his candidature for the office of Non-Executive Director as per the provisions of Section 152 of the Act.

Brief profile of Mr. Arijit Basu along with his experience and specific areas of expertise are part of the explanatory statement to the Notice convening Annual General Meeting forming part of the Annual Report.

Necessary resolution seeking approval of the Members for appointment of Mr. Arijit Basu as a Part-Time Non-Executive Chairman and Independent Director of the Company has been included in the Notice of ensuing Annual General Meeting.

KEY MANAGERIAL PERSONNEL

The Members at the Annual General Meeting held on June 23, 2022 has approved re-appointment of Mr. Ramesh G. as the Managing Director and Chief Executive Officer of the Company, not liable to retire by rotation, for the period of 5 (Five) years w.e.f. July 1, 2022 up to June 30, 2027 (both days inclusive).

DECLARATION BY INDEPENDENT DIRECTORS

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

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

BOARD COMMITTEES

Your Company has six Board level Committees - Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and Information Technology Strategy Committee.

The details of the role and composition of these Committees, including the number of Meetings held during the financial year and attendance at these Meetings are provided in the Corporate Governance Section of the Annual Report.

PERFORMANCE EVALUATION

Pursuant to the provision of the Companies Act, 2013 and SEBI Listing Regulations, the Annual Performance Evaluation of the Board, its Committees and each Director has been carried out for the year under review. The details of evaluation process of the Board, its Committees and individual Directors have been disclosed in the Corporate Governance Report forming part of this Annual Report.

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, 2023, 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, 2023 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, three complaints were received by the Company. All the complaints have been investigated and addressed as per the policy of the Company. There is one complaint outstanding as on March 31, 2023. None of the personnel of the Company were denied access to the Audit Committee.

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

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

During the year under review, the Company has received Thirty Four complaints of which Twenty-Nine complaints were investigated and addressed as per the policy and Five complaints were under investigation as on March 31, 2023. All Six open complaints during the previous year ending March 31, 2022 were closed in the reporting year. Complaints are reviewed by the Board of Directors on quarterly basis.

STATUTORY AUDITORS AND THEIR REPORT

Pursuant to the provisions of Sections 139 and 141 of the Act and Rules made thereunder, the Shareholders in the 15th Annual General Meeting had ratified the appointment of M/s. KKC & Associates LLP (formerly Khimji Kunverji & Co. LLP) and M/s. B. K. Khare & Co, Chartered Accountants as the Joint Statutory Auditors of the Company, to hold office for a continuous period of three years until the conclusion of the 17th Annual General Meeting of the Company to be held in year 2024.

M/s. KKC & Associates LLP (formerly Khimji Kunverji & Co. LLP) and M/s. B. K. Khare & Co., Chartered Accountants have given their confirmation to the effect that they are eligible to continue with their appointment 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 Statutory Auditors on the Financial Statements of the Company for FY 2022-23, is disclosed in the Financial Statements forming part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Statutory Auditor in their Report for the year under review.

No frauds in terms of the provisions of section 143(12) of the Act have been reported by the Statutory Auditors in their report for the year under review.

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, Company Secretaries, were appointed as the Secretarial Auditor of the Company, to conduct Secretarial Audit for the year under review.

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

MAINTENANCE OF COST RECORDS

Maintenance of cost records as specified by the Central Government under section 148(1) of the Act, is not applicable to 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.

SECRETARIAL STANDARDS

The Company has complied with the applicable provisions of Secretarial Standards issued by The Institute of Company Secretaries of India.

EMPLOYEES STOCK OPTION SCHEME (ESOS)

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

STATUTORY DISCLOSURES

i. Pursuant to the provisions of Sections 134(3)(a) and 92(3) of the Act and Regulation 62(1)(k) of the SEBI Listing Regulations, the Annual Return of the Company as on March 31, 2023 in the prescribed Form MGT-7 is available on the website of the Company at https://www.hdbfs.com/investors.

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

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

RELATED PARTY TRANSACTIONS

All the related party transactions that were entered into during the financial year were on arm's length basis and in ordinary course of business. Pursuant to the provisions of Section 134(3)(h) 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'**.

CORPORATE GOVERNANCE REPORT

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

All Board members and senior management personnel have affirmed compliance with the Company's code of conduct for FY 2022-23. A declaration to this effect signed by the Managing Director is included in Corporate Governance Report forming part of this Annual Report.

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

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

As regards investments made by the Company, the details of the same are provided in note no. 9 to the financial statements of the Company for the year ended March 31, 2023.

DIVIDEND DISTRIBUTION POLICY

Your 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.

SUBSIDIARIES, JOINT VENTURES, ASSOCIATE COMPANIES

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

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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 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 2022-23	FY 2021-22
1	Foreign exchange earnings	Nil	Nil
2	Foreign exchange expenditures	4.21	0.34

FIXED DEPOSITS

Your Company is a non-deposit taking Company. The Company has not accepted any fixed deposit during the year under review. The Company has passed a Board resolution for non-acceptance of deposits from public.

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 Deposit Taking Systemically Important Non-Banking Financial Company ("NBFC- ND-SI"). Your Company has complied with and continues to comply with all the applicable regulations and directions of the RBI.

Management Discussion and Analysis

GLOBAL ECONOMY

In Calender Year (CY) 2022, the world faced a new set of challenges, including geopolitical tensions in Europe, rising fuel and input costs and rising interest rates as central banks responded to inflationary pressures. The rising fuel and input costs led to higher production costs, which, in turn, led to higher prices for goods and services. This resulted in global inflation, which peaked at 8.80% in CY 2022, as the IMF World Economic Outlook reported. The high inflationary environment led to concerns among central banks worldwide, leading to tightening monetary policy, higher interest rates and increased volatility in financial markets.

In the US, persistently high inflation led to the Federal Reserve increasing interest rates to control it. The Bank of England and the European Central Bank had also embarked on raising interest rates, resulting in tighter financial conditions and reduced demand in some sectors. This tightening of financial conditions further increased the challenges faced by the global economy, leading to a decrease in demand and slower economic growth.

However, it is expected that cooling fuel and commodity prices will contribute to a decrease in global inflation to 6.50% in CY 2023 and 4.10% in CY 2024, which will help mitigate some of the challenges the global economy currently faces.

Despite the macroeconomic challenges, the global economy grew by 3.40% in CY 2022, with the European Union growing at 3.60%, the United States at 2.10% and India at 7%. In CY 2023, the growth is projected to experience a slight decline, with a forecasted growth rate of 2.90%, owing to advanced economies that raised interest rates to combat inflation, particularly in the US.

The ongoing geopolitical strife is expected to continue to impact global growth in CY 2023. Growth in advanced economies stood at 2.70% in CY 2022 and is anticipated to decline 1.20% in CY 2023, while improving at 1.40% in CY 2024. Additionally, emerging and developing markets are expected to grow at a similar rate as CY 2022, with an anticipated growth rate of 4.0% in CY 2023 and further grow by 4.20% during CY 2024.

IMF'S WORLD ECONOMIC OUTLOOK

Year	Global Economy Growth	Advanced Economies Growth	Emerging Markets and Developing Economies Growth
CY 2022	3.40%	2.70%	3.90%
CY 2023E	2.90%	1.20%	4.0%
CY 2024E	3.10%	1.40%	4.20%

(Source: World Economic Outlook JAN 2023 - IMF)

INDIAN ECONOMY

According to the International Monetary Fund (IMF), India is expected to maintain its position as a more favourable contributor to the global economy, contributing around 15% to global economic expansion in CY 2023. Despite recovering from the COVID-19 pandemic, the Indian economy was adversely affected by global challenges, resulting in high inflation due to rising prices of commodities, food and fuel.

The Reserve Bank of India (RBI) responded by raising interest rates to control inflation four times in CY 2022. The first hike of 40 basis points to 4.40% occurred on May 04, 2022, with subsequent hikes of 50 basis points on June 08, 2022 and August 05, 2022, bringing the repo rate to 5.40%. A subsequent hike of 50 basis points in September 2022 and the fifth hike of 35 basis points in December 2022 led to a rise in the repo rate to 6.25%. Another rate hike of 25 basis points in February 2023 saw the rate climb to 6.50%, much in line with the broader market expectations.

After six consecutive hikes, the RBI paused in April 2023, setting the benchmark policy rate at 6.50%, but with a hawkish stance given the global backdrop.

Despite the global headwinds, the economy is expected to grow close to 7% in CY 2023, making it one of the fastest-growing economy. Private consumption has been a key driver of growth, with pent-up consumer demand, along with advances in the manufacturing and financial sectors.

The Government increased spending on infrastructure projects, which helped boost economic activity. This expansion is anticipated to be accelerated further by the Government's focus on infrastructure development and initiatives like PM Awas Yojana (PMAY), National Monetisation Pipeline (NMP) and PM Gati Shakti.

OUTLOOK

The IMF's World Economic Outlook (published in January 2023) predicts that the Indian economy will experience a growth rate of approximately 6% in FY 2023-24, which is slightly lower than the previous year's growth rate. GDP per capita is projected to rise to US$ 2,690 in CY 2023 and US$ 3,150 in CY 2025, indicating a substantial improvement in the business climate, among other factors expected to impact the Indian economy positively. Furthermore, an expected reduction in inflation to 5.30% in FY 2023-24 and approximately to 4% in the following financial year is expected to boost demand and consequently industrial activity, lower interest rates are likely to enable companies to expand their capacity and meet growing demand in both domestic and international markets.

The Union Budget outlined measures to increase capital spending, emphasise infrastructure development, promote sustainable and environmentally friendly activities and strengthen financial markets. These policies are expected to stimulate job creation and economic growth in India. With a strong emphasis on macroeconomic stability in recent years, the Indian economy is likely to benefit from these actions in the coming years.

INDUSTRY OVERVIEW

Non-Banking Financial Companies (NBFCs) have started to compete with traditional banks by offering an array of financial services such as loans, credit facilities and investment products. NBFCs have a crucial role in providing credit to segments of the economy that are usually underserved by mainstream banks, such as low-income households, small and medium-sized businesses and rural communities. Their lending criteria is more amenable to the segments they operate in, while being nimbler in taking credit decisions than banks.

Customers in recent years have shown an inclination towards NBFCs due to their nimbler and more adaptable services to add to their increasing geographical reach. NBFCs are increasingly making use of technology to streamline lending

processes and provide personalised customer experiences, such as online applications, digital loan disbursements and repayments.

Over the past 15-20 years, there has been a move towards greater formalisation of credit and in a competitive environment with rising interest rates, NBFCs will need to focus on pricing power and higher-yield segments to maintain profitability. Stronger NBFCs with robust business models, capital adequacy, underwriting capabilities and a digital strategy are expected to outperform and grow in the coming years.

The Reserve Bank of India's (RBI) new regulatory framework comprises updated guidelines for the classification of Non-Performing Assets (NPAs) and provisioning requirements for standard assets, effective October 01, 2022. These guidelines aim to standardise recognition and reporting in NBFCs, given their expanding role in the financial system.

The RBI has recommended regulatory modifications under four key aspects of capital regulation and set a single credit concentration limit. The new framework is expected to strengthen the NBFC sector and reduce potential risks. While most NBFCs in the upper layer are not expected to face difficulties complying with the new norms, they will increase compliance requirements for large NBFCs.

The growth in AUM is expected to be driven by various factors, including strong pent-up demand, new product launches and increased car and utility vehicle sales. The expansion will likely be widespread across multiple retail sectors, with housing loans accounting for a major chunk of NBFC AUM, amounting to 40-45%. This is due to the improving economic activity, higher balance-sheet reserves and reduced concerns about asset quality.

(Source: Reports by RBI, credit rating agencies and economic research forecasts)

OPPORTUNITIES AND THREATS

Non-banking financial companies (NBFCs) have the potential to seize growth opportunities by catering to underserved segments of the population, such as small businesses and low-income households. Embracing technology to streamline their operations and expand their customer base, collaborating with fintech companies and government initiatives promoting financial inclusion and digital payments further create room for NBFCs to explore.

Additionally, the expansion of the economy and growing middle class increase the need for financial services, creating a favourable environment for NBFCs to grow. Regulatory support and government efforts towards financial inclusion, especially in rural and semi-urban areas, also offer an opportunity for NBFCs to expand their reach where traditional banking channels may not have reached.

However, NBFCs must also contend with several threats, such as borrower defaults , competitive pressure from traditional banks and fintech startups and regulatory changes that can impact their operations and profitability. Moreover, rising interest rates and inflation leading to an increase in the cost of funds for NBFCs poses pressure on margins.

To mitigate risks, NBFCs may consider prioritising strong underwriting practices, diversifying their portfolios and enhancing their risk management systems to minimise borrower default risks. Investment in technology can also help improve customer experiences, increase operational efficiency and enhance competitiveness. Additionally, NBFCs should keep a watchful eye on regulatory changes and adapt their operations to comply with regulations, which can help maintain their profitability and stability in the long run.

COMPANY OVERVIEW

HDB Financial Services ('HDBFS' or 'The Company') is a Non-Banking Financial Company (NBFC) in India offering various financial products and services across enterprise lending, asset financing and consumer loans.

The Company was founded in 2007 and has a strong financial foundation, with CRISIL and CARE reaffirming their highest ratings for the various facilities availed by the Company. HDBFS is dedicated to conducting itself ethically and its Code of Ethics and compliance policies promote transparency to ensure that the highest professional standards are maintained throughout the organisation.

PRODUCTS AND SERVICES

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

Loans

HDBFS's loan offerings span Consumer Loans, Enterprise Loans, Asset Finance and Micro-Lending.

Consumer Loans

HDBFS offers customised loan options to individuals to help meet their personal or household short to medium-term financial requirements.

The Consumer Loans portfolio consists of:

- **Consumer Durable Loans –** HDBFS provides loans to facilitate the purchase of consumer durables and household appliances like air conditioners, washing machines, televisions, refrigerators and more.
- **Digital Product Loans –** Customers can purchase basic to high-end digital products with HDBFS's Digital Product Loan offerings.
- **Lifestyle Product Loans –** Customers can upgrade and enhance their lifestyle with Lifestyle Product Loans from HDBFS with purchases of various products like high-end furniture, cooking ranges and more.
- **Personal Loans –** From weddings to an unplanned vacations to home renovations, HDBFS offers personal loans to salaried and self-employed individuals to help them meet their urgent needs.
- **Auto Loans –** With tailor made auto loans from HDBFS, customers can easily make informed decisions on buying a new or used car.
- **Two-Wheeler Loans –** HDBFS provides two-wheelers loans to help individuals looking to purchase a two-wheeler.
- **Gold Loans –** HDBFS enables customers to fulfil their loan requirements by providing quick loans against the security of gold jewellery.

Enterprise Loans

HDB provides Loans to businesses for their growth and working capital requirements. Various Loans offered to Enterprises include:

- **Unsecured Business Loan –** HDBFS provides collateral-free loans to small businesses to help them meet their financial requirements that could vary from the purchase of new machinery and inventory to procuring working capital or revamping the business.
- **Enterprise Business Loan –** Self-employed individuals and professionals, private companies and partnership firms use our Enterprise Business Loans to boost their business.
- **Loan Against Property –** Businesses can get an HDBFS multi-purpose loan against property to expand or as working capital.
- **Loan Against Lease Rental –** HDBFS customers can benefit from loans against rental income received on leased property.
- **Loan Against Securities –** Loan against securities ensures that customers can meet their immediate cash requirements by pledging their investments or securities like insurance policy, debt instruments and Bonds with the Company without having to liquidate them.

Asset Finance

HDBFS offers loans to help customers purchase new and used vehicles and equipment to boost their income generation. We provide the following offerings:

- **Commercial Vehicle Loans –** HDBFS provides loans for purchase of new and used commercial vehicles and provides refinance against existing vehicles for business working capital. HDBFS extends these offerings to fleet owners, first-time users, first-time buyers and captive-use buyers.
- **Construction Equipment Loans –** HDBFS provides loans for the procurement of new and used construction equipment. The Company also facilitates refinancing on existing equipment.
- **Tractor Loans –** HDBFS offers customised tractor loans for the purchase of tractors or tractor-related implements to meet any agricultural or commercial needs.

Micro-Lending

HDBFS offers micro-loans to borrowers through the Joint Liability Groups (JLG) framework to empower and promote financial inclusion for the sustainable development. HDBFS commenced its micro-loans in the year 2019 and is now currently operating in 7 states - Maharashtra, Bihar, Rajasthan, Gujarat, Madhya Pradesh, Uttar Pradesh & Odisha covering 67 districts.

Fee-based Products/Insurance Services

HDBFS has a license from the Insurance Regulatory & Development Authority of India (IRDAI) and is a registered Corporate Insurance Agent certified to sell both Life and General (Non-Life) insurance products. We have tie-ups with HDFC Life Insurance Co. Limited and Aditya Birla

Sun Life Insurance for life insurance products. HDB has partnered with HDFC Ergo General Insurance Co. Limited and Tata AIG General Insurance Co. Limited for general insurance products.

BPO Services

HDBFS's BPO services offerings include running collection call centres, sales support services, back office operations and processing support services.

- **Collection Services –** HDBFS has a contract to run collection call centres for HDFC Bank. These centres provide collection services for the entire range of HDFC Bank's retail lending products. We offer comprehensive end-to-end collection services across 700 locations via on-call and field support teams. We have established 18 call centres with 5,500 seat capacity across the country.
- **Back Office and Sales Support –** HDBFS offers sales support and back-office services like forms processing, document verification, finance and accounting operations and processing support for HDFC Bank.

DIGITAL LENDING JOURNEY

To meet the new and constantly evolving financial credit needs of tech-savvy customers, HDBFS's has sought to transcend the conventional credit lending approaches. HDBFS's active investment in the digitisation of lending services and solutions has allowed it to connect and cater to the New India and tech-savvy customers in a personalised manner.

Several digital offerings have been launched for commercial and retail segments to provide integrated solutions and simplify the borrowing process. These digital offerings include:

- **Digital Loans:** To offer convenience to the customers, HDBFS has introduced a digital loan process in partnership with select channels where customers can apply online without physically visiting the store or a branch. HDBFS's customer care team efficiently guides customers with their loan processing journey via on-call and digital support.
- **Partnership with new-age Fintech Players:** HDBFS has initiated strategic partnerships with new-age Fintech players in the country to provide best in class, innovative digital solutions and services. These collaborations have been successful in demonstrating an improved customer experience in conjunction with a convenient digital KYC process, quick application approval and disbursal of funds.
- **e-NACH & e-Sign:** The introduction and implementation of these digital tools ensure a seamless customer experience with paperless processes, fewer errors and quicker disbursals. The digital process ensures the collection of the applicant's basic information and documents upload, followed by an e-verification process. Upon completion of e-verification of details and documents submitted, the customer may digitally sign the agreement through Aadhaar-based authentication.
- **Credit Report:** Customers can check their customised credit report, for free by just providing their mobile number on HDBFS's website.

CUSTOMER SERVICE DIGITAL CHANNELS

- **HDB On-the-Go App –** HDBFS has launched an updated version of mobile app HDB On-The-Go with new and improved features and better UI & UX for android and iOS users. There is also a web version of the app hosted on the website.
- **WhatsApp Account Management –** Customers can send a 'Hi' to our WhatsApp number, 73049 26929, to get real-time information about their loan account.
- **Customer Service Bot –** Our virtual assistant and chatbot, #AskPriya, helps customers with all loan-related information and the latest offers.
- **Missed Call Service –** Customers can receive all their loan-related information via an SMS after giving us a missed call from their registered mobile number on 044 4560 2401.
- **Customer Portal –** The portal allows the customers to manage their loan account and get all loan related information quickly and efficiently.

KEY INITIATIVES

- **Digital Pre-Approved Offers –** Pre-Approved loans are offered to customers who have a demonstrated credit history and repayment ability. Customers with pre-approved loan offers can apply for a loan digitally and the loan amount is disbursed in the bank account.
- **Fintech Partner Integration –** Our collaboration with various fintech partners allows real-time lead sharing by partners, enabling us to generate customised offers for customers and quickly fulfil their requirements.

- **Relationship Management (RM) and Virtual Relationship Management (VRM) –** HDBFS reaches out to select customers to address their financial requirements and assist them with additional HDBFS products through a relationship manager. The other customers are catered through VRM.
- **Aabhaar Card (Loyalty Card) –** Customers enjoy easy documentation, pre-approved loan eligibility and a host of other benefits with HDBFS loyalty cards – the Blue Aabhaar Card and the Platinum Aabhaar Card.
- **Jiffy loan –** Jiffy Loan is an Instant personal loan for salaried customers using an end to end digital process. The loan gets disbursed in the customers' bank account within two hours, once approved.
- **WhatsApp Loan Application:** Customers can send an "Apply" on 8010921485 to apply for an instant loan on WhatsApp.

SEGMENT WISE PERFORMANCE

Revenue from lending business of the Company grew to ₹ 9,768.95 Crore for FY 2022-23 from ₹ 8,942.88 Crore in FY 2021-22.

Revenue from the BPO services division grew to ₹ 2,633.93 Crore in FY 2022-23 from ₹ 2,363.41 Crore in FY 2021-22. The Company's net profit surged to ₹ 1959.35 Crore in FY 2022-23, from ₹ 1,011.04 Crore for FY 2021-22.

INFRASTRUCTURE

With a presence in 1,054 cities throughout India, the Company operates a total of 1,492 branches as of March 31, 2023. Our data centres are in Bengaluru and Mumbai. We have three centres for centralised operations in Hyderabad, Chennai and Noida. In an effort to enhance its internal processes, the Company has introduced a quality management system specifically for its centralised operations.

OUTLOOK

As the market and customer expectations mature, differentiated customer acquisition and deeper customer engagement through the lifecycle assumes importance. With the economy projected to continue growing, the Company with its diversified product portfolio, broad reach through its network of 1,492 branches across the country and its digital infrastructure, the Company is cautiously optimistic in its outlook for the fiscal 2024.

RISK MANAGEMENT

The Company as a participant in the financial service industry is faced with various risks including credit, operational, liquidity, digital lending and information security risks. A robust risk management framework has been put in place to ensure effective assessment, measurement and monitoring of these risks. The Board of Directors oversees all risks and has established specific committees to provide focused oversight of identified risks.

Enhancing risk awareness at all levels of the organisation is important and the Company is constantly upgrading its security measures including cyber security measures, to avoid and mitigate various risks. The ultimate goal is to achieve an optimal balance of return for the risk assumed while remaining within acceptable risk levels.

Regular stress tests are conducted to ensure resilience and identify vulnerabilities. These tests provide valuable insights to the management team, allowing quantification of the impact of potential risks and the development of plausible business-as-usual mitigating actions.

The Company's commitment to sound risk management practices has enabled it to weather the turbulence experienced in the markets over the past two years. As risk management continues to be prioritised, the Company remains confident in its ability to protect its financial strength, operations and 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.
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. Controls have been implemented and analytics and reporting systems are in place for collection and recovery to maintain a healthy asset quality.
Business/Strategic Risk	The Company 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.
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 with regularly to address concerns and expectations.
Technology Risk	The Company leverages technology to enhance customer experience, improve productivity and manage risks. The Company continuously improves 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 & cyber-security 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 & compliance training and periodic simulation exercises to keep them abreast with the latest trends in the cybersecurity happenings, which helps our company to continuously improve on our cybersecurity posture.
Compliance Risk	Compliance risks are managed and monitored in the Company 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 Net Interest Margins (NIM), maturity profile, stock ratios and asset-liability mix. Additionally, the committee ensures sufficient unencumbered High-Quality Liquid Assets (HQLA) for 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 Risk Management Committee.
Interest Rate Risk	The Company'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 assesses 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.

Risk	Mitigation
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. The Company has a robust operational risk framework with monitoring by the Board of Directors, Risk Management Committee and 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. The ORMC also reviews the outsourcing policy and monitors outsourced activities.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements represent the financial statements of the Company and its controlled entities, which comprise the Group. The Group consolidates an entity when it has control over it, determined by its ability to affect the variable returns from its involvement with the investee. Consistent accounting policies are used for similar transactions and events when preparing consolidated financial statements. If any member of the Group uses different accounting policies for similar transactions and events, adjustments are made to their financial statements to ensure compliance with the Group's accounting policies.

INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT

The Company has designed a robust and comprehensive internal control system across all major processes to ensure efficient operations, compliance with laws and regulations and reliability of financial reporting. Internal Audits are conducted by an in-house Internal Audit team. The Head of Internal Audit reports to the Audit Committee of the Board. The Risk Based Internal Audit framework supports the system, which evaluates the effectiveness of internal controls, risk management and governance processes to provide independent assurance to the Board of Directors and Audit Committee of the Board. The Risk Based Internal Audit framework is appropriate for the business's size, scale and complexity and the risk based internal audit plan is developed based on the risk profile of its activities. The Audit Committee of the Board approves the risk based internal audit plan annually and regularly reviews the Internal Audit Department's observations, performance status, providing guidance as needed.

COMPLIANCE

The Company has an independent compliance function headed by a Chief Compliance Officer with direct reporting to the MD & CEO, the Company also has an approved compliance policy by its Board, ensuring effective monitoring and supervision of the compliance function in accordance with statutory requirements. The performance of the compliance function is reviewed by the Audit Committee, which assesses the effectiveness of controls to ensure compliance with regulatory guidelines. The Committee offers guidance and direction to the Management as necessary and appropriate.

HUMAN RESOURCE

At HDBFS our talent pool is one of our key success drivers. We continue to stay committed to investing in our people and driving a culture that emphasizes on our Core Values i.e. integrity, collaboration, agility, respect, excellence and simplicity. Our senior leadership team regularly communicates the Organization's strategy and vision, creating an interactive and engaging work culture. As a Company we provide an environment that facilitates superior performance and gives our employees ample opportunities for development and growth through our various Learning & Development, Skill-Building and Talent Management initiatives. We also drive various Engagement and Reward & Recognition Programs with the objective of keeping our talent engaged. Given our unwavering focus on superior employee experience and resource effectiveness, we have chalked our multiple transformational projects for FY 24 that would drive these objectives. As on March 31, 2023 the number of employees at HDBFS stands at 1,17,162.

CSR TALES: IMPACTING LIVES

Transport Aarogyam Kendra:

Gopal, 45, lives in Ranchi. He was in the transportation industry. He had an accident one day. As a result, he was severely injured on his back and he was unable to work and was bedridden. He visited numerous medical facilities but received no pain alleviation. Due to financial difficulties, his family was unable to transport him to a higher level of care. He learned about the Transport Aarogyam Kendra and its free physiotherapy services. He underwent treatment and began walking without assistance after one month of treatment. With his self-motivation, cheerful personality and physiotherapy treatment, he is now able to walk and has begun working.

He is now a regular visitor who shares information about the facilities with other transporters and drivers.

Transport Aarogyam Kendra is a CSR initiative of HDB Financial Services Limited; a pioneering programme conceptualised to provide physiotherapy treatment to India's truck drivers. Like Gopal, several other truck drivers across Delhi, Mumbai, Namakkal and Ranchi have benefitted from physiocare services offered at HDB's Transport Aarogyam Kendras.

Project SNEHA:

Narmada is 16-year-old and lives with her family of five members in Mathuri village, Ratlam district. To supplement her household income, she dropped-out of school and started working as farm worker.

In August 2021, Narmada and her sister attended first Hb camp which was organised in the village as a part of Project SNEHA and was diagnosed as 'Severely Anaemic'. After the camp, the project team visited her home and collected information about her health issues.

Narmada and her parents were counselled for immediate treatment at a district hospital.

Narmada and her mother were also counselled about home-cooked nutritious diet that comprised of green leafy vegetables, iron rich foods and intake of medically-prescribed Iron Folic Acid (IFA) tablets.

Narmada now feels more energetic and also encourages other women to improve their consumption of locally produced, iron-rich food for a healthy living.

Project SNEHA is a collaborative effort of HDB Financial Services and CHETNA NGO to prevent anaemia among adolescent girls and women in the reproductive age and to break the intergenerational cycle of malnourishment. Several women in the urban and rural slums of Madhya Pradesh and Gujarat (high anaemic states) have benefitted from Project SNEHA.

Lake Restoration:

Nyasargikere, a Community Lake situated in Mundagod Taluk, Uttara Kannada, Karnataka, was rejuvenated in 2019 with the CSR support of HDB Financial Services.

During a field visit in February, 2023, Gnyaneshwar Yallappa, Member of the Gram Panchayat, shared that the Lake has emerged as a true catalyst of prosperity in farming, not just for few, but for all the farmers in the village! Despite being relatively older lake in the vicinity, the Lake never underwent either partial de-siltation or a complete rejuvenation in last few decades.

Gnyaneshwar further explains, prior to rejuvenation, the lake was beneficial only for around 10-15 families and 35-40 acres of agriculture land that are adjacent to it as the water holding capacity was limited. Post rejuvenation, around 60-70 families are benefitted and over 200 acres of land in the command area is now brought under cultivation.

Further, the Lake helps recharge aquifers naturally and aid in maintaining the ecological balance at large.

In an attempt to mitigate climate change, HDB Financial Services collaborates with grassroots organisation to restore dying waterbodies in a scientific manner. Like Nyasargikere, 135 community lakes have been restored.

CAUTIONARY STATEMENT

As per applicable laws and regulations, this Report contains some forward-looking statements. However, it should be noted that the actual results may differ from those expressed or implied due to various factors such as economic conditions, Government policies and other related factors.

ACKNOWLEDGEMENT

The Directors would like to express their gratitude towards the Reserve Bank of India, other regulatory and Government Bodies, the Company's Auditors, Customers, Bankers, Promoters, and Shareholders for their valuable support. Additionally, the Directors would like to acknowledge the efforts and dedication of the Company's employees, whose hard work and loyalty have contributed significantly to the Company's growth and success.

On behalf of the Board of Directors

Sd/-
Arijit Basu
Chairman

Place: Mumbai
Date: May 31, 2023

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY:

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

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

2. COMPOSITION OF CSR COMMITTEE

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

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 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-23.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/CSR-Partners-Projects-For-Website.pdf

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

The Company identified projects that were due for impact assessment in FY 2022-23. 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 13 (Thirteen) 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 = ₹ 1,107.64 Crore
b. Two percent of average net profit of the Company as per sub-section (5) of section 135 = ₹ 22.15 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 = 1.13 Crore
e. Total CSR obligation for the Financial Year (5b+5c-5d) = ₹ 21.02 Crore

6.

a. Amount spent on CSR projects (both Ongoing Project and other than Ongoing Project) = 20.29 Crore
b. Amount spent in Administrative Overheads = 0.99 Crore
c. Amount spent on Impact Assessment, if applicable = 0.50 Crore
d. Total amount spent for Financial Year (6a+6b+6c) = 21.78 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
21.78	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 sub-section (5) of section 135	22.15
(ii)	Total amount spent for the Financial Year	21.78
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	0.76*
(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)]	0.76

Note: *The Company had ₹ 1.13 Crore as amount available for set-off against prescribed CSR expenditure of ₹ 22.15 Crore for Financial Year 2022-23. During the year, the Company spent ₹ 21.78 Crore against requirement of ₹ 21.02 Crore (₹ 22.15 Crore - ₹ 1.13 Crore) leading to a excess of ₹ 0.76 Crore.

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

(₹ in Crore)

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135	Balance Amount in Unspent CSR Account under sub-section (6) of section 135	Amount spent in the Reporting Financial Year	Amount transferred to a fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years	Deficiency, if any
					Amount	Date of transfer		
1.	FY 2022-23	NIL	2.28	2.28	Not Applicable	Not Applicable	0.00	0.00
2.	FY 2021-22	NIL	7.31	5.03	Not Applicable	Not Applicable	2.28	2.28
3.	FY 2020-21	7.31	7.31	NIL	Not Applicable	Not Applicable	7.31	7.31

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 SUB-SECTION (5) OF SECTION 135: Not Applicable

Sd/-
Amla Samanta
Chairperson, CSR Committee

Sd/-
Ramesh G.
Managing Director & CEO

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE YEAR ENDED MARCH 31, 2023

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

To,
The Members,
HDB Financial Services Limited
Radhika, 2nd Floor, Law Garden Road,
Navrangpura, Ahmedabad GJ 380009.

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

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised 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, 2023, 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, 2023, according to the provisions of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(vi) Non-Banking Financial Company – Systemically Important Non - Deposit taking Company (Reserve Bank) Directions, 2016;

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

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

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

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

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

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

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

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

We further report that:

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

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

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

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

We further report that during the audit period the Company had 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 15th Annual General Meeting to declare final dividend @ 10% i.e. ₹ 1/- on each equity share for the financial year ended March 31, 2022.

b. To approve re-appointment of Mr. G. Ramesh as a Managing Director and Chief Executive Officer of the Company.

c. Authority to issue secured redeemable non-convertible debentures (NCDs) on private placement basis upto ₹ 18,078.90 Crore.

d. To approve selling, assignment, Securitisation of receivables/book debts of the Company upto ₹ 7,500 Crore.

e. Authority to issue secured redeemable non-convertible debentures (NCDs) on private placement basis upto ₹ 5,000 Crore.

f. To approve Material Related Party Transactions with HDFC Bank Limited for FY 2023-24.

g. To approve Material Related Party Transactions with HDFC Life Insurance Company Limited for FY 2023-24.

h. To approve Employee Stock Option Scheme 2022 for eligible employees of HDB Financial Services Limited.

i. To revise Profit Related Commission payable to Independent Directors.

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 9,59,052 (Nine Lakhs Fifty-Nine Thousand Fifty-Two) Equity Shares of ₹ 10/- each to employees of the Company.

b. The Company has issued and allotted 3,61,778 (Three Lakhs Sixty-One Thousand Seven Hundred and Seventy-Eight) Secured Redeemable Non-Convertible Debentures of ₹ 10 Lakhs each (Rupees Ten Lakhs Only) & ₹ 1,00,000 (Rupees One Lakhs Only)

in various tranches on private placement basis, which were duly listed on BSE Limited. Also during the reporting year, the Company has received 4th Call money of ₹ 300 Crore (i.e. 20% of the amount raised) towards partly paid up Non-Convertible Debentures issued and allotted in the FY 2019-20;

c. The Company has issued / allotted 4,000 Commercial Papers with face value of ₹ 5,00,000 (Rupees Five Lakhs Only) each in the reporting year;

d. The Company has redeemed 49,409 Secured Redeemable Non-Convertible Debentures in various tranches during the year.

e. The Company has redeemed 4,000 Commercial Papers during the year.

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

Sd/-
Dipti Mehta
Partner
FCS No: 3667
CP No: 23905
Place: Mumbai
Date: April 15, 2023
UDIN: F003667E000103580

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

To,
The Members,
HDB Financial Services Limited
Radhika, 2nd Floor, Law Garden Road,
Navrangpura, Ahmedabad GJ 380009.

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

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

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

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

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

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

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

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

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

Sd/-
Dipti Mehta
Partner
FCS No: 3667
CP No: 23905
Place: Mumbai
Date: April 15, 2023
UDIN: F003667E000103580

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, 2023

Details	ESOS - 10	ESOS - 11	ESOS - 12	ESOS - 13	ESOS - 13A	ESOS - 14	ESOS - 15A	ESOS – 15B
Options granted during the year	-	-	-	-	-	-	11,83,140	35,81,490
Options vested	-	-	5,54,500	3,39,835	15,000	6,46,848	-	-
Options exercised	-	32,410	3,94,140	2,13,570	13,000	3,05,932	-	-
Total number of shares arising as a result of exercise of option	-	32,410	3,94,140	2,13,570	13,000	3,05,932	-	-
Options lapsed / forfeited	-	-	30,680	52,190	-	1,29,165	-	83,320
Exercise price (in ₹)	213	274	300	348	409	433	457	509
Money realised by exercise of options (in ₹)	-	88,80,340	11,82,42,000	7,43,22,360	53,17,000	13,24,68,556	-	-
Total number of options in force as at March 31, 2023	42,000	74,020	2,78,090	6,67,395	37,000	17,99,723	11,83,140	34,98,170
Options exercisable, end of year	42,000	74,020	2,78,090	2,64,275	2,000	3,40,916	-	-

Note: During the FY 2022-23, there was no variation in terms of Employees' Stock Option Scheme.

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

Sr. No.	Name	Designation	Grant during FY 2022-23
1	Ramesh G.	Managing Director & Chief Executive Officer	2,43,300
2	Jaykumar P. Shah	Chief Financial Officer	1,27,600
3	Dipti Khandelwal	Company Secretary and Head - Legal	-

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, Chairman	21:1
Mr. Venkatraman Srinivasan, Independent Director	12:1
Ms. Smita Affinwalla, Independent Director	11:1
Dr. Amla Samanta, Independent Director	8:1
Mr. Adayapalam Viswanathan, Independent Director	12:1
Ms. Arundhati Mech, Independent Director	7:1
Mr. Ramesh G., Managing Director & Chief Executive Officer	225:1

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	12%
Chief Financial Officer	15%
Company Secretary	25%

Non-Executive/ Independent Directors

The Shareholders by resolution passed through postal ballot on March 26, 2023 had approved to revise the profit related commission payable to the Independent Directors of the Company with effect from April 01, 2022 at the rate of ₹ 1,00,000 per meeting of the Board and/or Committee attended, up to maximum of ₹ 15,00,000 per Independent Director in a Financial Year, from ₹ 60,000 per meeting of the Board and/or Committee attended, up to maximum of ₹ 7,50,000 per Independent Director in a Financial Year.

3. During the year under review there was 4.66% increase in the median remuneration of the employees of your Company.

4. As on March 31, 2023 there were 1,17,162 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 2.77% whereas the increase in the managerial remuneration was 17.33%.

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 Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

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

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

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

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board, if any	Amount paid as advances, if any
HDFC Bank Limited (Holding Company)	Providing sales support services	April 2022-March 2023	The Company has a contract with the HDFC Bank for providing sales support services. Income from sales support services is ₹ 1,821.96 Crore	It is specialised service provided by the Company to HDFC Bank at cost plus mark up as per the terms agreed between parties	NA	Nil
HDFC Bank Limited (Holding Company)	Term Loans availed/repaid	April 2022-March 2023	The terms and rates are determined as per prevailing market rates. Term Loan availed is ₹ 4,034.90 Crore Repaid is ₹ 3,015.43 Crore	This is in furtherance of the fund raising activities of the Company		Nil

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

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

Sd/-
Arijit Basu
Chairman

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, 2023 as prescribed under Regulations 17 to 27 and paras C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations").

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

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

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

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

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

Sd/-
Dipti Mehta
Partner

FCS No: 3667
CP No: 23905

Place: Mumbai
Date: April 15, 2023

UDIN: F003667E000103681

Corporate Governance Report

Report on Corporate Governance pursuant to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and forming a part of the report of the Board of Directors

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

BOARD OF DIRECTORS

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

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

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

In compliance with the provisions of the Companies Act, 2013 (**"Act"**) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"SEBI Listing Regulations"**), the Board of your Company has an optimum combination of Executive, Non-Executive and Independent Directors. The composition of the Board is in compliance with the provisions of the Act and Rules made thereunder and SEBI Listing Regulations as amended from time to time. As on March 31, 2023, the Board comprised of seven members, out of which one is Executive Director, one is Non-Executive Chairman and five are Non-Executive Independent Directors of which, three of the Non-Executive Independent Directors are Women.

The composition of the Board of Directors as at March 31, 2023:

Sr. no.	Category	Name of the Director	Director since
1	Executive Director	Mr. Ramesh G. (Managing Director & Chief Executive Officer)	July 01, 2012
2	Non-Executive Director	Mr. Arijit Basu (Chairman and Non-Executive Director)	June 01, 2021
3	Independent Directors	Mr. Venkatraman Srinivasan	March 12, 2015
		Ms. Smita Affinwalla	March 12, 2015
		Dr. Amla Samanta	May 01, 2019
		Mr. Adayapalam Viswanathan	July 24, 2019
		Ms. Arundhati Mech	February 11, 2022

Note:

1. *Mr. Ramesh G. was re-appointed as a Managing Director & Chief Executive Officer of the Company for the period of 5 (Five) years with effect from July 1, 2022 up to June 30, 2027 not liable to retire by rotation and the same was approved by the Members of the Company at the 15th Annual General Meeting held on June 23, 2022.*

2. *The Board of Directors based on the recommendation of Nomination and Remuneration Committee and declaration of independence received from Mr. Arijit Basu, has appointed Mr. Arijit Basu as a Part-Time Non-Executive Chairman and Additional Independent Director of the Company with effect from May 31, 2023 till the conclusion of the ensuing Annual General Meeting of the Company. Accordingly, Mr. Arijit Basu has tendered his resignation from the position of Chairman & Non-Executive Director (Non-Independent) of the Company with effect from May 31, 2023.*

All the Directors have made necessary disclosures regarding their directorship and committee positions occupied by them in other companies. None of the directors are related to each other.

Details of directorships, memberships and chairpersonships of the committees of other companies for the Directors of the as on March 31, 2023 Company are as follows:

Name of the Director & DIN	Category	Directorships			Number of Committee positions held**	
		In equity listed companies	In unlisted public companies*	In private limited companies	Chairperson	Member
Mr. Ramesh G. (DIN: 05291597)	Managing Director & Chief Executive Officer	0	1	0	0	1
Mr. Arijit Basu (DIN: 06907779)	Chairman and Non-Executive Director	0	2	0	0	1
Mr. Venkatraman Srinivasan (DIN: 00246012)	Independent Director	3	1	1	3	6
Ms. Smita Affinwalla (DIN: 07106628)	Independent Director	1	2	2	1	4
Dr. Amla Samanta (DIN: 00758883)	Independent Director	0	2	2	1	2
Mr. Adayapalam Viswanathan (DIN: 08518003)	Independent Director	0	1	0	0	1
Ms. Arundhati Mech (DIN: 09177619)	Independent Director	0	2	0	0	2

** Including Directorship in HDB Financial Services Limited.*

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

The number of Memberships of the Directors in the Committee includes the number of posts of Chairman of the said Committee held in public companies including HDB Financial Services Limited as on March 31, 2023.

DETAILS OF THE DIRECTORSHIPS IN OTHER LISTED ENTITIES:

Name of the Director	Name of listed entity	Category
Mr. Arijit Basu	Nil	Not applicable
Mr. Venkatraman Srinivasan	Fairchem Organics Limited	Independent Director
	Tata Coffee Limited	Independent Director
	Mahanagar Gas Limited	Independent Director
Ms. Smita Affinwalla	Prime Securities Limited	Independent Director
Dr. Amla Samanta	Nil	Not applicable
Mr. Adayapalam Viswanathan	Nil	Not applicable
Ms. Arundhati Mech	Nil	Not applicable
Mr. Ramesh G.	Nil	Not applicable

In terms of Regulation 26 of SEBI Listing Regulations, none of the Directors of the Company were members of more than 10 Committees or acted as the Chairperson of more than 5 Committees across all listed companies in India, in which they are a Director. Basis the disclosures received from the Directors, it is confirmed that none of the Directors is on the Board of more than:

i. 20 (twenty) companies

ii. 10 (ten) public limited companies

iii. 7 (seven) equity listed entities

BOARD MEETINGS AND DELIBERATIONS

The Board / Committee Meetings are convened by giving appropriate notice well in advance of all the meetings. The Directors / Members are provided with appropriate information in the form of agenda items in a timely manner, to enable them to deliberate on each agenda item and make informed decisions and provide appropriate directions to the Management. The Board meets at least once in every quarter to review the quarterly results and other items on the agenda and additional meetings are held to address specific needs and business requirements of your Company. In case of business exigencies, the Board's approvals are taken through circular resolutions and the same are noted at the subsequent meeting of the Board and/or Committees.

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

During the year under review, recommendations given by the various committees of the Board were considered and accepted as appropriate by the Board of Directors.

At the Board / Committee Meetings, presentations covering important areas of the Company such as annual action plans and business strategies, financial statements and performance updates, information technology and information security risks, customer grievances and customer services framework, compliance and risk assessment, Scale Based Regulation (SBR) regulatory framework, etc. were made.

During the FY 2022-23, your Board of Directors met 8 (Eight) times, the meetings were held on April 16, 2022, May 18, 2022, July 16, 2022, October 15, 2022, December 16, 2022, January 14, 2023, March 06, 2023, March 07, 2023 (adjourned meeting) and March 27, 2023. The requisite quorum was present for all the meetings. The Board met at least once in a calendar quarter and the maximum time gap between any two meetings was not more than one hundred and twenty days.

The below gives the number of Board meetings held and attended by each Director, attendance record of the last virtual Annual General Meeting held on June 23, 2022 and number of shares held by each Directors:

Name of the Director	Number of Board Meetings		Whether attended last AGM	No. of shares held in the Company
	Held during their tenure (in FY 2022-23)	Meetings attended		
Mr. Arijit Basu	8	8	Yes	Nil
Mr. Venkatraman Srinivasan	8	8	Yes	Nil
Ms. Smita Affinwalla	8	8	Yes	Nil
Dr. Amla Samanta	8	6	Yes	Nil
Mr. Adayapalam Viswanathan	8	7	Yes	Nil
Ms. Arundhati Mech	8	8	Yes	Nil
Mr. Ramesh G.	8	8	Yes	7,70,500

CHANGES IN BOARD COMPOSITION

During the FY 2022-23 there was no change in the Board Composition of the Company. However, Mr. Ramesh G. was re-appointed as a Managing Director and Chief Executive Officer of the Company for the period of 5 (Five) years with effect from July 01, 2022 up to June 30, 2027 and the same was approved by the Members of the Company at the 15th Annual General Meeting held on June 23, 2022.

Details of change in the Board composition during FY 2021-22 is as under:

#	Name of Director	Nature of change	Effective Date
1	Mr. Arijit Basu	Appointed as Chairman and Non-Executive Director	June 01, 2021
2	Ms. Arundhati Mech	Appointed as Independent Director	February 11, 2022

Appointment of Mr. Arijit Basu was approved by the shareholders in the 14th AGM held on June 25, 2021 and the appointment of Ms. Arundhati Mech was approved by the shareholders through Postal Ballot passed on March 27, 2022.

DECLARATION OF INDEPENDENCE

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

MEETINGS OF INDEPENDENT DIRECTORS

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

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

A separate meeting of Independent Directors was held on April 15, 2022, during the year under review.

The details of the separate meeting of Independent Directors held during FY 2022-23 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	% of attendance
Ms. Smita Affinwalla	1	1	100
Mr. Venkatraman Srinivasan	1	1	100
Dr. Amla Samanta	1	1	100
Mr. Adayapalam Viswanathan	1	1	100
Ms. Arundhati Mech	1	1	100

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

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

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters along with details of number of programmes and number of hours spent by each of the Independent Directors during FY 2022-23, in terms of the requirements of SEBI Listing Regulations are available on the website of the Company and can be accessed at https://www.hdbfs.com/sites/default/files/grp_pdf/Familiarization-Program-for-Independent-Directors2023.pdf.

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

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

Name of the Director	Skill Areas
Mr. Arijit Basu	Leadership qualities, Business and Strategic planning, Industry knowledge and experience, Engagement, Governance, Compliance and Audit purview, Information Technology, Risk management
Mr. Venkatraman Srinivasan	Leadership qualities, Business and Strategic planning, Industry knowledge and experience, Engagement, Governance, Compliance and Audit purview, Information Technology, Risk management
Ms. Smita Affinwalla	Leadership qualities, Business and Strategic planning, Industry knowledge and experience, Engagement, Governance, Compliance and Audit purview, Risk management
Mr. Adayapalam Viswanathan	Leadership qualities, Business and Strategic planning, Industry knowledge and experience, Engagement, Governance, Compliance and Audit purview, Information Technology, Risk management
Dr. Amla Samanta	Leadership qualities, Business and Strategic planning, Industry knowledge and experience, Engagement, Governance, Compliance and Audit purview, Risk management
Ms. Arundhati Mech	Leadership qualities, Business and Strategic planning, Industry knowledge and experience, Engagement, Governance, Compliance and Audit purview, Information Technology, Risk management
Mr. Ramesh G.	Leadership qualities, Business and Strategic planning, Industry knowledge and experience, Engagement, Governance, Compliance and Audit purview, Information Technology, Risk management

COMMITTEES OF THE BOARD

Your Company has 6 (Six) Board level Committees i.e. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and Information Technology Strategy Committee. All decisions pertaining to the constitution of Committees, appointment of members and terms of reference for Committee members are taken by the Board of Directors. Details pertaining to the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

a) Audit Committee

Your Company has an independent Audit Committee, which acts as a link between the management, the statutory and internal auditors and the Board. Its composition, quorum, powers, role and scope are in accordance with the provisions of Section 177 of the Act, Regulation 18 of the SEBI Listing Regulations and Reserve Bank of India Master Direction No. RBI/DNBR/2016-17/45 DNBR. PD.008/03.10.119/2016-17 dated September 01, 2016 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:

All the members of the Audit Committee are Independent Directors. The Composition of the Audit Committee as on March 31, 2023 is as under:

Name of the Member	Designation in the Committee & Category	Member of Committee since
Mr. Venkatraman Srinivasan	Chairman, Independent Director	March 12, 2015
Mr. Adayapalam Viswanathan	Member, Independent Director	July 24, 2019
Ms. Smita Affinwalla	Member, Independent Director	March 12, 2015

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

(xiii) 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;

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

(xv) 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;

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

(xvii) 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;

(xviii) 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;

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

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

(xxi) 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;

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

(xxiii) 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;

(xxiv) 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

(xxv) 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.

Meetings and Attendance during the year:

The Audit Committee met 4 (Four) times during the year under review on April 15, 2022, April 16, 2022 (adjourned meeting), July 15, 2022, July 16, 2022 (adjourned meeting), October 14, 2022, October 15, 2022 (adjourned meeting) and January 13, 2023, January 14, 2023 (adjourned meeting). The gap between two meetings did not exceed one hundred and twenty days.

The details of attendance of the Members of the Committee at meeting are provided herein below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Venkatraman Srinivasan	4	4	100
Mr. Adayapalam Viswanathan	4	4*	100
Ms. Smita Affinwalla	4	4	100

*Mr. Adayapalam Viswanathan was present at the 65th Audit Committee meeting held on October 14, 2022. However, he was absent in the 65th adjourned Audit Committee meeting held on October 15, 2022.

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

The Company Secretary acts as the Secretary to the Audit Committee.

During the FY 2022-23, the Board had accepted all recommendations of the Audit Committee.

b) Nomination and Remuneration Committee

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

Composition:

Two-third members of the Nomination and Remuneration Committee are Independent Directors. The Composition of the Nomination and Remuneration Committee as on March 31, 2023 is as under:

Name of the Member	Designation in the Committee & Category	Member of Committee since
Mr. Venkatraman Srinivasan	Chairman, Independent Director	March 12, 2015
Mr. Arijit Basu	Member, Non-Executive Director	August 16, 2021
Dr. Amla Samanta	Member, Independent Director	July 24, 2019

Brief Description of Terms of Reference:

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

(i) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a Policy, relating to the remuneration for the directors, key managerial personnel and other

employees. While formulating the policy, following to be ensured:

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

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

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

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

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

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

(c) consider the time commitments of the candidates.

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

(iv) Devising a policy on Board diversity;

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

(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; and

(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.

Meetings and Attendance during the year:

The Nomination and Remuneration Committee met 3 (Three) times during the year under review, on May 18, 2022, October 31, 2022 and January 04, 2023. The details of attendance of the Members of the Committee at meeting, are provided herein below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Venkatraman Srinivasan	3	3	100
Dr. Amla Samanta	3	3	100
Mr. Arijit Basu	3	3	100

The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

During the FY 2022-23, the Board had accepted all recommendations of the Nomination and Remuneration Committee.

Mr. Venkatraman Srinivasan, Chairman of the Committee, was present at the 15th AGM which was held through video conferencing (VC) on June 23, 2022 to answer members' queries.

Performance Evaluation of Board, its Committees and Directors

The Nomination and Remuneration Committee had approved a framework for performance evaluation of the Board of Directors, its Committees and the individual Board members.

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

Performance evaluation framework of the Company is as follows:

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

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

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

d. Self-evaluation of individual Directors.

The evaluation involves self-evaluation by the Board Member and subsequent assessment by the Independent Directors. A member of the Board will not participate in the discussion of his/her evaluation.

The performance evaluation of the Non-Independent Directors, Chairman and the Board as a whole was carried out by the Independent Directors.

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

c) Stakeholders Relationship Committee

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

Composition:

The composition of Stakeholders Relationship Committee of the Company as on March 31, 2023 is as under:

Name of the Member	Designation in the Committee & Category	Member of Committee since
Dr. Amla Samanta	Chairperson, Independent Director	July 17, 2019
Ms. Arundhati Mech	Member, Independent Director	April 16, 2022
Mr. Ramesh G.	Member, Managing Director & Chief Executive Officer	April 18, 2017

Note:

1. Ms. Arundhati Mech was appointed as a Member of the Stakeholder Relationship Committee consequent to reconstitution of the Committee with effect from April 16, 2022.
2. Mr. Adayapalam Viswanathan ceased to be a Member of the Stakeholder Relationship Committee consequent to reconstitution of the Committee with effect from April 16, 2022.

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; and

(v) 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.

Details of the investor complaints received during the FY 2022-23 are given as below:

No. of complaints received	No. of complaints not solved to the satisfaction of the shareholders	No. of pending complaints at the end of the year
Nil	Nil	Nil

Meetings and Attendance during the year:

The Stakeholders Relationship Committee met twice during the year under review on April 15, 2022 and October 15, 2022.

The details of attendance of the Members of the Committee at meeting, are provided herein below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Dr. Amla Samanta	2	2	100
Mr. Adayapalam Viswanathan	1	1	100
Mr. Ramesh G.	2	2	100
Ms. Arundhati Mech	1	1	100

The Company Secretary acts as the Secretary to the Stakeholder Relationship Committee. Dr. Amla Samanta, Chairperson of the Committee, was present at the 15th AGM which was held through video conferencing (VC) on June 23, 2022 to answer stakeholders' queries.

d) Risk Management Committee

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

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

Composition:

The composition of the Risk Management Committee as on March 31, 2023 is as follows:

Name of the Member	Designation in the Committee & Category	Member of Committee since
Mr. Adayapalam Viswanathan	Chairman, Independent Director	July 24, 2019
Mr. Venkatraman Srinivasan	Member, Independent Director	July 24, 2019
Ms. Arundhati Mech	Member, Independent Director	April 16, 2012
Mr. Ramesh G.	Member, Managing Director & Chief Executive Officer	July 17, 2012

Note: Ms. Arundhati Mech was appointed as a Member of the Risk Management Committee consequent to reconstitution of the Committee with effect from April 16, 2022.

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, Review IT Risk assessment of IT systems;

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

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

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

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

(xv) Deciding on business activities of a material nature to be outsourced, and approving such arrangements;

(xvi) Reporting to the Board of Directors of the Company on periodical basis on the above matters; and

(xvii) 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.

Meetings and Attendance during the year:

The Risk Management Committee met 4 (Four) times during the year under review on June 15, 2022, September 19, 2022, December 15, 2022 and March 10, 2023. The details of attendance of the Members of the Committee at meeting, are provided herein below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Adayapalam Viswanathan	4	4	100
Mr. Venkatraman Srinivasan	4	4	100
Ms. Arundhati Mech	4	4	100
Mr. Ramesh G.	4	4	100

The Company Secretary acts as the Secretary to the Risk Management Committee.

During the FY 2022-23, the Board accepted all recommendations of the Risk Management Committee.

e) Corporate Social Responsibility Committee

The Corporate Social Responsibility ("**CSR**") Committee was formed as per the provisions of Section 135 of the Act.

Composition:

The composition of the CSR Committee as on March 31, 2023 is as under:

Name of the Member	Designation in the Committee & Category	Member of Committee since
Dr. Amla Samanta	Chairperson, Independent Director	July 17, 2019
Ms. Smita Affinwalla	Member, Independent Director	March 12, 2015
Mr. Ramesh G.	Member, Managing Director & Chief Executive Officer	March 12, 2015

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 Corporate Social Responsibility Committee inter-alia includes:

(i) To formulate the Company's CSR strategy, policy and goals and to review and update them from time to time as the Company's activities evolve further;

(ii) To monitor the Company's CSR policy and performance;

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

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

(v) To ensure legal and regulatory compliance from a CSR view point;

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

(vii) To formulate and recommend to the Board, an annual action plan; and

(viii) Perform all such actions as may be required under the CSR Laws.

Meetings and Attendance during the year:

The Corporate Social Responsibility Committee met 2 (Two) times during the year under review on April 11, 2022 and September 15, 2022. The details of attendance of the Members of the Committee at meeting are provided herein below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Dr. Amla Samanta	2	2	100
Ms. Smita Affinwalla	2	2	100
Mr. Ramesh G.	2	2	100

The Company Secretary acts as the Secretary to the CSR Committee.

During the FY 2022-23, the Board accepted all recommendations of the CSR Committee.

f) Information Technology Strategy Committee

Information Technology ("**IT**") Strategy Committee was formed as per the provisions of RBI Master Direction No. RBI/DNBS/2016-17/53 DNBS.PPD. No.04/66.15.001/2016-17 dated June 08, 2017 pertaining to "Information Technology Framework for the NBFC Sector".

Composition:

The composition of Information Technology Strategy Committee as on March 31, 2023 is as under:

Name of the Member	Designation in the Committee & Category	Member of Committee since
Mr. Adayapalam Viswanathan	Chairman, Independent Director	July 24, 2019
Ms. Arundhati Mech	Member, Independent Director	April 16, 2022
Ms. Smita Affinwalla	Member, Independent Director	August 16, 2021
Mr. Ramesh G.	Member, Managing Director & Chief Executive Officer	January 18, 2018
*Mr. Mathew Panat	Member, Head - Information Technology	April 16, 2022

**Member of Executive Management and holds 3,000 equity shares in the Company as on March 31, 2023.*

Note:

1. Ms. Arundhati Mech was appointed as a Member of the Information Technology Strategy Committee with effect from April 16, 2022 consequent to reconstitution of the Committee.

2. Mr. Mathew Panat was appointed as a member of the Information Technology Strategy Committee with effect from April 16, 2022 consequent to reconstitution of the Committee.
3. Mr. Arijit Basu ceased to be member of the Information Technology Strategy Committee with effect from April 16, 2022 consequent to reconstitution of the Committee.
4. Mr. Sanjay Belsare ceased to be a member of the Information Technology Strategy Committee with effect from July 31, 2022 consequent to superannuation.

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:

A. GENERAL

(i) Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;

(ii) Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;

(iii) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;

(iv) Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources; and

(v) Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls.

B. FOR OUTSOURCED OPERATIONS

(i) Instituting an appropriate governance mechanism for outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner;

(ii) Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing;

(iii) Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements;

(iv) Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements;

(v) Evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board;

(vi) Periodically reviewing the effectiveness of policies and procedures;

(vii) Communicating significant risks in outsourcing to the Company's Board on a periodic basis;

(viii) Ensuring an independent review and audit in accordance with approved policies and procedures;

(ix) Ensuring that contingency plans have been developed and tested adequately; and

(x) Company should ensure that their business continuity preparedness is not adversely compromised on account of outsourcing. To adopt sound business continuity management practices as issued by RBI and seek proactive assurance that the outsourced service provider maintains readiness and preparedness for business continuity on an ongoing basis.

Meetings and Attendance during the year:

The Information Technology Strategy Committee met 3 (Three) times during the year under review i.e. July 22, 2022, December 15, 2022 and March 27, 2023. The details of attendance of the Members of the Committee, are provided herein below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Adayapalam Viswanathan	3	3	100
Ms. Arundhati Mech	3	3	100
Ms. Smita Affinwalla	3	3	100

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Ramesh G.	3	3	100
Mr. Mathew Panat	3	3	100
Mr. Sanjay Belsare	1	1	100

The Company Secretary acts as the Secretary to the Information Technology Strategy Committee.

During the FY 2022-23, the Board accepted all recommendations of the Information Technology Strategy Committee.

g) Other Committees

The Board has also constituted Asset Liability Committee, Debenture Allotment Committee, Bond Allotment Committee and Share Allotment Committee. These Committees are not Board Level Committees. However, Mr. Ramesh G., Managing Director and Chief Executive Officer is a member of these Committees along with other senior executives of the Company.

i. Asset - Liability Committee

As per the RBI Master Directions, the Asset - Liability Committee was formed to oversee the risk management policy/ strategy of the Company relating to liquidity, interest rate and asset liability gap and to formulate and review Asset - Liability Management Policy of the Company.

Composition:

The Composition of Asset - Liability Committee as on March 31, 2023 is as under:

Name of the Member	Category
Mr. Ramesh G.	Chairman
*Mr. Jaykumar P. Shah	Member
*Mr. Mathew Panat	Member
*Mr. Harish Venugopal	Member

*Member of Executive Management

Note:

1. Mr. Mathew Panat was appointed as a member of the Asset - Liability Committee with effect from April 16, 2022 consequent to reconstitution of the Committee.
2. Mr. Haren Parekh ceased to be a member of the Asset - Liability Committee with effect from April 16, 2022 consequent to reconstitution of the Committee.
3. Mr. Sanjay Belsare ceased to be a member of the Asset - Liability Committee with effect from July 31, 2022 consequent to superannuation.

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 Asset - Liability Committee inter-alia includes:

(i) Review and management of liquidity gaps and structural liquidity of the Company;

(ii) Review and management of interest rate sensitivity of the Company;

(iii) To review Floating Reference Rate (FRR) statements;

(iv) Develop a view on future direction on interest rate movements and decide on funding mixes; and

(v) Reporting to the Board of Directors of the Company on periodical basis on the above matters.

Meetings and Attendance during the year:

During the FY 2022-23, the Asset - Liability Committee met 12 (Twelve) times on April 12, 2022, May 16, 2022, June 14, 2022, July 13, 2022, August 11, 2022, September 13, 2022, October 11, 2022, November 10, 2022, December 12, 2022, January 11, 2023, February 10, 2023 and March 13, 2023.

The details of the attendance of the members of the Asset - Liability Committee is given below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Ramesh G.	12	12	100
Mr. Haren Parekh	1	0	0
Mr. Mathew Panat	11	11	100
Mr. Sanjay Belsare	4	4	100
Mr. Jaykumar P. Shah	12	12	100
Mr. Harish Venugopal	12	12	100

The Company Secretary acts as the Secretary to the Asset - Liability Committee.

ii. Debenture Allotment Committee

During the FY 2022-23, the Debenture Allotment Committee met 15 (Fifteen) times. The details of the meetings held during the FY 2022-23 and attendance of the members of the Debenture Allotment Committee is given below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Ramesh G.	15	14	93
*Mr. Rohit Patwardhan	15	13	87
*Mr. Jaykumar P. Shah	15	11	73
*Mr. Ashish Ghatnekar	15	13	87

*Member of Executive Management

iii. Share Allotment Committee

During the FY 2022-23, the Share Allotment Committee met 5 (Five) times. The details of the meetings held during the FY 2022-23 and attendance of the members of the Share Allotment Committee is given below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Ramesh G.	5	5	100
*Mr. Rohit Patwardhan	5	4	80
*Mr. Jaykumar P. Shah	5	5	100
*Mr. Ashish Ghatnekar	5	4	80

*Member of Executive Management

iv. Bond Allotment Committee

No meeting of the Bond Allotment Committee was held during the FY 2022-23. As on March 31, 2023, Mr. Ramesh G., Mr. Jaykumar P. Shah, Mr. Rohit Patwardhan and Mr. Ashish Ghatnekar were members of the Bond Allotment Committee.

Note:

1. Mr. Rohit Patwardhan was appointed as a member of the Debenture Allotment Committee, Bond Allotment Committee and Share Allotment Committee with effect from April 16, 2022 consequent to reconstitution of the Committee.
2. Mr. Haren Parekh was ceased to be a member of the Debenture Allotment Committee, Bond Allotment Committee and Share Allotment Committee with effect from April 16, 2022 consequent to reconstitution of the Committee.

GENERAL BODY MEETINGS

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

a. Annual General Meeting:

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

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

Details of AGM	Date and Time	Venue	Special resolutions passed
13th AGM	June 30, 2020 at 12 noon	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	• Reappointment of Mr. Venkatraman Srinivasan as an Independent Director of the Company. • Reappointment of Ms. Smita Affinwalla as an Independent Director of the Company. • To approve increase in borrowing limits of the Company from ₹ 70,000 Crore to ₹ 80,000 Crore. • To approve increase in limits for creation of charge on the assets of the Company up to an amount of ₹ 80,000 Crore to secure its borrowings. • Authority to issue Redeemable Non-Convertible Debentures and/ or other Hybrid Instruments on private placement basis. • Authority to issue Foreign Currency/ Rupee Denominated Bonds.

EXTRA-ORDINARY GENERAL MEETING:

During FY 2022-23, no Extra-Ordinary General meeting of the Company was held.

Postal Ballot:

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 2022-23, the Company had sought approval of the members through postal ballot, the details of the same are given below:

Date of Notice	Date of Scrutiniser's report	Date of passing the resolution	Special Resolution(s) passed
January 14, 2023	March 27, 2023	March 26, 2023	1. Authority to issue redeemable non-convertible debentures on private placement basis 2. To approve Employee Stock Option Scheme 2022 for eligible employees of HDB Financial Services Limited 3. To revise profit related commission payable to Independent Directors

VOTING RESULTS OF SPECIAL RESOLUTION PASSED THROUGH POSTAL BALLOT NOTICE DATED JANUARY 14, 2023:

Special Resolution(s)	% of Votes in favour of the Resolution	% of Votes against the Resolution	% of Invalid Votes
Resolution No. 1	99.9981	0.0019	-
Resolution No. 2	99.9976	0.0024	-
Resolution No. 3	99.9958	0.0042	-

Mr. Mitesh Shah, proprietor of M/s. Mitesh J. Shah & Associates, Practicing Company Secretary, was appointed as the Scrutiniser for scrutinising the Postal Ballot process, in a fair and transparent manner.

There is no immediate proposal for passing any special resolution through Postal Ballot.

PROCEDURE FOR POSTAL BALLOT:

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company also provides electronic voting (e-voting) facility to all its members.

The Company also publishes notice in the newspapers for the information of the members. Voting rights are reckoned on the equity shares held by the members as on the cut-off date. Pursuant to the provisions of the Act, the Company appoints a scrutiniser for scrutinising the postal ballot process in a fair and transparent manner. The scrutiniser submits his consolidated report to the Chairman and the voting results are announced by the Chairman by placing the same along with the scrutiniser's report on the Company's website,

besides being communicated to the stock exchanges. The resolution, if passed by requisite majority, is deemed to have been passed on the last date specified by the Company for receipt of duly completed remote e-voting.

Pursuant to the provisions of Sections 108 and 110 of the Act read with the rules framed thereunder and the MCA Circulars, the manner of voting on the proposed resolutions is restricted only to remote e-voting i.e., by casting votes electronically instead of submitting postal ballot forms. In compliance with the MCA Circulars, postal ballot notice was sent through e-mail only, to all those members who had registered their e-mail ids with the Company/Depositories. Arrangements were also made for other members to register their e-mail id to receive the postal ballot notice and cast their vote online.

DETAILS OF REMUNERATION TO DIRECTORS

a. Pecuniary relationship/ transaction with Non-Executive Directors

During the FY 2022-23, there were no pecuniary relationship/ transactions of any non - executive directors with the Company, apart from receiving remuneration as directors. During the FY 2022-23, the Company did not advance any loans to any of its directors and to firms / companies in which Directors are interested.

b. Remuneration paid to Executive Director

The details of the remuneration paid and stock options granted to Mr. Ramesh G., Managing Director and CEO during the FY 2022-23 is as under:

Particulars of Remuneration	Amount in ₹
Gross salary	4,06,53,320
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	14,613
c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
Perquisite value of stock options exercised	36,60,000
Bonus	1,29,85,000
Sweat Equity	-
Commission	-
Company Car	-
Total	**5,73,12,933**
Number of Stock Options granted	2,43,300

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

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

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

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

The options so vested are to be exercised within 4 years from the respective dates of vesting.

The criteria for evaluation of performance of Managing Director include Business Performance, Stakeholder Relationship, Audit and Compliance, Digital Transformation and Organization Excellence.

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

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

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

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

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

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

All the non-executive directors including the independent directors and the Chairman receive sitting fees and reimbursement of out of pocket expenses for attending each meeting of the Board and its various Committees. No stock options are granted to any of the non- executive directors.

SITTING FEES

Sitting fees was paid to all the Independent Directors and Non-Executive Directors of the Company.

The sitting fees for attending meetings of Board of Directors, Audit Committee, Nomination and Remuneration Committee, Information Technology Strategy Committee and Risk Management Committee is ₹ 75,000 per meeting. Sitting fees for attending meetings of the Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Separate meeting of Independent Directors meetings is ₹ 25,000/- per meeting.

PROFIT RELATED COMMISSION

The Shareholders in its 12th Annual General Meeting held on June 21, 2019 had approved payment of profit related commission to Independent Directors at the rate of ₹ 60,000 per meeting of the Board and/ or Committee attended subject to maximum of ₹ 7,50,000 per Independent Director. Further, the Shareholders via Postal Ballot notice dated January 14, 2023 had approved revision in payment of profit related commission to Independent Directors with effect from April 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 in a Financial Year, not exceeding in aggregate 1% of the net profit of the Company of the relevant financial year.

The details of sitting fees, commission and remuneration paid to non-executive directors during FY 2022-23 is as under:

(Amount in ₹)

Name of Director	Sitting Fees	Commission	Remuneration
Mr. Arijit Basu	8,25,000	NIL	30,00,000
Mr. Venkatraman Srinivasan	14,50,000	7,50,000	NIL
Ms. Smita Affinwalla	12,00,000	7,50,000	NIL
Mr. Adayapalam Viswanathan	14,00,000	7,50,000	NIL
Dr. Amla Samanta	8,00,000	7,50,000	NIL
Ms. Arundhati Mech	11,75,000	60,000	NIL

Note: The Shareholders in its Annual General Meeting held on June 25, 2021 had approved remuneration of ₹ 30,00,000 per annum drawn on monthly basis payable to Mr. Arijit Basu, Chairman and Non-Executive Director.

DISCLOSURES

SUCCESSION PLANNING

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

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

RELATED PARTY TRANSACTIONS

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

All related party transactions are placed before the Audit Committee and the Board for their approvals on quarterly basis. Transactions with related parties, as per the requirements of Ind-AS and Regulation 53(1)(f) of SEBI Listing Regulations, are disclosed in, Note no. 37 and 93 forming part of the notes to accounts annexed to the financial statements. All the related party transactions that were entered into during the financial year were on arm's length basis and in ordinary course of business.

The Shareholders of the Company have approved the material related party transactions to be entered into by the Company in the FY 2023-24 with HDFC Bank Limited and HDFC Life Insurance Company Limited, being a related party of the Company through Postal Ballot on March 26, 2023 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 Directors' 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 2022-23, 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.

COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The Company does not deal in any commodity and hence is not directly exposed to any commodity price risk. In the past, the Company has entered into derivative transactions with various counter parties to hedge its foreign exchange risks and interest rate risks associated with External Commercial Borrowings (ECBs). The ECBs are fully hedged and possess no foreign exchange risk.

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

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

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

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

FEES PAID TO STATUTORY AUDITORS

Total fees paid by the Company during the FY 2022-23 to the Statutory Auditors including all entities in their network firm/ entity of which they are a part, is given below:

Sr. No.	Particulars	Amount (₹ in Crore)
	M/s. KKC & Associates LLP (formerly Khimji Kunverji & Co. LLP) & their network firm/entity of which they are a part	
1	Fees as Statutory Auditors	0.71
2	Fees for other services	-
	M/s. B. K. Khare & Co. & their network firm/entity of which they are a part	
1	Fees as Statutory Auditors	0.71
2	Fees for other services	-

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

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

CEO/CFO CERTIFICATION

The Managing Director & Chief Executive Officer and Chief Financial Officer have certified to the Board with regard to the financial statements and internal controls relating

to financial reporting for the year ended March 31, 2023 as required under the SEBI Listing Regulations. The said Certificate is attached as **Annexure - II** and forms part of this Report.

REPORT ON CORPORATE GOVERNANCE

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

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

CODE OF CONDUCT

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

All the Board members and senior management personnel have affirmed compliance with the code for the year ended March 31, 2023. A declaration to this effect signed by the Managing Director and CEO forms part of Annual Report as **Annexure – III**.

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

None of the Independent Director of the Company has resigned before the expiry of his/her respective tenure(s) during the FY 2022-23.

COMPLIANCE OF MANDATORY AND DISCRETIONARY REQUIREMENTS

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

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

a) The Board

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

b) Modified opinion(s) in audit report

The Company confirms that its financial statements have unmodified audit opinion.

c) Separate posts of Chairperson and Managing Director or the Chief Executive Officer

Mr. Arijit Basu is the Non-Executive Chairman and Mr. Ramesh G. is the Managing Director & Chief Executive Officer of the Company.

d) Reporting of internal auditor

The internal auditor reports directly to the Audit Committee.

ADHERENCE TO ACCOUNTING STANDARDS

The Company has complied with the applicable Indian Accounting Standards (Ind-AS) notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013. The financial statements for the year have been prepared in accordance with Schedule III to the Companies Act, 2013.

RISK MANAGEMENT AND INTERNAL CONTROL POLICIES ADOPTED BY THE COMPANY

The Company has a well-defined Risk Management Framework in place. The Company has procedures to periodically place before the Audit Committee, Risk Management Committee and the Board, the risk assessment and mitigation plans being followed by the Company.

SECRETARIAL STANDARDS

The Company has complied with the applicable provisions of secretarial standards issued by The Institute of Company Secretaries of India.

MEANS OF COMMUNICATION

A separate dedicated section 'Investors' is maintained on the website of the Company for ease of the shareholders. The information/documents required to be disseminated by the Company pursuant to the Act and SEBI Listing Regulations are uploaded on the website of the Company.

The quarterly, half-yearly and annual financial results are submitted to the BSE Limited and National Stock Exchanges of India Limited and published in Free Press Journal (Mumbai edition).

The Annual Report of the Company, the quarterly, half-yearly and annual financial results are displayed on the Company's website at https://www.hdbfs.com/investors, BSE Limited's website at www.bseindia.com and on National Stock Exchanges of India Limited's website at www.nseindia.com.

GENERAL SHAREHOLDER INFORMATION

16th Annual General Meeting

Day and Date : Friday, June 30, 2023

Time : 12 noon

Venue/Mode of AGM : Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")

Financial Year : April 01, 2022 to March 31, 2023

Dividend Payment date : on or after July 04, 2023

LISTING ON STOCK EXCHANGES

The non-convertible securities of the Company are listed on the debt market segment of BSE Limited. Commercial Papers of the Company are listed on the debt market segment of National Stock Exchanges of India Limited, however as on March 31, 2023 there are no outstanding Commercial Papers of the Company.

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

Annual listing fees, as prescribed, have been paid to the said stock exchange up to March 31, 2023.

STOCK CODE

The equity shares of the Company are not listed on any Stock Exchange, hence the stock code is not applicable.

MARKET PRICE DATA AND PERFORMANCE IN COMPARISON TO BROAD-BASED INDICES SUCH AS BSE SENSEX, CRISIL INDEX ETC.

Not Applicable, as the Equity shares of the Company are not listed.

SUSPENSION OF SECURITIES FROM TRADING

During the FY 2022-23, none of the securities of the Company were suspended from trading.

REGISTRAR AND SHARE TRANSFER AGENT AND SHARE TRANSFER SYSTEM

In terms of Regulation 7 of the SEBI Listing Regulations, Link Intime India Private Limited continues to be the Registrar and Share Transfer Agent and handles all relevant share registry services. All the securities of the Company are in dematerialised form, hence there are no physical transfer of securities.

DISTRIBUTION OF SHAREHOLDING

Shareholding pattern of the Company as at March 31, 2023:

Name of Shareholder	No. of equity shares held	Percentage
HDFC Bank Limited	75,05,96,670	94.84
Others	4,08,02,413	5.16
Total (Issued & Paid-up Shares)	**79,13,99,083**	**100.00**

DEMATERIALISATION OF SHARES AND LIQUIDITY

As on March 31, 2023, the total equity capital of the Company was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. As the equity shares of the Company are not listed on the Stock Exchange, the shares were not traded on the Stock Exchange.

OUTSTANDING GLOBAL DEPOSITORY RECEIPTS ("GDRS")/AMERICAN DEPOSITORY RECEIPTS ("ADRS")/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

As on March 31, 2023, the Company did not have any outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments.

ADDRESS FOR CORRESPONDENCE

Investors and shareholders can correspond with the share transfer agent of the Company or the Company at the following addresses:

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited

Address: C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400083

Website: https://linkintime.co.in/

Contact person for Equity Shares:

Ms. Sayali Borchate

Tel.: 91 8108116767

Email: rnt.helpdesk@linkintime.co.in

Contact person for Commercial Papers & Non-Convertible Securities:

Mr. Rohan Jadhav

Tel.: 91 022 4918 6000 / 2463

Email: rohan.jadhav@linkintime.co.in,
team.bonds@linkintime.co.in

COMPANY'S CORRESPONDENCE DETAILS:

HDB Financial Services Limited

Ms. Dipti Khandelwal,

Company Secretary & Head - Legal

Address: Ground Floor, Zenith House, Keshavrao Khadye Marg, Mahalaxmi, Mumbai - 400034.

Email : compliance@hdbfs.com

Tel : +91 22 49116368

Fax : +91 22 49116666

PLANT LOCATIONS/BRANCHES:

As of March 31, 2023, the Company has 1,492 branches in 1,054 cities in India.

CREDIT RATINGS

The credit rating details are disclosed in the Directors' Report forming part of this Annual Report.

UNCLAIMED DIVIDEND

Pursuant to Sections 124 and 125 of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), including amendment thereto, dividend, if not claimed within seven years from the date of transfer to Unpaid Dividend Account of the Company, is liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The list of the unclaimed dividend along with the name of the shareholders, dividend amount and proposed date of transfer to IEPF account has been uploaded on the website of the Company at https://www.hdbfs.com/investors.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Company has complied with all the applicable mandatory requirements of the Corporate Governance as prescribed under the SEBI Listing Regulations

Regulation	Particulars	Status of compliance
17	Requirements pertaining to the Board of Directors	Compliant
17A	Maximum number of Directorships	Compliant
18	Requirements pertaining to the Audit Committee	Compliant
19	Requirements pertaining to Nomination and Remuneration Committee	Compliant
20	Requirements pertaining to Stakeholders Relationship Committee	Compliant
21	Requirements pertaining to Risk Management Committee	Compliant
22	Requirements pertaining to Vigil Mechanism	Compliant
23	Requirements pertaining to Related Party Transactions	Compliant
24	Corporate governance requirements with respect to subsidiary of listed entity	Not Applicable
24A	Requirements pertaining to Secretarial Audit and Secretarial Compliance Report	Compliant
25	Obligations with respect to Independent Directors	Compliant
26	Obligations with respect to employees including senior management, key managerial persons, directors and promoters	Compliant
27	Other corporate governance requirements	Compliant
46	Requirements pertaining to the dissemination of certain information under a separate section on the website	Not Applicable

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to BSE Limited's Notice dated January 07, 2022 read with Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
HDB Financial Services Limited
Radhika, 2nd Floor, Law Garden Road,
Navrangpura, Ahmedabad GJ 380009.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **HDB Financial Services Limited having CIN U65993GJ2007PLC051028** and having registered office at Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad GJ 380009 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me / us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No	Name of Director	DIN	Date of Appointment in the Company
1	Mr. Arijit Basu	06907779	June 01, 2021
2	Mr. Venkatraman Srinivasan	00246012	March 12, 2015
3	Ms. Smita Cawas Affinwalla	07106628	March 12, 2015
4	Dr. Amla Ashim Samanta	00758883	May 01, 2019
5	Mr. Adayapalam Kumaraswamy Viswanathan	08518003	July 24, 2019
6	Ms. Arundhati Mech	09177619	February 11, 2022
7	Mr. Ramesh Ganesan	05291597	July 01, 2012

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Sd/-
Dipti Mehta
Partner

FCS No: 3667
CP No: 23905
Place: Mumbai
Date: April 15, 2023
UDIN: F003667E000103668

COMPLIANCE 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 of
HDB Financial Services Limited

We, the undersigned, in our respective capacities as Managing Director & Chief Executive Officer and Chief Financial Officer of the Company, to the best of our knowledge and belief certify that:

a) We have reviewed the financial statements and the cash flow statement for the financial year ended March 31, 2023 and that to the best of our knowledge and belief:
   (i) these statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;
   (ii) 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 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 that 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 that:
   (i) there have been no significant changes in internal control over financial reporting during this year;
   (ii) there have been no significant changes in accounting policies during this year; and
   (iii) there have been no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-
Ramesh G.
Managing Director & Chief Executive Officer

Sd/-
Jaykumar P. Shah
Chief Financial Officer

Place: Mumbai
Date: April 15, 2023

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, 2023.

Sd/-
Ramesh G.
Managing Director & Chief Executive Officer

Place: Mumbai
Date: April 15, 2023

Independent Auditors' Report

To
The Members of
HDB Financial Services Limited

Report on the audit of the Standalone Financial Statements

OPINION

1. We have audited the accompanying standalone Ind AS financial statements of HDB Financial Services Limited ('the Company'), which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information ('the Standalone Financial Statements').

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year then ended.

BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

KEY AUDIT MATTERS

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	**Assessment of impairment loss provision on loans based on Expected Credit Loss model (ECL) under IND AS 109** Refer to the accounting policies in ' Note 3(B) to the Standalone Ind AS Financial Statements: Expected Credit Loss', 'Note 2.11 to the Standalone Ind AS Financial Statements: Revenue Recognition' and 'Note 2.2(G) to the Standalone Ind AS Financial Statements: Impairment of Financial Assets and 'Note 45 to the Standalone Ind AS Financial Statements: Risk Management'.	
	Under Ind AS 109, "Financial Instruments", allowance for loan losses are determined using expected credit loss ('ECL') estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus are: • Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.	Our audit procedures were focussed on assessing the appropriateness of management's judgement and estimates used in the impairment analysis that included, but were not limited to, the following: • Reviewed the Board approved Policy and approach concerning the management of credit and other risks. • Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	• Model estimations - Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. • Economic scenarios - Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Standalone Ind AS Financial Statements as a whole and hence we have identified the same as a Key Audit Matter. Disclosures: The disclosures (including disclosures prescribed by RBI) regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	• Assessed the design, implementation and operating effectiveness of key internal financial controls including monitoring process of overdue loans, measurement of provision, stage-wise classification of loans, identification of NPA accounts, assessing the reliability of management information, which included overdue reports. • Evaluated the appropriateness of the Company's determination of Significant Increase in Credit Risk ("SICR") in accordance with the applicable accounting standard and the basis for classification of various exposures into various stages. • Reviewed the critical assumptions and input data used in the estimation of expected credit loss for specific key credit risk parameters, such as the movement between stages, Exposure at default, (EAD), probability of default (PD) or loss given default (LGD); • Tested key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and computation of probability of default and loss given default percentages. • Verified the manner of preparation of information w.r.t. to provisions and disclosures in the Standalone Ind AS Financial Statements. • Involved Information system resource to obtain comfort over data integrity and process of report generation through interface of various information systems. • Tested controls placed over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. • Performed test of details over model calculations testing through re-performance, where possible. • Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Standalone Ind AS Financial Statements are appropriate and sufficient.

Independent Auditors' Report (Contd.)

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
		• Obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable including the report on review of ECL model of the Company for the year, as performed by an independent expert, whose report is placed before the Board of Directors of the Company.
2	**Information Technology system used for the financial reporting process**	
	IT systems and controls The Company's financial reporting processes are dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology ('IT') systems. The Financial accounting system of the Company is interfaced with several other IT systems including Loan Management & Originating systems and several other systemic workflows. IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data. These include implementation of preventive and detective controls across critical applications and infrastructure. Due to the pervasive nature of role of information technology systems in financial reporting, the testing of the general computer controls of these systems was considered a Key Audit Matter.	With the assistance of our IT specialist, our key audit procedures for assessment of the IT systems and controls over financial reporting covered following broad aspects: • Obtained an understanding of the Company's key IT systems, IT General Controls which covered access controls, program/ system changes, program development and computer operations i.e. job processing, data/ system backup and incident management and application controls relevant to our audit • Tested the design, implementation and operating effectiveness of the general IT controls over the key IT systems that are critical to financial reporting. • Reviewed user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems and related application controls. • Reviewed of the report of IS Audit carried in earlier year(s) by an independent firm of Chartered Accountants pertaining to IT systems general controls including access rights over applications, operating systems and databases relied upon for financial reporting. • Evaluated the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission • Tested compensating controls or performed alternate audit procedures to assess whether there were any unaddressed IT risks that would impact the controls or completeness and/or accuracy of data.

OTHER INFORMATION

5. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the Standalone Ind AS Financial Statements and our auditors' report thereon. The Other Information is expected to be made available to us after the date of this auditors' report.

6. Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

7. In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

8. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting standards ('Ind AS') 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

9. In preparing the Standalone Financial Statements, the Board of Directors are 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 Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

11. Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

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

    12.1. Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    12.2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal

financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.

12.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

12.4. Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

12.5. Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

13. 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.

14. 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.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

17. As required by Section 143(3) of the Act, we report that:

17.1. 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.

17.2. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

17.3. The standalone balance sheet, the standalone statement of profit and loss including other comprehensive income, the statement of changes in equity and the standalone cash flow statement dealt with by this Report are in agreement with the books of account.

17.4. In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.

17.5. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

17.6. With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.

17.7. In our opinion and according to the information and explanations given to us, the remuneration

paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.

18. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

18.1. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its Standalone Financial Statements – Refer Note 39.2 to the Standalone Financial Statements;

18.2. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 39.3 to the Standalone Financial Statements;

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

18.4. The Management has represented, to best of their knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

18.5. The Management has represented, to best of their knowledge and belief, that no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

18.6. Based on such audit procedures, that have been considered reasonable and appropriate in the circumstances, performed by us, nothing has come to our notice that has caused us to believe that the representation under paragraphs 18.4 and 18.5 contain any material misstatement.

18.7. In our opinion and according to the information and explanations given to us,

a) The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

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

Independent Auditors' Report (Contd.)

c) As stated in Note 100 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

18.8. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), provides for the feature of recording of audit trail (edit log) facility in the accounting software used by the Company for maintenance of books of account, which is applicable to the Company from financial year beginning 1 April 2023. The reporting under clause (g) of Rule 11 of Companies (Audit and Auditors) Rules, 2014 would be done from financial year 2023-2024 onwards.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration Number: 105102W

Sd/-
Padmini Khare Kaicker
Partner
ICAI Membership No: 044784
UDIN: 23044784BGXWNB2222

Place: Mumbai
Date: 15 April 2023

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W-100621

Sd/-
Hasmukh B Dedhia
Partner
ICAI Membership No: 033494
UDIN: 23033494BGWSPS9533

Place: Mumbai
Date: 15 April 2023

Annexure 'A' to the Independent Auditors' Report on the Standalone Financial Statements of HDB Financial Services Limited for the year ended 31 March 2023

(Referred to in paragraph 16 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment ('PPE').

The Company is maintaining proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its PPE by which all PPE are verified in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain PPE were physically verified by the Management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour 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. Based on our examination of the records of the Company, the quarterly returns/statements filed by the Company with said banks are in agreement with the books of account of the Company.

iii. (a) Since the Company's principal business is to give loans, the provision of clause 3(iii)(a) of the Order are not applicable it.

(b) In our opinion and according to the information and explanations given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the Company's interest.

(c&d) The Company, being a Non-Banking Financial Company ('NBFC'), registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its borrowers as stipulated. In cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer note 58, note 59 and note 60 to the Standalone 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 Auditors' Report on the Standalone Financial Statements of HDB Financial Services Limited for the year ended 31 March 2023 (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, provisions of clause 3(v) of the Order is not applicable to the Company.

vi. The Central Government has not prescribed the maintenance of cost records under the sub-section (1) of Section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 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 2023 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 as on 31 March 2023, on account of any dispute.

viii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

ix. (a) In our opinion, the Company has not defaulted in repayment of loans or other borrowings to financial institutions, banks, government and dues to debenture holders or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any other lender.

(c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained, other than temporary parking in Liquid Mutual Funds for a few days during the year, pending utilization towards purpose for which the same are obtained.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e&f) The Company does not have any subsidiaries, associates or joint ventures. Accordingly, the provisions of the clauses (ix)(e) & (f) of the Order are not applicable to the Company.

x. (a) The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year.

(b) According to the information and explanations given to us, 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

Annexure 'A' to the Independent Auditors' Report on the Standalone Financial Statements of HDB Financial Services Limited for the year ended 31 March 2023 (Contd.)

applicable to the Company amounting to Rs. 0.58 Crore comprising of 6 instances.

(b) No report under sub-section (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) Our review of the whistle blower complaints received during the year by the Company did not reveal any material observations.

xii. (a) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, provisions of clause 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 standard.

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.

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. and hence provisions of section 192 of the Act are 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 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, provisions of clause 3(xviii) of the Order is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up

Annexure 'A' to the Independent Auditors' Report on the Standalone Financial Statements of HDB Financial Services Limited for the year ended 31 March 2023 (Contd.)

to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. (a) According to the information and explanations given to us and based on our examination of the records of the Company, it is not required to transfer any unspent amount pertaining to the year under report to a Fund specified in Schedule VII to the Companies Act, 2013 in compliance with second proviso to sub-section (5) of section 135 of the said Act.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there is no amount which is remaining unspent under sub-section (5) of Section 135 of the Act pursuant to any ongoing projects.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration Number: 105102W

Sd/-
Padmini Khare Kaicker
Partner
ICAI Membership No: 044784
UDIN: 23044784BGXWNB2222

Place: Mumbai
Date: 15 April 2023

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W-100621

Sd/-
Hasmukh B Dedhia
Partner
ICAI Membership No: 033494
UDIN: 23033494BGWSPS9533

Place: Mumbai
Date: 15 April 2023

Annexure 'B' to the Independent Auditors' report on the Standalone Financial Statements of HDB Financial Services limited for the year ended 31 March 2023

(Referred to in paragraph '17.6' under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ('the Act').

OPINION

1. We have audited the internal financial controls with reference to the Standalone Financial Statements of HDB Financial Services limited ('the Company') as at 31 March 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.
2. In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the Standalone Financial Statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the Guidance Note').

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITORS' RESPONSIBILITY

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SA'), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Standalone Financial Statements. Those SAs and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Standalone Financial Statements were established and maintained and whether such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to the Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to the Standalone Financial Statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE STANDALONE FINANCIAL STATEMENTS

7. A Company's internal financial controls with reference to the Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to the Standalone Financial Statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable

Annexure 'B' to the Independent Auditors' Report on the Standalone Financial Statements of HDB Financial Services Limited for the year ended 31 March 2023 (Contd.)

detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE STANDALONE FINANCIAL STATEMENTS

8. Because of the inherent limitations of internal financial controls with reference to the Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration Number: 105102W

Sd/-
Padmini Khare Kaicker
Partner
ICAI Membership No: 044784
UDIN: 23044784BGXWNB2222

Place: Mumbai
Date: 15 April 2023

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W-100621

Sd/-
Hasmukh B Dedhia
Partner
ICAI Membership No: 033494
UDIN: 23033494BGWSPS9533

Place: Mumbai
Date: 15 April 2023

Standalone Balance Sheet

as at March 31, 2023

(Currency : Indian Rupees in Crore)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS:			
1 Financial Assets			
(a) Cash and cash equivalents	4	**395.90**	477.20
(b) Bank balances other than (a) above	5	**257.92**	206.77
(c) Derivative financial instruments	6	**165.34**	132.44
(d) Trade receivables	7	**65.76**	141.82
(e) Loans	8	**66,382.67**	57,162.45
(f) Investments	9	**1,243.25**	2,233.51
(g) Other financial assets	10	**34.87**	32.91
		68,545.71	**60,387.10**
2 Non-Financial Assets			
(a) Current tax assets (Net)	11	**25.11**	13.34
(b) Deferred tax assets (Net)	12	**1,000.87**	1,051.17
(c) Property, plant and equipment	13	**122.37**	78.14
(d) Capital work-in-progress		**-**	-
(e) Other intangible assets		**20.41**	12.01
(f) Right of use Assets	14	**244.27**	202.49
(g) Other non-financial assets	15	**91.65**	281.69
		1,504.68	**1,638.84**
TOTAL ASSETS		**70,050.39**	**62,025.94**
LIABILITIES AND EQUITY:			
Liabilities			
3 Financial Liabilities			
(a) 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		**291.84**	246.91
(b) Debt securities	17	**27,096.41**	25,332.31
(c) Borrowings (other than debt securities)	18	**24,227.80**	19,501.72
(d) Subordinated liabilities	19	**3,541.10**	4,139.05
(e) Other financial liabilities	20	**2,778.43**	2,708.72
		57,935.58	**51,928.71**
4 Non-Financial Liabilities			
(a) Current tax liabilities (net)	21	**41.97**	59.73
(b) Provisions	22	**368.96**	314.75
(c) Other non-financial liabilities	23	**266.91**	183.02
		677.84	**557.50**
5 Equity			
(a) Equity share capital	24	**791.40**	790.44
(b) Other equity	25	**10,645.57**	8,749.29
		11,436.97	**9,539.73**
TOTAL LIABILITIES AND EQUITY		**70,050.39**	**62,025.94**
Significant accounting policies and notes to the Standalone Financial Statements.	2 - 101		

The notes referred to above form an integral part of the Standalone Financial Statements.
As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firms' Registration No: 105102W

Sd/-
Padmini Khare Kaicker
Partner
Membership No: 044784

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firms' Registration No:
105146W/W-100621

Sd/-
Hasmukh B. Dedhia
Partner
Membership No: 033494

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Arijit Basu
Chairman and Non-Executive Director
DIN: 06907779

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

Sd/-
Dipti Khandelwal
Company Secretary
Membership No: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 15, 2023

Standalone Statement of Profit and Loss

for the year ended March 31, 2023

(Currency : Indian Rupees in Crore)

Particulars		Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
1	**Revenue from operations**			
	(a) Interest income	26	**8,927.78**	8,362.97
	(b) Sale of services		**2,633.93**	2,363.41
	(c) Other financial charges		**756.41**	569.01
	(d) Net gain on fair value changes	27	**85.07**	16.48
	(e) Net gain / (loss) on derecognition of financial instruments under amortised cost category		**(0.31)**	(5.58)
	Total Revenue from operations		**12,402.88**	**11,306.29**
2	**Expenses**			
	(a) Finance Costs	28	**3,511.92**	3,325.50
	(b) Impairment on financial instruments	29	**1,330.40**	2,465.73
	(c) Employee Benefits Expenses	30	**4,057.57**	3,500.41
	(d) Depreciation, amortisation and impairment	13,14	**111.84**	98.94
	(e) Others expenses	31	**763.75**	568.15
	Total Expenses		**9,775.48**	**9,958.73**
3	**Profit/(loss) before tax**		**2,627.40**	**1,347.56**
4	**Tax Expense:**	11,12		
	(a) Current tax		**621.30**	663.40
	(b) Deferred tax (credit)		**46.75**	(327.24)
	Total Tax expense		**668.05**	**336.16**
5	**Profit for the year**		**1,959.35**	**1,011.40**
6	**Other Comprehensive Income**			
	(a) Items that will not be reclassified to profit or loss			
	- Remeasurement loss on defined benefit plan		**(5.48)**	(13.15)
	- Income tax relating to items that will not be reclassified to profit or loss		**1.38**	2.25
	Sub total (a)		**(4.10)**	**(10.90)**
	(b) Items that will be reclassified to profit or loss			
	- Movement in cash flow hedge reserve		**19.59**	33.00
	- Income tax relating to items that will be reclassified to profit or loss		**(4.93)**	(8.31)
	Sub total (b)		**14.66**	**24.69**
	Other Comprehensive Income		**10.56**	**13.79**
7	**Total Comprehensive Income for the year**		**1,969.91**	**1,025.19**
8	**Earnings per equity share (for continuing operations)**	32		
	Basic (₹)		**24.78**	12.81
	Diluted (₹)		**24.76**	12.80
Significant accounting policies and notes to the Standalone Financial Statements.		2 - 101		

The notes referred to above form an integral part of the Standalone Financial Statements.

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firms' Registration No: 105102W

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firms' Registration No:
105146W/W-100621

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Padmini Khare Kaicker
Partner
Membership No: 044784

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Managing Director & CEO
DIN: 05291597

Sd/-
Dipti Khandelwal
Company Secretary
Membership No: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 15, 2023

Standalone Statement of Changes in Equity

as at March 31, 2023

(Currency : Indian Rupees in Crore)

A EQUITY SHARE CAPITAL

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the period	**790.44**	789.19
- Changes in Equity Share Capital due to prior period errors	**-**	-
- Restated balance at the beginning of the current reporting period	**-**	-
- Changes in Equity Share Capital during the year	**0.96**	1.25
Balance at the end of the reporting period	**791.40**	**790.44**

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, 2022	**3,055.19**	**35.53**	**1,293.22**	**4,427.10**	**(53.55)**	**(8.20)**	**8,749.29**
Profit for the year	-	-	-	1,959.35	-	-	1,959.35
Other Comprehensive Income	-	-	-	-	(4.10)	14.66	10.56
Total Comprehensive Income for the year	-	-	-	1,959.35	(4.10)	14.66	1,969.91
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	-	-	391.87	(391.87)	-	-	-
Premium on issue of shares	32.96	-	-	-	-	-	32.96
Share based payment	-	43.64	-	-	-	-	43.64
Transfer on allotment of shares pursuant to ESOP scheme	39.56	(39.56)	-	-	-	-	-
Dividends	-	-	-	(79.04)	-	-	(79.04)
Interim Dividend	-	-	-	(71.20)	-	-	(71.20)
Balance as at March 31, 2023	**3,127.72**	**39.61**	**1,685.09**	**5,844.33**	**(57.65)**	**6.46**	**10,645.57**

Standalone Statement of Changes in Equity
as at March 31, 2023 (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, 2021	**2,960.70**	**62.97**	**1,090.94**	**3,617.98**	**(42.65)**	**(32.89)**	**7,657.05**
Profit for the year	-	-	-	1,011.40	-	-	1,011.40
Other Comprehensive Income	-	-	-	-	(10.90)	24.69	13.79
Total Comprehensive Income for the year	-	-	-	1,011.40	(10.90)	24.69	1,025.19
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	-	-	202.28	(202.28)	-	-	-
Premium on issue of shares	36.63	-	-	-	-	-	36.63
Share based payment	-	30.42	-	-	-	-	30.42
Transfer on allotment of shares pursuant to ESOP scheme	57.86	(57.86)	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Dividend Distribution Tax	-	-	-	-	-	-	-
Balance As At March 31, 2022	**3,055.19**	**35.53**	**1,293.22**	**4,427.10**	**(53.55)**	**(8.20)**	**8,749.29**

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.

Significant accounting policies and notes to the Standalone Financial Statements. Note 2 - 101
The notes referred to above form an integral part of the Standalone Financial Statements.

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firms' Registration No: 105102W

Sd/-
Padmini Khare Kaicker
Partner
Membership No: 044784

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firms' Registration No:
105146W/W-100621

Sd/-
Hasmukh B. Dedhia
Partner
Membership No: 033494

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Arijit Basu
Chairman and Non-Executive Director
DIN: 06907779

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G. Ramesh
Managing Director & CEO
DIN: 05291597

Sd/-
Dipti Khandelwal
Company Secretary
Membership No: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 15, 2023

Standalone Cash Flow Statement

for the year ended March 31, 2023

(Currency : Indian Rupees in Crore)

	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(loss) before tax	**2,627.40**	1,347.56
	Adjustments for		
	Interest Income	**(8,927.78)**	(8,362.97)
	Interest Expenses	**3,502.92**	3,316.64
	(Profit)/loss on sale of asset	**(1.01)**	(0.06)
	Realised net loss/ (gain) on FVTPL investments	**(90.67)**	39.29
	Unrealised gain on FVTPL investments	**5.60**	(22.81)
	Discount on commercial paper	**9.00**	8.86
	Provision for compensated absence and gratuity	**6.59**	3.52
	Employee share based payment expenses	**43.64**	30.42
	Depreciation, amortisation and impairment	**111.84**	98.94
	Impairment on financial instruments	**1,330.40**	2,465.73
	Operating cash flow before working capital changes	**(1,382.07)**	**(1,074.88)**
	Adjustments for working capital changes:		
	(Increase)/ decrease in Loans	**(10,462.68)**	(1,016.51)
	(Increase)/ decrease in trade receivables	**76.06**	(24.50)
	(Increase)/ decrease in other financial assets and others	**(0.19)**	(17.69)
	Increase/(decrease) in other financial and non financial liabilities & provisions	**(758.28)**	(960.09)
	Increase/(decrease) in trade payables	**44.93**	(87.34)
	Cash generated from/(Used in) operations before adjustments for interest received and interest paid	**(12,482.23)**	**(3,181.01)**
	Interest Paid	**(3,842.14)**	(3,699.47)
	Interest Received	**8,841.36**	8,353.15
	Cash generated from/(Used in) operations	**(7,483.01)**	**1,472.67**
	Direct taxes paid (net of refunds)	**632.41**	514.43
	Net cash flow generated from/(used in) operating activities (A)	**(6,850.60)**	**1,987.10**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of investments	**(49,267.66)**	(24,583.62)
	Sale of investments	**50,350.80**	23,920.20
	Purchase of fixed assets	**(111.32)**	(41.13)
	Sale of fixed assets	**1.50**	1.27
	Net cash generated (used in)/ from investing activities (B)	**973.32**	**(703.28)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Debt securities issued	**10,099.18**	8,876.00
	Debt securities repaid	**(8,210.60)**	(7,274.50)
	Borrowings other than debt securities issued	**17,207.75**	8,800.35
	Borrowings other than debt securities repaid	**(12,507.21)**	(12,026.41)
	Subordinated debt issued	**-**	150.00
	Subordinated debt repaid	**(600.00)**	-
	Proceeds from issue of shares and security premium	**33.93**	37.89
	Repayment of lease liabilities	**(76.81)**	(62.87)
	Dividend paid	**(150.25)**	-
	Net cash generated (used in)/ from financing activities (C)	**5,795.99**	**(1,499.54)**

Standalone Cash Flow Statement
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(81.30)**	**(215.72)**
Add : Cash and cash equivalents as at the beginning of the year	**477.20**	692.92
Cash and cash equivalents as at the end of the year *	**395.90**	**477.20**
*** Components of cash and cash equivalents**		
Balances with banks	**358.51**	430.81
Demand drafts on hand	**8.87**	11.32
Cash on hand	**28.52**	35.07
	395.90	**477.20**

Significant accounting policies and notes to the Standalone Financial Statements. Note 2 - 101

The notes referred to above form an integral part of the Standalone Financial Statements.

The above Standalone Statement of cash flow has been prepared under the indirect method set out in Ind AS 7 - Statement of Cash Flow.

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firms' Registration No: 105102W

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firms' Registration No:
105146W/W-100621

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Padmini Khare Kaicker
Partner
Membership No: 044784

Sd/-
Hasmukh B. Dedhia
Partner
Membership No: 033494

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Chairman and Non-Executive Director
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G. Ramesh
Managing Director & CEO
DIN: 05291597

Sd/-
Dipti Khandelwal
Company Secretary
Membership No: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 15, 2023

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

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 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 SIGNIFICANT 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 March 13, 2020,in addition to the Regulatory disclosure as required by Master Direction - Non Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

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 and authorised for issue on April 15, 2023.

(B) Presentation of financial statements

The Balance Sheet, the Statement of Changes in Equity and the Statement of Profit and Loss are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies ('NBFCs') that are required to comply with Ind AS. The Statement of Cash Flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

(C) Basis of preparation

The financial statements have been prepared under the historical cost convention on the accrual basis except for certain financial instruments and plan assets of defined benefit plans, which are measured at fair values at the end of each reporting period as explained in the accounting policies below. All amounts disclosed in the financial statements and notes have been rounded off to the nearest INR Crore in compliance with Schedule III of the Act, unless otherwise stated.

(D) Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs') which is also the Company's functional currency. All amounts are rounded-off to the nearest Crore, unless otherwise indicated.

(E) Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) and disclosures as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates

are recognised in the periods in which the Company becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognised prospectively in the period in which the estimate is revised and future periods. The estimates and judgements that have significant impact on the carrying amount of assets and liabilities at each balance sheet date are discussed at Note 3.

2.2 Financial Instruments

(A) Date of recognition

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

(B) Initial measurement

Recognised financial instruments are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in statement of profit and loss.

Trade receivable are initially measured at transaction price.

(C) Classification and subsequent measurement

(i) Financial assets

Based on the business model, the contractual characteristics of the financial assets and specific elections where appropriate, the Company classifies and measures financial assets in the following categories:

- Amortised cost
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')

(a) Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows ('Asset held to collect contractual cash flows'); and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

After initial measurement and based on the assessment of the business model as asset held to collect contractual cash flows and SPPI, such financial assets are subsequently measured at amortised cost using effective interest rate ('EIR') method. Interest income and impairment expenses are recognised in statement of profit and loss. Interest income from these financial assets is included in finance income using the EIR method. Any gain and loss on derecognition is also recognised in statement of profit and loss.

The EIR method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company records loans at amortised cost.

(b) Financial assets at fair value through other comprehensive income

Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the assets, ('Contractual cash flows of assets collected through hold and sell model') and contractual cash flows that are SPPI, are subsequently measured at FVOCI. Movements in the carrying amount of such financial assets are recognised in Other Comprehensive Income ('OCI'),

except dividend income which is recognised in statement of profit and loss. Amounts recorded in OCI are not subsequently transferred to the statement of profit and loss. Equity instruments at FVOCI are not subject to an impairment assessment.

(c) **Financial assets at fair value through profit and loss**

Financial assets, which do not meet the criteria for categorisation as at amortised cost or as FVOCI, are measured at FVTPL. Subsequent changes in fair value are recognised in statement of profit and loss.

The Company records investments in equity instruments, mutual funds and Treasury bills 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 are cleared.

LGD is an estimate of loss from a transaction given that a default occurs. PD is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD. EAD represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.

The Company incorporates forward looking information into both assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. The Company regularly reviews its models in the context of actual loss experience and makes adjustments when such differences are significantly material. Adjustments including reversal of ECL is recognised through statement of profit and loss.

After initial recognition, trade receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company follows the simplified approach required by Ind AS 109 for recognition of impairment loss allowance on trade receivables, which requires lifetime ECL to be recognised at each reporting date, right from initial recognition of the receivables.

(H) Write offs

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no reasonable expectation of recovering the asset in its entirety or a portion thereof. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in statement of profit and loss.

2.3 Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired due to events or changes in circumstances indicating that their carrying amounts may not be realised. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit ('CGU'). If such recoverable amount of the asset or the recoverable amount of the CGU to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the revised recoverable amount, subject to maximum of the depreciated historical cost.

2.4 Foreign exchange transactions and translations

(A) Initial recognition

Transactions in foreign currencies are recognised at prevailing exchange rates between reporting currency and foreign currency on transaction date.

(B) Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of profit and loss. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis.

2.5 Derivative financial instruments

The 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 of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

2.6 Cash and cash equivalents

Cash and cash equivalents includes cash at banks and on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

The Company follows the policy of crediting the customer's account only on receipt of amount in the bank and as such no cheques in hand are taken into consideration.

2.7 Upfront servicers fees booked on direct assignment

Servicer fees receivable for servicing loan contracts under direct assignment are discounted at the applicable rate entered into with the assignee and recognised

upfront in the balance sheet and amortised on a straight line basis over the remaining contractual maturity of the underlying loans.

2.8 Property, plant and equipment

(A) Recognition and measurement

Tangible property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. The cost of property, plant and equipment comprise purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Advances paid towards acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-financial assets and cost of assets not put to use before such date are disclosed under Capital work-in-progress.

(B) Subsequent expenditure

Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefits / functioning capability from / of such assets.

(C) Depreciation, estimated useful lives and residual value

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives in the manner prescribed in Schedule II of the Act. The estimated lives used and differences from the lives prescribed under Schedule II are noted in the table below:-

Type of Assets	Estimated useful life as assessed by the Company	Estimated useful life under Schedule II of the Act
Computers	2-5 years	3 years
Software and system development	3 years	3 years
Office equipment	3-5 years	5 years
Motor cars	4 years	8 years
Furniture and fixtures	3-7 years	10 years
Building	60 years	60 years
Leasehold improvements	Tenure of lease agreements	Tenure of lease agreements

The Company uniformly estimates a zero residual value for all these assets. Items costing less than ₹ 5,000 are fully depreciated in the year of purchase. Depreciation is pro-rated in the year of acquisition as well as in the year of disposal.

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Consequently, the useful life of certain computer-related assets, furniture and fixtures, office equipment and motor cars differ from the life prescribed in Schedule II of the Act.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate, and treated as changes in accounting estimates.

Property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income/expense in the statement of profit and loss in the year the asset is de-recognised.

2.9 Other intangible assets

Software and system development expenditure are capitalised at cost of acquisition including cost attributable to readying the asset for use. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. The useful life of these intangible assets is estimated at 3 years with zero residual value. Any expenses on such software for support and maintenance payable annually are charged to the statement of profit and loss.

2.10 Dividends

Provision is made for the amount of any dividend declared on or before the end of the reporting period but not distributed at the end of the reporting period, being appropriately authorised and no longer at the discretion of the 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 transaction price based on fair value of the consideration received or receivable. Amounts disclosed as revenue are net of goods and services tax ('GST') and amounts collected on behalf of third parties. Ind AS 115 Revenue from Contracts with Customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Specific policies for the Company's different sources of revenue are explained below:

(A) Income from lending business

Interest income

Interest income on a financial asset at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ('EIR'). The EIR is the rate that exactly discounts estimated future cash flows of the financial asset through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The internal rate of return on financial asset after netting off the fees received and cost incurred approximates the effective interest rate method of return for the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs).

Other financial charges

Cheque bouncing charges, late payment charges, foreclosure charges and application money are recognised on a point-in-time basis, and are recorded when realised since the probability of collecting such monies is established when the customer pays.

(B) Income from BPO services and other financial charges

Income from BPO services comprise of sales support services, back office, operations, processing support, running collection call centres and collecting overdue amounts from borrowers. Performance obligations are satisfied over time and revenue is recorded on a monthly basis.

(C) Income from direct assignment

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront

in the statement of profit and loss. EIS evaluated and adjusted for ECL and expected prepayment.

2.12 Finance costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortised cost. Financial instruments include bank term loans, non-convertible debentures, commercial papers, subordinated debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

2.13 Employee benefits

(A) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(B) Provident fund

Retirement benefit in the form of provident fund, is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

(C) ESIC and Labour welfare fund

The Company's contribution paid/payable during the year to ESIC and Labour welfare fund are recognised in the statement of profit and loss.

(D) Gratuity

The Company operates a defined benefit gratuity plan that provides for gratuity benefit to all employees. The Company makes annual contributions to a fund administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. The benefit is in the form of lump sum payments to vested employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets (excluding amounts included 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.

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:

- 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 ('MD') of the Company has been identified as the CODM as defined by Ind AS 108 Operating Segments, who assesses the financial performance and position of the Company and makes strategic decisions.

Operating segments identified by the Company comprises as under:

- Lending services
- BPO services

The accounting policies consistently used in the preparation of the financial statements are also applied to item of revenue and expenditure in individual segments. Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprises as a whole and are not allocable to a segment on a reasonable basis have been disclosed as 'Unallocated'. Segment assets and segment liabilities represent assets and liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as 'Unallocated'.

2.20 Repossession and Collateral

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements.

To the extent possible, the Company uses active market data and external valuers for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models or through external valuers. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

The Company physically repossess and take into custody properties or other assets and also engages external agents to recover funds, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. The Company does not use the assets repossessed for the internal operations. Assets held under legal repossession processes are not recorded on the balance sheet as it does not meet the recognition criteria in other standards. Value of the repossessed asset is not netted off from the exposure at default for calculation of expected credit loss.

2.21 Statement of cash flows

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Company's accounting policies, management has made the following estimates and judgements, which have a significant impact on the carrying amounts of assets and liabilities at each balance sheet date.

(A) Fair value of financial instruments

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to

the fair value measurement in its entirety, which are described as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs for the asset or liability that are not based on observable market data (unobservable inputs) that the Company can access at measurement date

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 43.

(B) Expected credit loss

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and credit assessment and including forward looking information.

The component used by the Company in determining the ECL have been depicted in Note 45.

(C) Effective interest rate

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected behavioural life of the financial asset to the gross carrying amount of the financial asset.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges) as well expected changes to the base rate and other transaction costs and fees paid or received that are integral parts of the instrument.

(D) Business model assessment

Classification and measurement of financial assets depends on the results of the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their 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.

4 CASH AND CASH EQUIVALENTS

	As at March 31, 2023	As at March 31, 2022
Cash on hand	**28.52**	35.07
Balances with banks	**358.51**	430.81
Demand drafts on hand	**8.87**	11.32
Total	**395.90**	**477.20**

5 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31, 2023	As at March 31, 2022
Deposits with bank	**101.92**	1.89
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments.	**93.63**	172.96
Collateral with Banks for Derivative	**61.71**	30.58
Interest accrued but not due on fixed deposits	**0.66**	1.34
Total	**257.92**	**206.77**

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6 DERIVATIVE FINANCIAL INSTRUMENTS

	As at March 31, 2023			As at March 31, 2022		
	Notional amounts	Fair Value-Assets	Fair Value-Liabilities	Notional amounts	Fair Value-Assets	Fair Value-Liabilities
Part I						
(i) Currency derivatives:						
Currency swaps	**1,889.91**	**166.17**	**-**	4,017.00	132.44	-
Subtotal (i)	**1,889.91**	**166.17**	**-**	**4,017.00**	**132.44**	**-**
(ii) Interest rate derivatives						
Forward Rate Agreements and Interest Rate swaps	**-**	**-**	**-**	-	-	-
Subtotal (ii)	**-**	**-**	**-**	**-**	**-**	**-**
Less : Provision on derivative financial instruments		**0.83**				
Total Derivative Financial Instruments (i)+(ii)	**1,889.91**	**165.34**	**-**	**4,017.00**	**132.44**	**-**
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)	**-**	**-**	**-**	**-**	**-**	**-**
(ii) Cash flow hedging:						
Currency derivatives	**1,889.91**	**166.17**	**-**	4,017.00	132.44	-
Interest rate derivatives	**-**	**-**	**-**	-	-	-
Subtotal (ii)	**1,889.91**	**166.17**	**-**	**4,017.00**	**132.44**	**-**
(iii) Undesignated Derivatives						
Currency Swaps	**-**	**-**	**-**	-	-	-
Subtotal (iii)	**-**	**-**	**-**	**-**	**-**	**-**
Less : Provision on derivative financial instruments	**-**	**0.83**	**-**	-	-	-
Total Derivative Financial Instruments (i)+(ii)+(iii)	**1,889.91**	**165.34**	**-**	**4,017.00**	**132.44**	**-**

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, 2023	As at March 31, 2022
Receivables Considered good - Secured	**-**	-
Receivables Considered good - Unsecured	**59.10**	124.20
Receivables which have significant increase in the credit risk	**12.22**	20.79
Receivables credit impaired	**1.34**	0.13
Unbilled Trade Receivables	**-**	-
	72.66	**145.12**
Less: Impairment loss allowance	**6.90**	3.30
Total	**65.76**	**141.82**

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.

Notes to the Standalone Financial Statements
as at March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

Reconciliation of impairment Loss allowance on trade receivables:

	As at March 31, 2023	As at March 31, 2022
Balance as at beginning of the year	**3.30**	4.56
Increase during the year	**5.98**	2.11
Decrease during the year	**(2.38)**	(3.37)
Balance at end of the year	**6.90**	**3.30**

Trade receivables ageing schedule :

Previous Year figures are in (brackets)

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	**58.53**	**0.60**	**(0.03)**	**(0.00)**	**(0.00)**	**59.10**
	(123.55)	*(0.41)*	*0.05*	*(0.10)*	*(0.20)*	*(124.21)*
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	**11.21**	**0.94**	**0.01**	**0.00**	**0.06**	**12.22**
	(19.50)	*(0.79)*	*(0.39)*	*(0.02)*	*(0.09)*	*(20.79)*
(iii) Undisputed Trade Receivables- credit impaired	**0.78**	**0.56**	**0.00**	**0.00**	**(0.00)**	**1.34**
	-	-	*(0.07)*	*(0.06)*	-	*(0.13)*
(iv) Disputed Trade Receivables- considered good	-	-	-	-	-	-
	-	-	-	-	-	-
(v) Disputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-
	-	-	-	-	-	-
(vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-
	-	-	-	-	-	-
(v) Unbilled Trade Receivables	-	-	-	-	-	-
	-	-	-	-	-	-
TOTAL	**70.52**	**2.10**	**(0.02)**	**0.00**	**0.06**	**72.66**
	(143.05)	***(1.20)***	***(0.41)***	***(0.18)***	***(0.29)***	***(145.12)***

8 LOANS (AT AMORTISED COST)

		As at March 31, 2023	As at March 31, 2022
A	**Term Loans in India**	**70,030.70**	**61,326.32**
B	Public sector	**-**	**-**
	Others	**70,030.70**	61,326.32
	Total	**70,030.70**	**61,326.32**
C	**Secured** (Secured by tangible assets)	**53,053.24**	**46,644.29**
	Unsecured	**16,977.46**	14,682.03
	Total	**70,030.70**	**61,326.32**
	Less: Impairment loss allowance	**3,648.03**	4,163.87
	Total	**66,382.67**	**57,162.45**
D	Term Loans in India - at amortised cost		
	- Public sector	**-**	-
	- Others		
	Secured (Secured by tangible assets)	**53,053.24**	46,644.29
	Unsecured	**16,977.46**	14,682.03
	Total Gross Loans	**70,030.70**	**61,326.32**
	Less: Impairment loss allowance	**3,648.03**	4,163.87
	Total	**66,382.67**	**57,162.45**

Notes to the Standalone Financial Statements
as at March 31, 2023 (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, 2023	As at March 31, 2022
Stage 1	**66,793.02**	56,142.18
Stage 2	**1,322.83**	2,125.38
Stage 3	**1,914.85**	3,058.76
Total	**70,030.70**	**61,326.32**

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, 2023	% to the total Loans and Advances in the nature of loans	As at March 31, 2022	% 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, 2023	As at March 31, 2022
Recorded at Fair value through statement of profit and loss		
Outside India	**-**	-
In India		
Mutual fund units	**411.65**	946.45
Treasury bills / G-Sec	**773.66**	1,197.57
Securities receipt of ARC	**55.99**	88.04
Unquoted equity shares	**1.95**	1.45
Total	**1,243.25**	**2,233.51**

10 OTHER FINANCIAL ASSETS

	As at March 31, 2023	As at March 31, 2022
Security deposits at amortised cost (Unsecured, considered good)	**24.54**	21.64
Prepaid rent (Security deposits, Unsecured, considered good)	**7.14**	7.19
Retained interest on assigned loan	**2.81**	3.12
Servicing assets on assigned loan	**0.38**	0.96
Total	**34.87**	**32.91**

Notes to the Standalone Financial Statements
as at March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

11 CURRENT TAX ASSETS (NET)

	As at March 31, 2023	As at March 31, 2022
Current tax assets		
Advance tax and tax deducted at source(Net of provision for tax ₹ 621.30 Crore)(Previous Year: ₹ 663.40 Crore)	**25.11**	13.34
Total	**25.11**	**13.34**

12 DEFERRED TAX ASSETS (NET)

	Balance as at April 01, 2021	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at March 31, 2022	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at March 31, 2023
Deferred Tax Asset							
Depreciation and amortisation	20.82	14.78	-	35.60	13.82	-	**49.42**
Provision for employee benefits	10.00	2.04	2.25	14.30	5.68	1.38	**21.35**
Loans - Impairment	696.46	349.57	-	1,046.03	(93.91)	-	**952.12**
Loans - DSA	28.45	(15.45)	-	13.00	(11.44)	-	**1.56**
Lease	7.42	(10.87)	-	(3.45)	(13.99)	-	**(17.44)**
Cash Flow Hedges Reserve	11.07	-	(8.31)	2.76	-	(4.93)	**(2.17)**
Deferred Tax Asset	**774.22**	**340.07**	**(6.06)**	**1,108.24**	**(99.84)**	**(3.55)**	**1,004.85**
Deferred Tax Liabilities							
Borrowings	(11.47)	4.32	-	(7.15)	3.86	-	**(3.29)**
Investments - MTM and others	(2.00)	(16.84)	-	(18.84)	1.41	-	**(17.43)**
Securitisation and others	(30.76)	(0.32)	-	(31.08)	47.82	-	**16.74**
Deferred Tax Liabilities	**(44.23)**	**(12.84)**	**-**	**(57.07)**	**53.09**	**-**	**(3.98)**
Net Deferred Tax Assets	**729.99**	**327.24**	**(6.06)**	**1,051.17**	**(46.75)**	**(3.55)**	**1,000.87**
Movement in Net deferred tax Asset during the year						(50.30)	

The components of income tax expense for the years ended March 31, 2023 and 2022 are:

	As at March 31, 2023	As at March 31, 2022
Current tax:		
In respect of current year	**621.30**	663.40
In respect of prior years	**-**	-
Deferred Tax:		
Deferred tax relating to origination and reversal of temporary differences	**46.75**	(327.24)
In respect of prior years	**-**	-
Total Income Tax recognised in statement of profit or loss	**668.05**	**336.16**
Current tax	**621.30**	663.40
Deferred tax (Debit)	**46.75**	(327.24)

Notes to the Standalone Financial Statements
as at March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

Income Tax recognised in Other comprehensive income

	As at March 31, 2023	As at March 31, 2022
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	**1.38**	2.25
Income tax relating to items that will be reclassified to profit or loss	**(4.93)**	(8.31)
Total Income tax recognised in Other comprehensive income (Debit)	**(3.55)**	**(6.06)**

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, 2023	As at March 31, 2022
Profit before tax	**2,627.40**	1,347.56
Applicable income tax rate (%)	**25.17**	25.17
Income tax expense calculated at applicable income tax rate	**661.26**	339.15
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	**16.46**	14.16
Effect of tax incentives (net)	**(9.67)**	(17.14)
Effects of income not considered as taxable on compliance of condition	**-**	-
Income tax for earlier year	**-**	-
Income tax expense recognised in profit and loss	**668.05**	**336.16**

Notes to the Standalone Financial Statements
as at March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

13 PROPERTY, PLANT AND EQUIPMENT (PPE) AND OTHER INTANGIBLE ASSETS

	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, 2022	**63.13**	**95.15**	**80.72**	**158.76**	**0.15**	**8.85**	**406.76**	**50.81**	**50.81**	**457.57**
Additions during the year	9.81	4.03	11.69	62.66	-	4.53	92.72	18.59	18.59	111.31
Disposals/Adjustments during the year	1.93	1.46	3.83	11.18	-	4.33	22.72	0.01	0.01	22.73
Balance as at March 31, 2023	**71.01**	**97.72**	**88.58**	**210.24**	**0.15**	**9.05**	**476.76**	**69.39**	**69.39**	**546.15**
Accumulated Depreciation / impairment as at April 01, 2022	**51.86**	**80.51**	**51.96**	**138.71**	**0.03**	**5.56**	**328.63**	**38.80**	**38.80**	**367.43**
Depreciation charge during the year	6.29	5.68	11.28	23.02	0.00	1.73	48.01	10.19	10.19	58.20
Disposals/Adjustments during the year	1.93	1.45	3.75	11.18	-	3.93	22.23	0.01	0.01	22.24
Accumulated Depreciation / impairment as at March 31, 2023	**56.22**	**84.74**	**59.49**	**150.55**	**0.03**	**3.36**	**354.41**	**48.98**	**48.98**	**403.39**
Net carrying amount as at March 31, 2023	**14.79**	**12.98**	**29.09**	**59.69**	**0.12**	**5.69**	**122.35**	**20.41**	**20.41**	**142.76**
Balance as at April 01, 2021	**61.62**	**93.46**	**79.06**	**142.88**	**0.15**	**8.03**	**385.21**	**39.23**	**39.23**	**424.43**
Additions during the year	2.85	3.04	4.70	16.49	-	2.47	29.55	11.58	11.58	41.13
Disposals/Adjustments during the year	1.34	1.35	3.05	0.62	-	1.65	8.00	-	-	8.00
Balance as at March 31, 2022	**63.13**	**95.15**	**80.72**	**158.76**	**0.15**	**8.85**	**406.76**	**50.81**	**50.81**	**457.57**
Accumulated Depreciation / impairment as at April 01, 2021	**47.23**	**73.50**	**45.36**	**122.45**	**0.02**	**5.13**	**293.69**	**31.25**	**31.25**	**324.93**
Depreciation charge for the year	5.93	8.29	9.03	16.87	0.02	1.58	41.72	7.56	7.56	49.28
Disposals/Adjustments during the year	1.30	1.28	2.43	0.61	0.02	1.15	6.79	-	-	6.79
Accumulated Depreciation / impairment as at March 31, 2022	**51.86**	**80.51**	**51.96**	**138.71**	**0.03**	**5.56**	**328.63**	**38.80**	**38.80**	**367.43**
Net carrying amount as at March 31, 2022	**11.27**	**14.64**	**28.76**	**20.05**	**0.12**	**3.29**	**78.13**	**12.01**	**12.01**	**90.14**

Note: No revaluation of any class of asset is carried out during the year.

Notes to the Standalone Financial Statements
as at March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

14 RIGHT OF USE ASSETS

	As at March 31, 2023	As at March 31, 2022
Right of Use Assets (ROU) (Refer note 34)	**244.27**	202.49
Total	**244.27**	**202.49**

15 OTHER NON-FINANCIAL ASSETS

	As at March 31, 2023	As at March 31, 2022
Capital advances	**9.02**	0.43
Advances recoverable in cash or in kind (Unsecured, considered good)	**82.63**	281.26
Total	**91.65**	**281.69**

16 TRADE PAYABLES

	As at March 31, 2023	As at March 31, 2022
Trade payables		
i) total outstanding dues to micro and small enterprises	**-**	-
ii) total outstanding dues of creditors other than micro and small enterprises	**291.84**	246.91
Total	**291.84**	**246.91**

16.1 Trade Payables includes ₹ 0 Crore (Previous Years: ₹ 0 Crore) 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 :

Previous Year figures are in (brackets)

Particulars	Less than 1 months	1 - 2 years	2 - 3 years	More than 3 years	Total
i) MSME	-	-	-	-	-
	-	-	-	-	-
ii) Others	**288.23**	**1.59**	**0.36**	**1.66**	**291.84**
	(239.47)	*(1.45)*	*(2.78)*	*(3.21)*	*(246.91)*
iii) Disputed dues - MSME	-	-	-	-	-
	-	-	-	-	-
iv) Disputed dues - Others	-	-	-	-	-
	-	-	-	-	-
v) Unbilled Trade payables	-	-	-	-	-
	-	-	-	-	-
Total	**288.23**	**1.59**	**0.36**	**1.66**	**291.84**
	(239.47)	***(1.45)***	***(2.78)***	***(3.21)***	***(246.91)***

Notes to the Standalone Financial Statements
as at March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

17 DEBT SECURITIES

	As at March 31, 2023	As at March 31, 2022
At Amortised Cost		
Secured		
Privately placed redeemable Non Convertible Debenture	**27,246.28**	25,357.70
Secured by pari passu charge by mortgage of Company's Office no.130, 3rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and receivables under financing activity.		
Total	**27,246.28**	**25,357.70**
Less: Unamortised borrowing cost	**149.87**	25.39
Debt Securities (Net of unamortised cost)	**27,096.41**	**25,332.31**
Debt securities in India	**27,246.28**	25,357.70
Debt securities outside India	**-**	-
Total	**27,246.28**	**25,357.70**
Less: Unamortised borrowing cost	**149.87**	25.39
Debt Securities (Net of unamortised cost)	**27,096.41**	**25,332.31**

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.

Previous Year figures are in (brackets)

Rate of interest (%)	0-1 years	1-3 years	3-5 years	>5 years	Total
4.5-5.5	**2,423.00**	**1,593.00**	**-**	**-**	**4,016.00**
	(1,380.00)	*(2,616.00)*	-	-	*(3,996.00)*
5.5-6.5	**1,910.00**	**5,203.00**	**1,060.00**	**-**	**8,173.00**
	(1,510.00)	*(6,470.00)*	*(1,390.00)*	-	*(9,370.00)*
6.5-7.5	**5,341.10**	**1,286.00**	**130.00**	**-**	**6,757.10**
	-	*(5,691.10)*	-	-	*(5,691.10)*
7.5-8.5	**-**	**4,368.00**	**1,364.00**	**1,200.00**	**6,932.00**
	(3,189.00)	*(280.00)*	-	*(900.00)*	*(4,369.00)*
8.5-9.5	**-**	**1,045.00**	**-**	**-**	**1,045.00**
	(1,931.60)	-	-	-	*(1,931.60)*
9.5-10.5	**-**	**-**	**323.18**	**-**	**323.18**
	-	-	-	-	-
Total	**9,674.10**	**13,495.00**	**2,877.18**	**1,200.00**	**27,246.28**
	(8,010.60)	***(15,057.10)***	***(1,390.00)***	***(900.00)***	***(25,357.70)***

17.3 - All the above non convertible debentures are secured by specific charge on receivables under financing activities. Minimum security cover of 1.1 times is required to be maintained throughout the year(Refer Note 94).

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(Currency : Indian Rupees in Crore)

18 BORROWINGS (OTHER THAN DEBT SECURITIES)

	As at March 31, 2023	As at March 31, 2022
At Amortised Cost		
Borrowings (other than debt securities)		
Secured		
(a) External commercial borrowings (ECB)	**1,889.91**	4,017.00
(b) Term loan against hypothecation of Receivables under financing activity	**21,968.00**	14,291.45
(c) Borrowing under Securitisation	**370.86**	1,205.64
Total	**24,228.77**	**19,514.09**
Less: Unamortised borrowing cost	**0.97**	12.37
Borrowings (Other than Debt Securities) net of unamortised cost	**24,227.80**	**19,501.72**
Borrowings in India	**22,338.86**	15,497.09
Borrowings outside India	**1,889.91**	4,017.00
Total	**24,228.77**	**19,514.09**
Less: Unamortised borrowing cost	**0.97**	12.37
Borrowings (Other than Debt Securities) net of unamortised cost	**24,227.80**	**19,501.72**

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 period presented there were no defaults in the repayment of principal and interest.

18.3 - Terms of repayment of External commercial borrowings in foreign currency

Previous Year figures are in (brackets)

Rate of interest (%)	0-3 years	3-5 years	>5 years	Total
6-9	**1,889.91**	**-**	**-**	**1,889.91**
	(4,017.00)	-	-	*(4,017.00)*

The Company had availed total External Commercial Borrowing (ECBs) of US$ 530 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$ 230 Mn was raised in FY 2020-21. The borrowing had 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. The charges for raising of the aforesaid ECB has been amortised over the tenure of the ECB.

18.4 - Terms of repayment of Term loans from Banks.

Previous Year figures are in (brackets)

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%)	**200.00**	**200.00**	**200.00**	**-**	**600.00**
	-	*(100.00)*	-	-	*(100.00)*
1 Month MCLR + (0.00% to 0.75%)	**41.67**	**-**	**-**	**-**	**41.67**
	(41.67)	*(41.67)*	-	-	*(83.33)*
3 Month MCLR + (0.00% to 1.5%)	**998.39**	**2,088.81**	**526.13**	**20.00**	**3,633.33**
	(75.00)	*(75.00)*	-	-	*(150.00)*
6 Month MCLR + (0.00% to 0.75%)	**200.00**	**400.00**	**400.00**	**-**	**1,000.00**
	-	-	-	-	-
Total (a)	**1,440.06**	**2,688.81**	**1,126.13**	**20.00**	**5,275.00**
	(116.67)	***(216.67)***	**-**	**-**	***(333.33)***

Notes to the Standalone Financial Statements
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Previous Year figures are in (brackets)

Marginal Cost of Funds Based Lending Rate (MCLR) (a)	0-1 years	1-3 years	3-5 years	>5 years	Total
Rate linked to T-Bills rates (b)					
7 Days T-Bills rates (0.00% to 4.00%)	**80.00**	**80.00**	**-**	**-**	**160.00**
	-	-	-	-	-
1 Month T-Bills rates (0.00% to 4.00%)	**566.66**	**1,291.67**	**452.08**	**-**	**2,310.41**
	-	-	-	-	-
3 Month T-Bills rates (0.00% to 4.00%)	**875.83**	**1,618.33**	**73.97**	**-**	**2,568.13**
	(1,579.53)	*(1,562.28)*	*(136.67)*		*(3,278.47)*
6 Month T-Bills rates (0.00% to 3.50%)	**-**	**-**	**-**	**-**	**-**
	(109.09)	-	-		*(109.09)*
12 Month T-Bills rates (0.00% to 3.50%)	**-**	**-**	**-**	**-**	**-**
	(431.67)	*(772.50)*	-	-	*(1,204.17)*
Repo Rate (0.00% to 3.50%)	**2,820.88**	**4,463.22**	**390.62**	**-**	**7,674.72**
	(1,061.46)	*(2,286.39)*	*(1,473.21)*	-	*(4,821.06)*
Mumbai Interbank Offer rate (MIBOR) (0.00% to 3.50%)	**30.00**	**37.50**	**-**	**-**	**67.50**
	(725.00)	*(252.08)*	-	-	*(977.08)*
Total (b)	**4,373.37**	**7,490.72**	**916.67**	**-**	**12,780.76**
	(3,906.75)	***(4,873.25)***	***(1,609.88)***	**-**	***(10,389.88)***
Fixed Interest rate (c)					
4.50% - 8.35%	**1,725.21**	**1,903.21**	**283.82**	**-**	**3,912.24**
	(1,018.70)	*(2,187.40)*	*(362.14)*	-	*(3,568.24)*
Total (a)+(b)+(c)	**7,538.64**	**12,082.74**	**2,326.62**	**20.00**	**21,968.00**
	(5,042.12)	***(7,277.32)***	***(1,972.01)***	**-**	***(14,291.45)***

18.4.1-Term loans includes ₹ 7,082.45 Crore (Previous year ₹ 6,067.14 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 1.1 times is required to be maintained throughout the year.

18.6 - Terms of repayment of Borrowing under Securitisation.

Previous Year figures are in (brackets)

Rate of interest (%)	0-1 years	1-3 years	3-5 years	Total
3.50% to 6.00%	**285.09**	**85.77**	**-**	**370.86**
	(763.50)	*(429.25)*	*(12.89)*	*(1,205.64)*

18.7 - Term Loans were used fully for the purpose for which the same were obtained.

18.8 - Periodic Statements of securities filed with lending banks are as per book of accounts.

Notes to the Standalone Financial Statements
as at March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

19 SUBORDINATED LIABILITIES

	As at March 31, 2023	As at March 31, 2022
At Amortised Cost		
Unsecured		
(a) Privately placed subordinated (Tier II) redeemable bonds	**2,900.00**	3,500.00
(b) Redeemable non convertible perpetual bonds	**650.00**	650.00
Total	**3,550.00**	**4,150.00**
Less: Unamortised borrowing cost	**8.90**	10.95
Subordinated Liabilities net of unamortised cost	**3,541.10**	**4,139.05**
Subordinated Liabilities in India	**3,550.00**	4,150.00
Subordinated Liabilities outside India	**-**	-
Total	**3,550.00**	**4,150.00**
Less: Unamortised borrowing cost	**8.90**	10.95
Subordinated Liabilities net of unamortised cost	**3,541.10**	**4139.05**

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

Previous Year figures are in (brackets)

Rate of interest (%)	<5 years	>5 years	Total
7.35-10.50	**1,400.00**	**2,150.00**	**3,550.00**
	(4,000.00)	*(150.00)*	*(4,150.00)*

20 OTHER FINANCIAL LIABILITIES

	As at March 31, 2023	As at March 31, 2022
Interest accrued	**1,172.43**	1,511.65
Overdrawn balances in current account with banks	**1,220.95**	850.59
Deposits (not as defined in Section 2(31) of Companies Act, 2013)	**10.19**	10.22
Creditors for other expenses	**14.09**	18.31
Statutory liabilities	**81.80**	78.82
Unclaimed Dividend	**0.01**	-
Lease Liability (ROU)	**278.96**	239.13
Total	**2,778.43**	**2,708.72**

21 CURRENT TAX LIABILITIES (NET)

	As at March 31, 2023	As at March 31, 2022
Provisions for tax (Net of advance tax ₹405.00 Crore, Previous Year ₹ 440.00 Crore)	**41.97**	59.73
Total	**41.97**	**59.73**

Notes to the Standalone Financial Statements
as at March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

22 PROVISIONS

	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Gratuity (funded)	**78.03**	71.44
Salary, bonus and reimbursements	**255.07**	208.10
Contribution to provident fund	**35.86**	35.21
Total	**368.96**	**314.75**

23 OTHER NON-FINANCIAL LIABILITIES

	As at March 31, 2023	As at March 31, 2022
Provision for expenses	**266.91**	183.02
Total	**266.91**	**183.02**

24 EQUITY SHARE CAPITAL

	Face Value ₹ each	As at March 31, 2023 Number of shares	As at March 31, 2022 Number of shares	As at March 31, 2023	As at March 31, 2022
Authorised equity shares	10	**1,00,15,50,000**	1,00,15,50,000	**1001.55**	1001.55
Issued, Subscribed & Paid up equity shares fully paid up	10	**79,13,99,083**	79,04,40,031	**791.40**	790.44
Total				**791.40**	**790.44**

24.1 Reconciliation of the number of shares

	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
Equity shares of ₹10 fully paid up				
Shares outstanding at the beginning of the year	**79,04,40,031**	**790.44**	78,91,85,216	789.19
Shares issued - exercised for ESOP scheme	**9,59,052**	**0.96**	12,54,815	1.25
Shares outstanding at the end of the year	**79,13,99,083**	**791.40**	**79,04,40,031**	**790.44**

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, 2023			As at March 31, 2022		
	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**	**94.84**	**0.00%**	75,05,96,670	94.96	0.00%

Notes to the Standalone Financial Statements
as at March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

24.4 Number of shares reserved for ESOPs

Particulars	As at March 31, 2023	As at March 31, 2022
Equity shares of ₹10 fully paid up		
Number of Shares reserved for ESOPs (Refer note 35)	**75,79,538**	**40,69,315**

25 OTHER EQUITY

		As at March 31, 2023	As at March 31, 2022
Other equity			
(i)	Securities Premium Account	**3,127.72**	3,055.19
(ii)	Employee Stock Options Outstanding Account	**39.61**	35.53
(iii)	Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	**1,685.09**	1,293.22
(iv)	Retained Earnings-Other than Remeasurement of Post Employment Benefit Obligations	**5,844.33**	4,427.10
(v)	Retained Earnings- Remeasurement of Post Employment Benefit Obligations	**(57.65)**	(53.55)
(vi)	Cash Flow Hedges Reserve	**6.46**	(8.20)
		10,645.57	**8,749.29**

(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, 2023 (Contd.)
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26 INTEREST INCOME

	For the year ended March 31, 2023	For the year ended March 31, 2022
On Financial Assets measured at Amortised Cost :		
Interest on Loans	**8,853.58**	8,293.64
Interest on deposits with Banks	**9.30**	11.39
On Financial Assets measured at fair value through profit or loss (FVTPL) :		
Interest income from Investment	**64.90**	57.94
Total	**8,927.78**	**8,362.97**

27 NET GAIN/ (LOSS) ON FAIR VALUE CHANGES

	For the year ended March 31, 2023	For the year ended March 31, 2022
Net gain/ (loss) on financial instruments at fair value through profit or loss (FVTPL)		
Investments	**85.07**	16.48
	85.07	**16.48**
Net gain/ (loss) on financial instruments at fair value through profit or loss (FVTPL)		
Realised	**90.67**	39.29
Unrealised	**(5.60)**	(22.81)
Total	**85.07**	**16.48**

28 FINANCE COSTS

	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expenses on financial liabilities measured at amortised cost		
Interest on borrowings (includes Interest on lease liabilities ₹ 21.23 Crore, Previous Year ₹ 19.68 Crore)	**1,460.89**	1,248.83
Interest on debt securities	**1,661.90**	1,671.08
Interest on subordinated liabilities	**352.39**	369.15
Discount on commercial paper	**9.00**	8.86
Other borrowing costs	**27.74**	27.58
Total	**3,511.92**	**3,325.50**

29 IMPAIRMENT ON FINANCIAL INSTRUMENTS

	For the year ended March 31, 2023	For the year ended March 31, 2022
Impairment on financial instruments at amortised cost		
Loans	**1,326.80**	2,466.99
Trade receivables	**3.60**	(1.26)
Total	**1,330.40**	**2,465.73**

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

30 EMPLOYEE BENEFITS EXPENSES

	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages (including bonus)	**3,667.39**	3,162.38
Contribution to provident and other funds	**306.08**	277.92
Employee share based payment expenses	**43.64**	30.42
Staff welfare expenses	**40.46**	29.69
Total	**4,057.57**	**3,500.41**

31 OTHER EXPENSES

	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent	**7.56**	5.53
Rates and taxes	**1.93**	0.78
Telephone	**38.12**	30.70
Power and fuel	**32.69**	24.50
Repairs and maintenance- premises	**7.17**	4.79
Repairs and maintenance-others	**3.00**	4.47
Credit report charges	**49.49**	37.65
Commission and brokerage	**2.48**	2.56
Auditor's remuneration (Refer Note No. 33)	**1.50**	1.16
Insurance	**1.54**	0.71
Loss on sale of asset	**(1.01)**	(0.06)
Expenses towards Corporate Social Responsibility Initiative (Refer Note No. 41)	**21.78**	25.83
Others administrative expenses	**597.50**	429.53
Total	**763.75**	**568.15**

32 EARNING PER SHARE

	For the year ended March 31, 2023	For the year ended March 31, 2022
Net Profit (₹ in Crore)	**1,959.35**	**1,011.40**
Weighted average number of equity shares		
Basic	**79,07,12,391**	78,94,77,686
Diluted	**79,14,93,138**	78,99,39,967
Earnings per share (₹)		
Basic	**24.78**	12.81
Diluted	**24.76**	12.80
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 7,80,747 shares (Previous Year 4,62,281 shares).

33 AUDITOR'S REMUNERATION

	For the year ended March 31, 2023	For the year ended March 31, 2022
As Auditor	**1.30**	1.05
For taxation matters	**-**	-
For company law matters	**-**	-
For other services	**-**	-
For reimbursement of expenses	**0.08**	0.02
Sub Total	**1.38**	**1.07**
GST	**0.12**	0.09
Total	**1.50**	**1.16**

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
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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, 2023

(i) Amounts recognised in the Balance sheet

Sr No.	Particulars	March 31, 2023	March 31, 2022
a)	**Right-of-use assets (net)**	**244.27**	**202.49**
b)	**Lease liabilities**		
	Current	**52.61**	45.64
	Non-current	**226.35**	193.49
	Total Lease liabilities	**278.96**	**239.13**
c)	**Additions to the Right-of-use assets**	**94.57**	**37.42**

(ii) Amounts recognised in the Statement of Profit and Loss

Sr No.	Particulars	March 31, 2023	March 31, 2022
a)	Depreciation charge for right-of-use assets	**53.64**	49.67
b)	Interest expense (included in finance cost)	**21.23**	19.68
c)	Expense relating to short-term leases	**7.56**	5.53

(iii) Cash Flows

Particulars	March 31, 2023	March 31, 2022
The total cash outflow of leases	**69.89**	62.87

(iv) Future Commitments

Particulars	March 31, 2023	March 31, 2022
Future undiscounted lease payments to which leases is not yet commenced	**10.38**	23.72

(v) Maturity analysis of undiscounted lease liability

Particulars	March 31, 2023	March 31, 2022
Not later than one year	**72.89**	62.93
Later than one year and not later than five years	**196.62**	173.91
Later than five years	**86.70**	62.31
Total	**356.21**	**299.15**

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 and ESOP-15B on October 31, 2022. 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, 2023 (Contd.)
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Description of share based payments plans

Particulars	Vesting requirements	Maximum term of option	Method of settlement	Modifications to share based payment plans	Any other details as disclosed in the audited Ind-AS financials
i. ESOP - 10	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2017	7 years	Equity settled	NA	NA
ii. ESOP - 11	30% at the end of each 12 and 24 months and 40% at the end of 36 months from January 31, 2019	7 years	Equity settled	NA	NA
iii. ESOP - 12	60% at the end of 12 months and 40% at the end of 24 months from October 31, 2020	6 years	Equity settled	NA	NA
iv. ESOP - 13	30% at the end of each 12 and 24 months and 40% at the end of 36 months from January 31, 2021	7 years	Equity settled	NA	NA
v. ESOP - 13A	30% at the end of each 12 and 24 months and 40% at the end of 36 months from August 31, 2021	7 years	Equity settled	NA	NA
vi. ESOP - 14	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2021	7 years	Equity settled	NA	NA
vii. ESOP - 15A	30% at the end of each 12 and 24 months and 40% at the end of 36 months from May 31, 2022	7 years	Equity settled	NA	NA
viii. ESOP - 15B	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2022	7 years	Equity settled	NA	NA

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, 2023

Particulars	Outstanding, beginning of year	Granted during the year	Exercised during the year	Forfeited / lapsed during the year	Outstanding, end of year	Options exercisable, end of year
ESOP - 10	**42,000**	-	-	-	**42,000**	**42,000**
ESOP - 11	**1,06,430**	-	**32,410**	-	**74,020**	**74,020**
ESOP - 12	**7,02,910**	-	**3,94,140**	**30,680**	**2,78,090**	**2,78,090**
ESOP - 13	**9,33,155**	-	**2,13,570**	**52,190**	**6,67,395**	**2,64,275**
ESOP - 13A	**50,000**	-	**13,000**	-	**37,000**	**2,000**
ESOP – 14	**22,34,820**	-	**3,05,932**	**1,29,165**	**17,99,723**	**3,40,916**
ESOP – 15A	-	**11,83,140**	-	-	**11,83,140**	-
ESOP – 15B	-	**35,81,490**	-	**83,320**	**34,98,170**	-
Total	**40,69,315**	**47,64,630**	**9,59,052**	**2,95,355**	**75,79,538**	**10,01,301**
Weighted average exercise price (₹)	**383.81**	**496.09**	**353.71**	**425.60**	**456.57**	**352.60**

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

Movement in the options outstanding under the Employees Stock Option Plan for the year ended March 31, 2022

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	48,150	-	5,500	650	42,000	42,000
ESOP - 11	3,94,000	-	2,69,610	17,960	1,06,430	1,06,430
ESOP - 12	15,58,900	-	7,73,130	82,860	7,02,910	1,23,570
ESOP - 13	11,75,600	-	2,06,575	35,870	9,33,155	1,41,245
ESOP - 13A	-	50,000	-	-	50,000	-
ESOP – 14	-	22,44,730	-	9,910	22,34,820	-
Total	**31,76,650**	**22,94,730**	**12,54,815**	**1,47,250**	**40,69,315**	**4,13,245**
Weighted average exercise price (₹)	313.22	432.48	301.93	317.09	383.81	300.52

Following summarises the information about stock options outstanding as at March 31, 2023

Plan	Exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)
ESOP – 10	**213**	**42,000**	**1.53**
ESOP – 11	**274**	**74,020**	**2.79**
ESOP – 12	**300**	**2,78,090**	**3.52**
ESOP – 13	**348**	**6,67,395**	**4.64**
ESOP – 13A	**409**	**37,000**	**5.42**
ESOP – 14	**433**	**17,99,723**	**5.58**
ESOP – 15A	**457**	**11,83,140**	**6.13**
ESOP – 15B	**509**	**34,98,170**	**6.59**

Following summarises the information about stock options outstanding as at March 31, 2022

Plan	Exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)
ESOP – 10	213	42,000	2.53
ESOP – 11	274	1,06,430	3.79
ESOP – 12	300	7,02,910	4.52
ESOP – 13	348	9,33,155	5.64
ESOP – 13A	409	50,000	6.42
ESOP – 14	433	22,34,820	6.58

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 15A	ESOP 15B
Dividend yield	0.22%	0.20%
Expected volatility	52.59%	40.92%
Risk- free interest rate	6.10%	6.82%
Expected life of the option	2.33	2.30

The Company recorded an employee stock compensation expense of ₹ 43.64 Crore (previous year ₹ 30.42 Crore) in Statement of Profit and Loss.

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
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36 SEGMENT REPORTING

Sr No.	Particulars	March 31, 2023	March 31, 2022
i.	**Segment Revenue**		
	Lending business	**9,768.95**	8,942.88
	BPO Services	**2,633.93**	2,363.41
	Unallocated	**-**	-
	Income from Operations	**12,402.88**	**11,306.29**
ii.	**Segment Results**		
	Lending business	**2,508.48**	1,238.71
	BPO Services	**140.70**	134.69
	Unallocated	**(21.78)**	(25.84)
	Profit before tax	**2,627.40**	**1,347.56**
	Income Tax expenses		
	Current tax	**621.30**	663.40
	Deferred tax Asset	**46.75**	(327.24)
	Net Profit	**1,959.35**	**1,011.40**
iii.	**Capital Employed**		
	Segment assets		
	Lending business	**68,921.03**	60,812.70
	BPO Services	**103.38**	148.72
	Unallocated	**1,025.98**	1,064.51
	Total Assets	**70,050.39**	**62,025.94**
	Segment Liabilities		
	Lending business	**58,216.53**	52,009.27
	BPO Services	**180.38**	95.61
	Unallocated	**216.52**	381.33
	Total Liabilities	**58,613.43**	**52,486.21**
	Net Segment assets / (liabilities)	**11,436.96**	9,539.73
iv.	**Capital Expenditure (including net CWIP)**		
	Lending business	**86.48**	36.25
	BPO Services	**24.83**	4.88
	Unallocated	**-**	-
	Total	**111.31**	**41.13**
v.	**Depreciation**		
	Lending business	**86.49**	79.17
	BPO Services	**25.35**	19.77
	Unallocated	**-**	-
	Total	**111.84**	**98.94**
vi.	**Other non cash expenditure**		
	Lending business	**1,330.40**	2,465.73
	BPO Services	**-**	-
	Unallocated	**-**	-
	Total	**1,330.40**	**2,465.73**

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (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 ('MD') of the Company has been identified as the CODM as defined by Ind AS 108 Operating Segments, who assesses the financial performance and position of the Company and makes strategic decisions.

b) Operating Segment

Primary Segment (Business Segment)

The Company is organised primarily into two operating segments, i.e. Lending business and BPO services. Lending business includes providing finance to retail customers for a variety of purposes like purchase of commercial equipment and commercial vehicles, personal purposes, enterprise loans, etc. Revenue from lending business includes (i) interest income and processing fees net of loan origination costs, (ii) collection-related charges like cheque bouncing charges, late payment charges and foreclosure charges, and (iii) insurance commission. BPO services comprises of sales support services, back office, operations, processing support, running collection call centres and collecting overdue amounts from borrowers.

Secondary Segment (Geographical Segment)

Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

c) Segment Revenue and Expense

Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as 'Unallocated'.

d) Segment Assets and Liabilities

Segment assets and segment liabilities represent assets and liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as 'Unallocated'.

e) Accounting Policies

The accounting policies consistently used in the preparation of the financial statements are also applied to items of revenue and expenditure in individual segments.

37 RELATED PARTY DISCLOSURES

Name of the related Party and Nature of Relationship

Holding Company :
HDFC Bank Limited

Enterprise under common control of Holding Company :
HDFC Securities Limited.

Key Management Personnel (KMP) :
Arijit Basu (Chairman & Non Executive Director)
Arundhati Mech (Independent Director)
Smita Affinwalla (Independent Director)
Venkatraman Srinivasan (Independent Director)
Dr. Amla Samanta (Independent Director)
Adayapalam Viswanathan (Independent Director)
G Ramesh (Managing Director & CEO)

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

Other related parties :

HDFC Ergo General Insurance Company Limited
HDFC Life Insurance Company Limited
HDFC Asset Management Company Limited
HDBFS Employees Welfare Trust

Details of Related Party Transactions for the Year:

Related Party	Nature Of Transaction	March 31, 2023	March 31, 2022
HDFC Bank Limited	Bank charges	**15.35**	12.20
	Charges for back office support services received / recoverable	**984.41**	921.26
	Charges for sales support services received / recoverable	**1,821.96**	1,607.28
	Commission Expenses	**-**	1.71
	Corporate logo license fees	**17.19**	14.63
	Dividend paid	**142.61**	-
	Fixed deposits placed	**-**	17.77
	Interest paid on non-convertible debentures	**301.45**	185.85
	Interest paid on term loan and OD account	**376.36**	312.90
	Interest received on fixed deposits	**2.71**	5.47
	Investment banking fees paid	**0.01**	0.56
	IPA charges	**0.00**	-
	Reimbursement of IT expense, secondment charge & other common expenses	**1.51**	0.89
	Rent paid for premises taken on sub-lease	**2.83**	2.37
	Securities purchased during the year	**-**	1,310.00
	Term loan availed during the year	**3,350.00**	4,050.00
	Tele collection charges / field collection charges received / recoverable for collection services rendered	**255.65**	220.58
HDFC Securities Limited	Commission on sourcing of loans	**0.01**	-
	Rent income for premises given on sub-lease	**0.10**	0.07
	Recovery of expenses	**0.01**	-
Key Management Personnel	Director sitting fees and commission paid	**1.40**	1.25
	Salary including perquisites and allowances	**5.36**	4.53
	Stock Options#	**0.37**	0.48
HDFC Life Insurance Company Limited	Income from Insurance commission	**7.45**	6.19
HDFC Ergo General Insurance Company Limited	Income from Insurance commission	**13.72**	9.89
	Insurance Premium Expense (Car & Group policy)	**0.55**	1.86

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 ₹3.81 Crore (previous year ₹2.62 Crore) with a corresponding credit to the reserves

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
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Balances outstanding:

Related Party	Nature Of Transaction	March 31, 2023	March 31, 2022
HDFC Bank Limited	Securitisation	**53.71**	454.03
	Balance in current accounts	**327.51**	409.00
	Balance receivable	**16.50**	95.95
	Balance payable	**0.05**	0.12
	Fixed deposit	**47.73**	88.51
	Security deposit paid	**0.16**	0.11
	Security deposit received	**9.85**	9.85
	Term loan outstanding	**7,082.45**	6,067.14
	Non convertible debentures issued	**4,155.00**	5,080.00
	WCDL Loan Outstanding	**4.16**	-
HDFC Securities Limited	Balance receivable	**0.04**	-
HDFC Life Insurance Company Limited**	Balance payable - Securities	**1,156.60**	920.00
	Balance payable - Expenses	**-**	0.01
	Balance receivable	**2.24**	0.72
HDFC Asset Management Company Limited	Balance payable	**640.00**	346.00
HDFC Ergo General Insurance Company Limited**	Balance payable	**70.00**	120.00
	Balance receivable	**1.98**	1.36

** excludes amounts pertaining to insurance premiums payable that are in the nature of pass through.

38 EMPLOYEE BENEFITS

A) Defined contribution plan

The contribution made to various statutory funds is recognised as expense and included in Note 30 'Employee benefits expense' under 'Contribution to provident and other funds' in Statement of Profit and Loss.

B) Defined benefit plan (Gratuity)

The Company contributes to the group gratuity fund based on the actuarial valuation determined as at the year-end through the HDFC Life Insurance Company ('HDFC Life') Limited and Life Insurance Corporation of India Limited (LIC). HDFC Life and LIC have certified the Fair Value of the Plan Assets .

Details of Actuarial Valuation as at March 31, 2023.

Particulars	March 31, 2023	March 31, 2022
A. Change in defined benefit obligation		
1 Defined benefit obligation at beginning of period	**166.90**	149.09
2 Service cost		
a. Current service cost	**19.16**	17.17
b. Past service cost	**-**	1.49
c. (Gain) / loss on settlements	**-**	-
3 Interest expenses	**7.96**	5.75
4 Cash flows		
a. Benefit payments from plan	**(33.07)**	(19.88)
b. Benefit payments from employer	**-**	-
c. Settlement payments from plan	**-**	-
d. Settlement payments from employer	**-**	-

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

Particulars			March 31, 2023	March 31, 2022
	5	Remeasurements		
		a. Effect of changes in demographic assumptions	**(5.91)**	2.51
		b. Effect of changes in financial assumptions	**(4.03)**	(3.08)
		c. Effect of experience adjustments	**13.70**	13.85
	6	Transfer In /Out		
		a. Transfer In	**-**	-
		b. Transfer out	**-**	-
	7	Defined benefit obligation at end of period	**164.71**	166.90
B.	**Change in fair value of plan assets**			
	1	Fair value of plan assets at beginning of period	**95.57**	81.51
	2	Interest income	**4.56**	3.15
	3	Cash flows		
		a. Total employer contributions		
		(i) Employer contributions	**21.36**	30.66
		(ii) Employer direct benefit payments	**-**	-
		(iii) Employer direct settlement payments	**-**	-
		b. Participant contributions	**-**	-
		c. Benefit payments from plan assets	**(33.07)**	(19.88)
		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)	**(1.73)**	0.13
	5	Transfer In /Out		
		a. Transfer In	**-**	-
		b. Transfer out	**-**	-
	6	Fair value of plan assets at end of period	**86.68**	95.57
C.	**Amounts recognised in the Balance Sheet**			
	1	Defined benefit obligation	**164.71**	166.90
	2	Fair value of plan assets	**(86.68)**	(95.57)
	3	Funded status	**78.03**	71.33
	4	Effect of asset ceiling	**-**	-
	5	Net defined benefit liability (asset)	**78.03**	71.33
D.	**Components of defined benefit cost**			
	1	Service cost		
		a. Current service cost	**19.16**	17.17
		b. Past service cost	**-**	1.49
		c. (Gain) / loss on settlements	**-**	-
		d. Total service cost	**19.16**	18.66

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

Particulars			March 31, 2023	March 31, 2022
2	Net interest cost			
	a.	Interest expense on DBO	**7.96**	5.75
	b.	Interest (income) on plan assets	**4.56**	3.15
	c.	Interest expense on effect of (asset ceiling)	**-**	-
	d.	Total net interest cost	**3.40**	2.60
3	Remeasurements (recognised in OCI / Retained Earnings)			
	a.	Effect of changes in demographic assumptions	**(5.91)**	2.51
	b.	Effect of changes in financial assumptions	**(4.03)**	(3.08)
	c.	Effect of experience adjustments	**13.70**	13.85
	d.	Return on plan assets (excluding interest income)	**(1.73)**	0.13
	e.	Changes in asset ceiling (excluding interest income)	**-**	-
	f.	Total remeasurements included in OCI / Retained Earnings	**5.48**	13.15
4	Total defined benefit cost recognised in P&L and OCI		**28.04**	34.41
E.	**Re-measurement**			
	a.	Actuarial Loss/(Gain) on DBO	**3.75**	13.28
	b.	Returns above Interest Income	**1.73**	(0.13)
	c.	Change in Asset ceiling	**-**	-
	Total Re-measurements (OCI / Retained Earnings)		**5.48**	13.15
F.	**Employer Expense (P&L)**			
	a.	Current Service Cost	**19.16**	17.17
	b.	Interest Cost on net DBO	**3.40**	2.60
	c.	Past Service Cost	**-**	1.49
	d.	Total P&L Expenses	**22.56**	21.26
G.	**Net defined benefit liability (asset) reconciliation**			
1	Net defined benefit liability (asset)		**71.33**	67.58
2	Defined benefit cost included in P&L		**22.56**	21.26
3	Total remeasurements included in OCI / Retained Earnings		**5.48**	13.15
4	a.	Employer contributions	**(21.36)**	(30.66)
	b.	Employer direct benefit payments	**-**	-
	c.	Employer direct settlement payments	**-**	-
5	Net transfer		**-**	-
6	Net defined benefit liability (asset) as of end of period		**78.02**	71.33
H.	**Reconciliation of OCI (Re-measurement)**			
1	Recognised in OCI at the beginning of period		**70.26**	57.11
2	Recognised in OCI during the period		**5.48**	13.15
3	Recognised in OCI / Retained Earnings at the end of the period		**75.74**	70.26

Notes to the Standalone Financial Statements
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Particulars			March 31, 2023	March 31, 2022
I.	**Sensitivity analysis - DBO end of Period**			
	1	Discount rate +100 basis points	**(3.19)**	(4.38)
	2	Discount rate -100 basis points	**3.43**	4.77
	3	Salary Increase Rate +1%	**3.36**	4.57
	4	Salary Increase Rate -1%	**(3.18)**	(4.29)
	5	Attrition Rate +1%	**(0.66)**	(1.34)
	6	Attrition Rate -1%	**0.69**	1.42
J.	**Significant actuarial assumptions**			
	1	Discount rate Current Year (p.a.)	**7.42%**	4.77%
	2	Discount rate Previous Year (p.a.)	**4.77%**	3.86%
	3	Salary increase rate (p.a.)	**3.00% - 10.00%**	6.00% - 11.00%
	4	Attrition Rate (%)	**9.00% - 71.00%**	9.00% - 74.00%
	5	Retirement Age (years)	**60**	60
	6	Pre-retirement mortality	**IALM (FY 2012-14) Urban**	IALM (FY 2012-14) Urban
	7	Disability	**Nil**	Nil
K.	**Data**			
	1	No.	**1,15,137**	1,15,490
	2	Average age (yrs.)	**29.11**	28.99
	3	Average past service (yrs.)	**2.47**	2.42
	4	Average salary monthly (₹)	**9,159.64**	9,046.16
	5	Future service (yrs.)	**30.89**	31.01
	6	Weighted average duration of DBO	**3.00**	4.00
L.	**Expected cash flows for following year**			
	1	Expected contributions / Addl. Provision Next Year	**36.85**	29.61
	2	Expected total benefit payments		
		Year 1	**64.60**	51.64
		Year 2	**37.29**	33.72
		Year 3	**22.65**	24.02
		Year 4	**15.34**	16.99
		Year 5	**11.09**	12.79
		Next 5 years	**27.97**	32.29

Category of Plan assets	% of Fair value to total planned assets (as at March 31, 2023)
Government securities and corporate bonds/debentures	8.48%
Money market instruments and fixed deposits	92.62%
Net current assets and other approved security	(1.10%)
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

Notes to the Standalone Financial Statements
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requirements. The Company monitors plan obligations and investments regularly with a view to ensuring that there is adequate funding on an ongoing basis, thus mitigating any potential adverse consequences of the risks described.

C) Compensated absences

The Company neither has a policy of encashment of unavailed leaves for its employees nor allow the leaves to be carry forward to next year.

D) The Parliament has approved the Code on Social Security, 2020 ('Code') which may impact the contribution by the Company towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed after which the financial impact can be ascertained. The Company will complete its evaluation and will give appropriate impact, if any, in the financial result following the Code becoming effective and the related rules being framed and notified.

39 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Sr No.	Particulars	March 31, 2023	March 31, 2022
1	Claims against the Company not acknowledged as debt (Refer Note 39.1)	**99.53**	90.59
2	Estimated amount of contracts remaining to be executed on capital account and not provided for: (Net of Advances amounting to ₹ 9.02 Crore, previous year ₹0.43 Crore)	**45.00**	13.27
3	Undrawn committed sanctions to borrowers	**134.31**	59.40

39.1 Claims against the Company not acknowledged as debt

Particulars	March 31, 2023	March 31, 2022
Suit filed by borrowers	**13.88**	5.25
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**	-
Total	**99.53**	**90.59**

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.

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, 2023		March 31, 2022	
	Within 12 months	After 12 months	Within 12 months	After 12 months
ASSETS				
Financial Assets				
(a) Cash and cash equivalents (CCE)	**395.90**	**-**	477.20	-
(b) Bank balances other than CCE	**257.92**	**-**	176.19	30.58
(c) Derivative financial instruments	**165.34**	**-**	-	132.44
(d) Trade receivables	**65.76**	**-**	141.82	-
(e) Loans	**24,418.76**	**41,963.91**	21,299.76	35,862.69
(f) Investments	**1,185.31**	**57.94**	2,144.02	89.49
(g) Other financial assets	**-**	**34.87**	-	32.91
	26,488.99	**42,056.72**	**24,238.99**	**36,148.11**
Non-financial Assets				
(a) Current tax assets (Net)	**25.11**	**-**	13.34	-
(b) Deferred tax assets (Net)	**-**	**1,000.87**	-	1,051.17
(c) Property, plant and equipment	**-**	**122.37**	-	78.14
(d) Capital work-in-progress	**-**	**-**	-	-
(e) Other intangible assets	**-**	**20.41**	-	12.01
(f) Right of Use Assets	**54.03**	**190.24**	49.00	153.49
(g) Other non-financial assets	**50.40**	**41.25**	58.99	222.70
	129.54	**1,375.14**	**121.33**	**1,517.51**
TOTAL ASSETS	**26,618.53**	**43,431.86**	**24,360.32**	**37,665.62**
LIABILITIES				
Financial Liabilities				
(a) Derivative financial instruments	**-**	**-**	-	-
(b) Trade payables	**291.84**	**-**	246.91	-
(c) Debt securities	**9,620.89**	**17,475.52**	8,003.83	17,328.48
(d) Borrowings other than debt securities	**9,663.25**	**14,564.55**	8,752.04	10,749.68
(e) Subordinated liabilities	**229.42**	**3,311.68**	599.23	3,539.82
(f) Other financial liabilities	**2,310.87**	**467.57**	2,344.47	364.25
	22,116.27	**35,819.32**	**19,946.48**	**31,982.23**
Non-Financial Liabilities				
(a) Current tax liabilities (net)	**41.97**	**-**	59.73	-
(b) Provisions	**314.34**	**54.62**	264.61	50.14
(c) Other non-financial liabilities	**266.91**	**-**	183.02	-
	623.22	**54.62**	**507.36**	**50.14**
TOTAL LIABILITIES	**22,739.49**	**35,873.94**	**20,453.84**	**32,032.37**
NET	**3,879.04**	**7,557.92**	**3,906.48**	**5,633.25**

Notes to the Standalone Financial Statements
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(Currency : Indian Rupees in Crore)

41 CORPORATE SOCIAL RESPONSIBILITY

The average profit before tax of the Company for last three financial years was ₹ 1,107.64 Crore, basis which the Company's Prescribed CSR Budget for FY 2022-23 was ₹ 22.15 Crore. In FY 2021-22 an excess amount of ₹ 1.13 Crore was spent against the Prescribed CSR Budget for FY 2021-22, hence after adjusting the excess spend, the Company's CSR Obligation for FY 2022-23 was ₹ 21.02 Crore.

a) Amount spent during the year on:

Particulars	March 31, 2023			March 31, 2022		
	Amount Spent	Amount Unpaid/ provision	Total	Amount Spent	Amount Unpaid/ provision	Total
Construction / acquisition of any asset	-	-	-	-	-	-
On purpose other than above	**21.78**	**Not Applicable**	**21.78**	25.83	Not Applicable	25.83

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
(1.13)	**22.15**	**21.78**	**(0.76)**

Note: ₹ 0.76 Crore was spent over and above the CSR Obligation of ₹ 21.02 Crore for the FY 2022-23.

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
(1.13)	**2.28**	**22.15**	**21.78**	**2.28**	**(0.76)**	**-**

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	As at March 31, 2023	As at March 31, 2022
The Principal amount remaining unpaid at the end of the year	-	-
The Interest Amount remaining unpaid at the end of the year	-	-
Interest paid along with amount of payment made to the supplier beyond the appointed day	-	-
Amount of interest due and payable for the period of delay on payments made beyond the appointed day	-	-
Amount of interest accrued and remaining unpaid	-	-
Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-
Balance of MSME parties at the end of the year	-	-

Note - The above is based on the information available with the Company which has been relied upon by the auditors.

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

43 FAIR VALUE MEASUREMENT

a) Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below:

b) Total financial assets measured at fair value on a recurring basis :

The following tables show an analysis of the fair value of financial assets by level of the fair value hierarchy.

Particulars	Category	Fair value hierarchy	Fair value	
			March 31, 2023	March 31, 2022
Mutual fund units	FVTPL	Level 1	**411.65**	946.45
Unquoted equity shares	FVTPL	Level 3	**1.95**	1.45
Treasury bills	FVTPL	Level 1	**773.66**	1,197.57
Securities receipt of ARC	FVTPL	Level 2	**55.99**	88.04
Derivative financial instruments	FVTPL	Level 2	**165.34**	132.44

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.

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, 2023		March 31, 2022	
			Carrying value	Fair value	Carrying value	Fair value
Financial Assets						
(a) Cash and cash equivalents (CCE)	Amortised cost		**395.90**	**395.90**	477.20	477.20
(b) Bank balances other than CCE	Amortised cost		**257.92**	**257.92**	206.77	206.77
(c) Derivative financial instruments	FVTPL	Level 2	**165.34**	**165.34**	132.44	132.44
(d) Trade receivables	Amortised cost		**65.76**	**65.76**	141.82	141.82
(e) Loans	Amortised cost	Level 3	**66,382.67**	**63,647.52**	57,162.45	54,511.90
(f) Investments - Mutual funds and Treasury bills	FVTPL	Level 1	**1,185.31**	**1,185.31**	2,144.02	2,144.02
Investments - In Security Receipts	FVTPL	Level 2	**55.99**	**55.99**	88.04	88.04
Investments - Unquoted equity shares	FVTPL	Level 3	**1.95**	**1.95**	1.45	1.45
(g) Other financial assets	Amortised cost		**34.87**	**34.87**	314.60	314.60
			68,545.71	**65,810.56**	**60,668.79**	**58,018.24**

Notes to the Standalone Financial Statements
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Particulars	Category	Fair value hierarchy	March 31, 2023		March 31, 2022	
			Carrying value	Fair value	Carrying value	Fair value
Financial Liabilities						
(a) Derivative financial instruments	FVTPL	Level 2	**-**	**-**	-	-
(b) Trade payables	Amortised cost		**291.84**	**291.84**	246.91	246.91
(c) Debt securities	Amortised cost	Level 2	**27,096.41**	**27,322.07**	25,332.31	26,356.46
(d) Borrowings other than Securitisation	Amortised cost	Level 2	**23,856.94**	**23,087.21**	18,296.08	17,976.30
Borrowings under Securitisation	Amortised cost	Level 2	**370.86**	**364.45**	1,205.64	1,193.88
(e) Subordinated liabilities	Amortised cost	Level 2	**3,541.10**	**3,623.40**	4,139.05	4,429.21
(f) Other financial liabilities	Amortised cost		**2,778.42**	**2,778.42**	2,708.72	2,708.72
			57,935.57	**57,467.39**	**51,928.71**	**52,911.47**

(i) Short-term and other financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months) and for other financial assets and other financial liabilities that are insignificant in value, the carrying amounts, net of impairment, if any, are a reasonable approximation of their fair value. Such instruments include cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, trade payables, other financial assets and other financial liabilities.

(ii) Loans

These financial assets are recorded at amortised cost, the fair values of which are estimated at portfolio level using a discounted cash flow model based on contractual cash flows discounted using market rates incorporating the counterparties' credit risk.

(iii) Debt securities, borrowings and subordinated liabilities

Fair value is estimated at portfolio level by a discounted cash flow model incorporating market interest rates and the Company's own credit risk or based on market-observable data such as secondary market prices for its traded debt, as relevant.

44 CAPITAL MANAGEMENT

The primary objective of the Company's capital management policy is to ensure compliance with regulatory capital requirements. In line with this objective, the Company ensures adequate capital at all times and manages its business in a way in which capital is protected, satisfactory business growth is ensured, cash flows are monitored, borrowing covenants are honoured and ratings are maintained.

Regulatory capital-related information is presented as part of the RBI mandated disclosures. The RBI norms require capital to be maintained at prescribed levels. In accordance with such norms, Tier I capital of the Company comprises of share capital, share premium, reserves and perpetual debt, Tier II capital comprises of subordinated debt and provision on loans that are not credit-impaired. There were no changes in the capital management process during the periods presented.

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.

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
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a) Credit risk

The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and industry concentrations, and by monitoring exposures in relation to such limits.

Financial assets measured on a collective basis

The Company splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Secured / unsecured i.e. based on whether the loans are secured
- Nature of security i.e. the nature of the security if the loans are determined to be secured
- Nature of loan i.e. based on the nature of loan

Significant increase in credit risk

The Company considers an exposure to have significantly increased in credit risk when the borrower crosses 30 DPD but is within 90 DPD.

Impairment assessment

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower crosses 90 days past due on its contractual payments. Further, the borrower is retained in Stage 3 (credit-impaired) till all the overdue amounts are repaid i.e. borrower becomes 0 days past due on its contractual payments.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Loss given default

The credit risk assessment is based on a standardised LGD assessment framework that incorporates the probability of default and subsequent recoveries, discounted.

Current economic data and forward-looking economic forecasts and scenarios are used in order to determine the Ind AS 109 LGD rate. The Company uses data obtained from third party sources and combines such data with inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios.

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, 2023	March 31, 2022
Stage 1	**66,793.73**	56,142.18
Stage 2	**1,322.12**	2,125.38
Stage 3	**1,914.85**	3,058.76
Total	**70,030.70**	**61,326.32**

b) An analysis of changes in the gross carrying amount and corresponding ECL allowances in relations to loans is as under:

	March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	**56,142.18**	**2,125.38**	**3,058.76**	**61,326.32**
Originated or new	**44,483.31**	**210.59**	**107.86**	**44,801.76**
Matured or repaid	**(31,096.12)**	**(1,099.72)**	**(2,059.75)**	**(34,255.59)**
Transfers to Stage 1	**875.26**	**(572.33)**	**(302.93)**	**-**
Transfers to Stage 2	**(1,346.94)**	**1,407.22**	**(60.28)**	**-**
Transfers to Stage 3	**(2,264.67)**	**(748.31)**	**3,012.98**	**-**
Amounts written off (net of recovery)	**-**	**-**	**(1,841.79)**	**(1,841.79)**
Gross carrying amount - closing balance	**66,793.02**	**1,322.83**	**1,914.85**	**70,030.70**

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
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	March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	55,263.27	3,300.87	2,760.86	61,325.00
Originated or new	28,624.70	251.85	156.66	29,033.21
Matured or repaid	(24,958.69)	(1,099.41)	(1,818.27)	(27,876.37)
Transfers to Stage 1	1,964.69	(1,394.17)	(570.52)	-
Transfers to Stage 2	(2,016.03)	2,097.54	(81.51)	-
Transfers to Stage 3	(2,735.76)	(1,031.30)	3,767.06	-
Amounts written off (net of recovery)	-	-	(1,155.52)	(1,155.52)
Gross carrying amount - closing balance	**56,142.18**	**2,125.38**	**3,058.76**	**61,326.32**

	March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	**1,996.81**	**511.25**	**1,655.81**	**4,163.87**
Originated or new	**711.35**	**74.53**	**86.91**	**872.79**
Increase / (decrease) in provision on existing financial assets (Net of recovery)	**(489.95)**	**(0.68)**	**943.79**	**453.16**
Transfers to Stage 1	**200.90**	**(102.26)**	**(98.64)**	**-**
Transfers to Stage 2	**(102.61)**	**122.39**	**(19.78)**	**-**
Transfers to Stage 3	**(287.57)**	**(232.73)**	**520.30**	**-**
Amounts written off (net of recovery)	**-**	**-**	**(1,841.79)**	**(1,841.79)**
Impairment loss allowance - closing balance	**2,028.93**	**372.50**	**1,246.60**	**3,648.03**

	March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	1,306.11	542.71	874.74	2,723.56
Originated or new	362.16	50.74	82.96	495.86
Increase / (decrease) in provision on existing financial assets (Net of recovery)	333.52	202.97	1,563.48	2,099.97
Transfers to Stage 1	335.24	(176.84)	(158.40)	-
Transfers to Stage 2	(108.83)	133.96	(25.13)	-
Transfers to Stage 3	(231.39)	(242.29)	473.68	-
Amounts written off (net of recovery)	-	-	(1,155.52)	(1,155.52)
Impairment loss allowance - closing balance	**1,996.81**	**511.25**	**1,655.81**	**4,163.87**

c) Modified financial assets

The Company renegotiates loans given to customers in financial difficulties (referred to as forbearance activities, restructuring or rescheduling) to maximise collection opportunities and minimise the risk of default. Under the Companies forbearance policy, loan forbearance is granted on a selective basis if the customer is currently in default on its debt or if there is a high risk of default, there is evidence that the customer made all reasonable efforts to pay under the original contractual terms and the customer is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Risk Management Committee regularly reviews reports on forbearance activities.

Upon renegotiation, such accounts are classified as Stage 3. Such accounts are upgraded to Stage 1 only upon observation of satisfactory repayments of one year from the date of such down-gradation and accordingly loss allowance is measured using 12 month PD.

Exposure to modified financial assets	March 31, 2023	March 31, 2022
Gross carrying amount	**2,384.91**	5,100.35
Impairment allowance	**1,091.00**	1,975.22
Net carrying amount	**1,293.91**	3,125.13

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
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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, 2023	March 31, 2022
Carrying value of Loans	**66,382.67**	57,162.44
Mortgage backed loans	**17,676.86**	16,404.30
Other assets backed loans	**28,669.31**	24,290.68
Personal loans	**15,828.13**	13,143.46
Others	**4,208.37**	3,324.00
Total	**66,382.67**	**57,162.44**

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are, as follows:

- For corporate and small business lending, charges over real estate properties, inventory and trade receivables and, in special circumstances, government guarantees
- For retail lending, mortgages over residential properties

The Company also obtains guarantees from parent companies for loans to their subsidiaries.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

Collateral coverage - credit impaired loans

Loan to Value (LTV) range	March 31, 2023	March 31, 2022
Upto 50 % Coverage	**659.53**	1,259.26
51-75 % Coverage	**8.58**	139.87
76-100 % Coverage	**0.02**	3.75
Above 100% Coverage	**-**	0.07
Total	**668.13**	**1,402.95**

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.

March 31, 2023	Less than 1 year	1 years to 3 years	3 years to 5 years	5 years and above	Total
Trade payables	**291.84**	**-**	**-**	**-**	**291.84**
Debt securities	**11,287.03**	**15,700.20**	**3,220.45**	**1,393.20**	**31,600.88**
Borrowings	**10,257.28**	**13,961.22**	**2,628.58**	**41.07**	**26,888.15**
Borrowings under Securitisation	**293.82**	**86.99**	**-**	**-**	**380.81**
Subordinated liabilities	**545.86**	**1,036.75**	**1,125.54**	**2,490.14**	**5,198.29**
Total	**22,675.83**	**30,785.16**	**6,974.57**	**3,924.41**	**64,359.97**

Notes to the Standalone Financial Statements
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March 31, 2022	Less than 1 year	1 years to 3 years	3 years to 5 years	5 years and above	Total
Trade payables	246.91	-	-	-	246.91
Debt securities	9,999.33	16,693.39	1,684.16	1,117.35	29,494.22
Borrowings	8,182.18	10,532.33	932.43	12.56	19,659.50
Borrowings under Securitisation	774.09	408.48	11.31	-	1,193.88
Subordinated liabilities	975.04	1,338.21	878.57	2,981.50	6,173.32
Total	**20,177.55**	**28,972.40**	**3,506.47**	**4,111.41**	**56,767.84**

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, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Borrowings that are re-priced	**0.25%**	0.25%	**48.75**	31.69
Loans that are re-priced	**0.25%**	0.25%	**41.78**	35.63

ii) Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arise majorly on account of foreign currency borrowings. The Company manages this foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Company holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

d) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or from external events.

The operational risks of the Company are managed through comprehensive internal control systems and procedures and key back up processes. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The Company also undertakes Risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure.

The Company has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the Company's readiness.

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46 IMPACT OF HEDGING ACTIVITIES

a) Disclosure of effects of hedge accounting on financial position:

March 31, 2023								
Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Line item in Balance Sheet
Cash flow hedge	Assets	Liabilities	Assets	Liabilities				
Foreign exchange forward contracts (Cross currency interest rate swaps)	**1,889.91**		**165.34**		**June 18, 2023**	**33.73**	**33.73**	**Borrowings**

March 31, 2022								
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)	4,017.00		132.44		October 30, 2022, November 29, 2020, December 10, 2022 & June 18, 2023	175.17	175.17	Borrowings

b) Disclosure of effects of hedge accounting on financial performance

March 31, 2023				
Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive Income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge				
Foreign exchange risk and interest rate risk	**33.73**	**-**	**(14.13)**	**Finance cost**

March 31, 2022				
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	175.17	-	(142.17)	Finance cost

Notes to the Standalone Financial Statements
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47 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Particulars	April 01, 2022	Cash flows	Exchange Difference	Other	March 31, 2023
Debt securities	25,332.31	1,738.71	-	25.39	**27,096.41**
Borrowings other than debt securities	18,296.08	5,534.35	-	26.51	**23,856.94**
Borrowings under Securitisation	1,205.64	(834.78)	-	-	**370.86**
Subordinated liabilities	4,139.05	(608.90)	-	10.95	**3,541.10**
Total	**48,973.08**	**5,829.38**	**-**	**62.85**	**54,865.31**

Particulars	April 01, 2021	Cash flows	Exchange Difference	Other	March 31, 2022
Debt securities	23,802.07	1,555.63	-	(25.39)	25,332.31
Borrowings other than debt securities	20,532.66	(2,248.95)	-	12.37	18,296.08
Borrowings under Securitisation	2,036.41	(830.77)	-	-	1,205.64
Subordinated liabilities	3,987.61	140.49	-	10.95	4,139.05
Total	**50,358.75**	**(1,383.60)**	**-**	**(2.07)**	**48,973.08**

(i) Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.

(ii) Total Liabilities comprises of Debt securities, Borrowings (other than debt securities) and Subordinated Liabilities

48 EXPENDITURE / REMITTANCES IN FOREIGN CURRENCIES

a) Expenditure in Foreign Currencies

Particulars	March 31, 2023	March 31, 2022
Professional charges	**0.05**	0.14
Annual software application fee	**4.16**	0.20

b) There is no dividend paid in foreign currency.

49 EVENT AFTER REPORTING DATE

Subsequent events are tracked and evaluated by the Company. Necessary adjustments / disclosures have been provided in the financial statements for significant subsequent events.

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, 2023	March 31, 2022
Carrying amount of transferred assets measured at amortised cost	**356.14**	1,211.85
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	**370.86**	1,205.64
Fair value of assets	**337.98**	1,154.16
Fair value of associated liabilities	**364.45**	1,193.88
Net position at Fair Value	**(26.47)**	(39.72)

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, 2023	March 31, 2022
Carrying amount of de-recognised financial asset	**55.84**	117.98
Carrying amount of retained assets at amortised cost*	**6.09**	13.41
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 92 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, 2023	March 31, 2022
1	No of SPEs holding assets for securitisation transactions originated by the originator	**3.00**	5.00
	(only the SPVs relating to outstanding securitisation exposures to be reported here)		
2	Total amount of securitised assets as per books of the SPEs	**356.14**	1,223.15
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	• First Loss	**21.86**	62.64

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

Sr No.	Particulars	March 31, 2023	March 31, 2022
	• Others	-	-
	b) On-balance sheet exposures		
	• First Loss	**93.63**	190.47
	• Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	• First Loss	-	-
	• Others	-	-
	ii) Exposure to third party securitisations		
	• First Loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	• First Loss	-	-
	• Others	-	-
	ii) Exposure to third party securitisations		
	• First Loss	-	-
	• Others	-	-
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	-	-
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	-	-
7	Performance of facility provided. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.	-	-
	Fixed Deposit		
	(a) Amount paid	-	17.12
	(b) Repayment received	-	17.12
	(c) Outstanding amount	**93.63**	172.96
	Corporate Guarantee		
	(a) Amount paid	-	36.07
	(b) Repayment received	-	36.07
	(c) Outstanding amount	**21.86**	62.64
8	Average default rate of portfolios observed in the past.	**1.89%**	1.86 %
9	Amount and number of additional/top up loan given on same underlying asset.		
	(a) Amount	-	0.09
	(b) Number	-	10.00
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, 2023 (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, 2023			March 31, 2022		
		To ARCs	To permitted transferees	To other transferees	To ARCs	To permitted transferees	To other transferees
i)	Number of Accounts	**1337**	**-**	**-**	80	-	-
ii)	Aggregate principal outstanding of loans transferred	**161.24**	**-**	**-**	14.41	-	-
iii)	Weighted average residual tenor of the loans transferred	**7.18 Years**	**-**	**-**	6.73 Years	-	-
iv)	Net book value of loans transferred (at the time of transfer)	**126.29**	**-**	**-**	12.57	-	-
v)	Aggregate consideration	**103.62**	**-**	**-**	7.50	-	-
vi)	Additional consideration realised in respect of accounts transferred in earlier years	**-**	**-**	**-**	-	-	-

During the year excess provisions of ₹ 51.58 Crore (Previous Year ₹ 1.84 Crore) reversed to the profit and loss account on accounts of sale of stressed loans.

b) Security Receipts (SRs) Ratings held

	March 31, 2023		March 31, 2022	
	Rating Agencies	Rating	Rating Agencies	Rating
EARC TRUST SC - 411 Series I (*)	**Indian rating and research**	**IND RR3- (50% - 75%)**	Indian rating and research	NR3- (75% - 100%)

(*) Rating Band awarded by SEBI approved Ratings agencies to Security Receipts issued by above mentioned trust(s) set up by Edelweiss Asset Reconstruction Company Limited (EARC).

c) Details of loans (not in default) acquired during the year

Sr No.	Particulars	March 31, 2023	March 31, 2022
i)	Aggregate amount of loans acquired (₹ in Crore)	**83.08**	-
ii)	Weighted average residual maturity (in years)	**4.13**	-
iii)	Weighted average holding period by originator (in years)	**5.02**	-
iv)	Retention of beneficial economic interest by the originator	**10%**	-
v)	Aggregate consideration paid	**83.08**	-
vi)	Tangible security coverage	**0%**	-

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

d) Details of Assignment Transactions

Sr No.	Particulars	March 31, 2023			March 31, 2022		
		To ARCs	To permitted transferees	To other transferees	To ARCs	To permitted transferees	To other transferees
i)	Number of Accounts	-	-	-	-	-	-
ii)	Aggregate principal outstanding of loans transferred	-	-	-	-	-	-
iii)	Weighted average residual tenor of the loans transferred	-	-	-	-	-	-
iv)	Net book value of loans transferred (at the time of transfer)	-	-	-	-	-	-
v)	Aggregate consideration	-	-	-	-	-	-
vi)	Additional consideration realised in respect of accounts transferred in earlier years	-	-	-	-	-	-

* The securitised loans disclosed in the above notes, i.e. 51, 52 and 53 do not qualify for de-recognition under Ind AS. Nevertheless, the information in the notes is presented to ensure compliance with the RBI disclosure requirements.

54 Total fixed deposits stands at ₹ 93.63 Crore (previous year ₹ 172.96 Crore) on account of securitisation transaction outstanding till March 31, 2023.

55 Loan against gold portfolio to Total assets is 0.61% (Previous year 0.77%).

56 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DNBR/2016-17/45 MASTER DIRECTION DNBR.PD.008/03.10.119/2016-17 UPDATED AS ON DECEMBER 29, 2022 PERTAINING TO GOLD LOANS

Details of Gold auctions conducted*

Particulars	March 31, 2023	March 31, 2022
No of loan accounts	**1,114**	2,822
Outstanding loan amount	**6.28**	30.01
Sale Consideration of gold **	**14.31**	35.40

* 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.

57 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DNBR/2016-17/45 MASTER DIRECTION DNBR.PD.008/03.10.119/2016-17 UPDATED AS ON DECEMBER 29, 2022 PERTAINING TO ASSET CLASSIFICATION AS PER RBI NORMS

As at March 31, 2023

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amounts as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 Provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	**Stage 1**	**66,793.73**	**2,026.71**	**64,767.02**	**443.94**	**1,582.77**
	Stage 2	**1,322.12**	**372.41**	**949.71**	**26.68**	**345.73**
Subtotal		**68,115.85**	**2,399.12**	**65,716.73**	**470.62**	**1,928.50**
Non-Performing Assets (NPA)						

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

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)
Substandard	**Stage 3**	**1,835.18**	**1,198.66**	**636.52**	**171.47**	**1,027.19**
Doubtful - up to 1 year	**Stage 3**	**-**	**-**	**-**	**-**	**-**
1 to 3 years	**Stage 3**	**78.41**	**46.68**	**31.73**	**13.55**	**33.13**
More than 3 years	**Stage 3**	**-**	**-**	**-**	**-**	**-**
Loss	**Stage 3**	**1.26**	**1.26**	**-**	**1.14**	**0.12**
Subtotal for NPA		**1,914.85**	**1,246.60**	**668.25**	**186.16**	**1,060.44**
Other items such as guarantee, loan commitment, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	**Stage 1**	**475.06**	**2.55**	**472.51**	**2.29**	**0.26**
	Stage 2	**12.22**	**5.84**	**6.38**	**0.47**	**5.37**
	Stage 3	**1.34**	**0.81**	**0.53**	**0.05**	**0.76**
Subtotal of other items		**488.62**	**9.20**	**479.42**	**2.81**	**6.39**
TOTAL	**Stage 1**	**67,268.79**	**2,029.26**	**65,239.53**	**446.23**	**1,583.03**
	Stage 2	**1,334.34**	**378.25**	**956.09**	**27.15**	**351.10**
	Stage 3	**1,916.19**	**1,247.41**	**668.78**	**186.21**	**1,061.20**
	Total	**70,519.32**	**3,654.92**	**66,864.40**	**659.59**	**2,995.33**

As at March 31, 2022

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	56,142.18	1,996.81	54,145.37	220.34	1,776.47
	Stage 2	2,125.38	511.25	1,614.13	8.34	502.91
Subtotal		**58,267.56**	**2,508.05**	**55,759.51**	**228.68**	**2,279.38**
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,829.45	1,589.28	1,240.17	258.35	1,330.93
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	224.85	62.07	162.78	38.10	23.97
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	4.47	4.47	-	3.97	0.50
Subtotal for NPA		**3,058.76**	**1,655.81**	**1,402.95**	**300.42**	**1,355.40**
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	419.21	1.12	418.09	-	1.12
	Stage 2	20.78	2.05	18.73	-	2.05
	Stage 3	0.13	0.13	-	0.74	(0.61)
Subtotal of other items		**440.12**	**3.30**	**436.82**	**0.74**	**2.56**
TOTAL	**Stage 1**	**56,561.40**	**1,997.93**	**54,563.47**	**220.34**	**1,777.59**
	Stage 2	**2,146.16**	**513.29**	**1,632.87**	**8.34**	**504.95**
	Stage 3	**3,058.90**	**1,655.94**	**1,402.96**	**301.16**	**1,354.78**
	Total	**61,766.45**	**4,167.16**	**57,599.29**	**529.84**	**3,637.32**

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

58 THE BELOW TABLE DEPICTS STAGE WISE COUNT AND AMOUNT OF LOAN BOOK OUTSTANDING.

Sr No.	Stage	Count	March 31, 2023	Count	March 31, 2022
1	Stage 1	**44,80,195**	**66,793.73**	36,55,901	56,142.18
2	Stage 2	**1,12,059**	**1,322.12**	1,10,555	2,125.38
3	Stage 3	**80,528**	**1,914.85**	1,62,567	3,058.76
	Total	**46,72,782**	**70,030.70**	**39,29,023**	**61,326.32**

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.

59 MOVEMENT OF CREDIT IMPAIRED LOANS UNDER IND-AS

Sr No.	Particulars	March 31, 2023	March 31, 2022
(i)	**Credit impaired loans under Ind-AS (Net) to Loans (Net) (%)**	**0.97%**	**2.41%**
(ii)	**Movement of Credit impaired loans under Ind-AS (Gross)**		
	a) Opening balance	**3,058.76**	2,760.86
	b) Additions during the year	**3,120.84**	3,927.26
	c) Reductions during the year	**4,264.75**	3,629.36
	d) Closing balance	**1,914.85**	3,058.76
(iii)	**Movement of Credit impaired loans under Ind-AS (Net)**		
	a) Opening balance	**1,402.95**	1,886.12
	b) Additions during the year	**1,569.84**	1,803.61
	c) Reductions during the year	**2,304.54**	2,286.78
	d) Closing balance	**668.25**	1,402.95
(iv)	**Movement of impairment loss allowance on credit impaired loans**		
	a) Opening balance	**1,655.81**	874.74
	b) Impairment loss allowance made during the year	**1,551.00**	2,120.12
	c) Write-off / write-back of excess allowance	**1,960.21**	1,339.05
	d) Closing balance	**1,246.60**	1,655.81

60 MOVEMENT OF IMPAIRMENT LOSS ALLOWANCE FOR LOW CREDIT RISK LOANS AND SIGNIFICANT INCREASE IN CREDIT RISK LOANS

Sr No.	Particulars	March 31, 2023	March 31, 2022
(i)	**Movement of impairment allowance for low credit risk loans and significant increase in credit risk loans**		
	a) Opening balance	**2,508.06**	1,848.82
	b) Additions during the year	**785.88**	949.39
	c) Reductions during the year	**892.51**	290.15
	d) Closing balance	**2,401.43**	2,508.06

61 CONCENTRATION OF LOAN, EXPOSURES & CREDIT IMPAIRED LOAN

a) Concentration of Loan

Particulars	March 31, 2023	March 31, 2022
Total Advances to Twenty Largest Borrowers	**353.93**	198.85
Percentage of advances to twenty largest borrowers to Total Advances	**0.51%**	0.32%

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

b) Concentration of Exposures

Particulars	March 31, 2023	March 31, 2022
Total Exposure to Twenty Largest Borrowers	**353.93**	198.85
Percentage of exposures to twenty largest borrowers to Total Exposures	**0.51%**	0.32%

c) Concentration of credit impaired loans

Particulars	March 31, 2023	March 31, 2022
Total Exposure of Top four credit impaired accounts	**24.82**	21.79

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, 2023	March 31, 2022
1	Agriculture & allied activities	**4.11%**	7.51%
2	Corporate borrowers	**3.04%**	3.26%
3	Services	**1.77%**	2.56%
4	Unsecured personal loans	**2.33%**	4.83%
5	Auto loans	**2.65%**	4.98%
6	Other personal loans	**-**	-
7	Others	**3.96%**	10.67%

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 2022-23. However, the Company has transferred certain credit impaired assets to Asset Reconstruction Company in terms of guidelines issued by RBI circular no. DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021 (Refer Note 53). Further, the Company has not sold any credit impaired financial asset to institutions other than to Securitisation / Asset Reconstruction Company (SC / RC).

63 INVESTMENTS

Sr No.	Particulars	March 31, 2023	March 31, 2022
1	**Value of Investments***		
	i) Gross value of Investments	**1,262.89**	2,247.54
	ii) Unrealised fair value movement	**(19.64)**	(14.03)
	iii) Fair value of Investments	**1,243.25**	2,233.51
	* Please note that all investments are held in India		
2	**Movement of unrealised fair value movement on investments**		
	i) Opening Balance	**(14.03)**	8.78
	ii) Add : increase in unrealised fair value during the year	**0.50**	-
	iii) Less : decrease in unrealised fair value during the year	**6.11**	22.81
	iv) Closing Balance	**(19.64)**	(14.03)

64 DERIVATIVES

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Sr No.	Particulars	March 31, 2023	March 31, 2022
i)	The notional principal of swap agreements	**1,889.91**	4,017.00
ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreement	**-**	-
iii)	Collateral required by the Company upon entering into swaps	**-**	-
iv)	Concentration of credit risk arising from the swaps	**2.70%**	4.34%
v)	The fair value of the swap book (Asset / (Liability))	**1.00**	1.00

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

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.

d) Foreign currency non-repatriate loans availed

Sr No.	Particulars	March 31, 2023		March 31, 2022	
		Currency Derivatives*	Interest Rate Derivatives	Currency Derivatives*	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount)				
	- For hedging	**1,889.91**	**-**	4,017.00	-
ii)	Marked to Market Positions				
	(a) Asset [+] Estimated gain	**-**	**-**	-	-
	(b) Liability [-] Estimated loss	**-**	**-**	-	-
iii)	Credit exposure	**1,889.91**	**-**	4,017.00	-
iv)	Unhedged exposures	**-**	**-**	-	-

* Cross currency interest rate swap

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:

	March 31, 2023	March 31, 2022
CRAR%	**20.05%**	20.22%
CRAR –Tier I Capital %	**15.91%**	15.22%
CRAR-Tier II Capital %	**4.14%**	5.00%
Amount of Subordinated Debt raised as Tier-II capital	**-**	3,500
Amount Raised by the issue of Perpetual Debt Instruments	**-**	650

There were ₹ Nil Crore (Previous Year ₹ Nil Crore) interest outstanding to pay Perpetual Debt Insutments holder.

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

66 MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES

(Previous year figures are presented in italics.)

Particulars	Deposits	Advances	Investments(*)	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day to 30/31 days	**100.03**	**2,821.76**	**1,185.31**	**1,114.00**	**-**	**-**
	45.96	*2,453.75*	*2,144.03*	*1,530.02*	*-*	*-*
Over one month to 2 months	**0.84**	**2,298.33**	**-**	**1,130.11**	**-**	**-**
	1.04	*1,926.23*	*-*	*691.34*	*-*	*-*
Over 2 months upto 3 months	**-**	**2,295.78**	**-**	**2,272.19**	**-**	**1,888.94**
	-	*1,951.17*	*-*	*1,497.90*	*-*	*-*
Over 3 months to 6 months	**69.14**	**6,258.32**	**-**	**4,376.33**	**-**	**-**
	25.24	*5,399.67*	*-*	*4,175.78*	*-*	*-*
Over 6 months to 1 year	**26.21**	**10,744.56**	**-**	**8,768.93**	**-**	**-**
	103.95	*9,568.93*	*-*	*7,195.46*	*-*	*2,264.60*
Over 1 year to 3 years	**-**	**26,830.43**	**-**	**26,203.30**	**-**	**-**
	-	*24,094.04*	*-*	*23,936.94*	*-*	*1,740.02*
Over 3 years to 5 years	**-**	**6,545.54**	**55.99**	**5,743.68**	**-**	**-**
	-	*5,936.77*	*88.03*	*2,614.90*	*-*	*-*
Over 5 years	**-**	**8,587.95**	**1.95**	**3,367.83**	**-**	**-**
	-	*5,831.89*	*1.45*	*3,326.11*	*-*	*-*
Total	**196.22**	**66,382.67**	**1,243.25**	**52,976.37**	**-**	**1,888.94**
	176.19	***57,162.45***	***2,233.51***	***44,968.45***	**-**	***4,004.62***

* Long-Term Investment in Clayfin Technologies Private Limited are shown in "over 5 year"

67 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR DOR.NO.BP.BC/3/21.04.048/2020-21 DATED AUGUST 06, 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 half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	**133.47**	**19.68**	**4.78**	**38.14**	**70.88**
	327.13	*49.10*	*-*	*21.75*	*256.28*
Corporate persons*	**11.74**	**-**	**-**	**8.25**	**3.49**
	53.41	*-*	*-*	*7.55*	*45.86*
Of which, MSMEs	**11.74**	**-**	**-**	**8.25**	**3.49**
	53.41	*-*	*-*	*7.55*	*45.86*
Others	**0.12**	**0.01**	**0.00**	**0.07**	**0.03**
	0.32	*-*	*-*	*0.01*	*0.31*
Total	**145.32**	**19.68**	**4.78**	**46.46**	**74.40**
	380.86	***49.10***	**-**	***29.31***	***302.45***

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

Notes to the Standalone Financial Statements
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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	49,823	3,711.08 Crore

69 DISCLOSURE REQUIREMENTS UNDER SCALE BASED REGULATION - SECTORAL EXPOSURE DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA RBI/2022-23/26 DOR. ACC REC. NO.20/21.04.018/2022-23 DATED APRIL 19, 2022.

Sr No.	Sectors	March 31, 2023			March 31, 2022		
		Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ in Crore)	Gross NPAs (₹ in Crore)	Percentage of Gross NPAs to total exposure in that sector %	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ in Crore)	Gross NPAs (₹ in Crore)	Percentage of Gross NPAs to total exposure in that sector %
	Total sectors exposure	**70,030.70**	**1,914.85**	**2.73%**	**61,326.32**	**3,058.76**	**4.99%**
1	**Agriculture and Allied Activities**	**169.06**	**5.55**	**3.28%**	**151.96**	**6.47**	**4.26%**
2	**Industry**						
	(i) Micro and Small	**1,532.88**	**57.97**	**3.78%**	1,407.13	58.54	4.16%
	(ii) Medium	**-**	**-**	**-**	-	-	-
	(iii) Others	**-**	**-**	**-**	-	-	-
	Total of Industry	**1,532.88**	**57.97**	**3.78%**	**1,407.13**	**58.54**	**4.16%**
3	**Services**						
	(i) Transport Operators	**390.18**	**6.04**	**1.55%**	181.59	7.35	4.05%
	(ii) Computer Software	**57.68**	**2.72**	**4.71%**	34.53	0.94	2.73%
	(iii) Tourism, Hotel and Restaurants	**247.62**	**10.74**	**4.34%**	250.76	6.37	2.54%
	(iv) Shipping	**8.71**	**0.04**	**0.45%**	14.67	0.18	1.20%
	(v) Professional Services	**27.23**	**-**	**0.00%**	24.46	-	0.00%
	(vi) Total of Trade	**743.30**	**19.68**	**2.65%**	562.81	12.70	2.26%
	(a) Wholesale Trade (other than Food Procurement)	**74.98**	**4.64**	**6.19%**	46.28	0.42	0.90%
	(b) Retail Trade	**668.32**	**15.04**	**2.25%**	516.53	12.28	2.38%
	(vii) Commercial Real Estate	**166.02**	**5.06**	**3.05%**	138.11	0.59	0.42%
	(viii) NBFCs	**-**	**-**	**-**	-	-	-
	(ix) Aviation	**5.24**	**3.22**	**61.53%**	7.96	3.70	46.52%
	(x) Others	**2,408.10**	**54.64**	**2.27%**	1,758.63	66.49	3.78%
	Total of Services	**4,054.08**	**102.14**	**2.52%**	**2,973.52**	**98.32**	**3.31%**

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for the year ended March 31, 2023 (Contd.)
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Sr No.	Sectors	March 31, 2023			March 31, 2022		
		Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ in Crore)	Gross NPAs (₹ in Crore)	Percentage of Gross NPAs to total exposure in that sector %	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ in Crore)	Gross NPAs (₹ in Crore)	Percentage of Gross NPAs to total exposure in that sector %
4	**Personal Loans**						
	(i) Housing Loans (incl. priority sector Housing)	**-**	**-**	**-**	-	-	-
	(ii) Consumer Durables	**3,965.26**	**29.62**	**0.75%**	3,083.41	70.56	2.29%
	(iii) Credit Card Receivables	**-**	**-**	**-**	-	-	-
	(iv) Vehicle/Auto Loans	**21,880.85**	**705.65**	**3.22%**	19,442.88	1,066.20	5.48%
	(v) Education Loans	**-**	**-**	**-**	-	-	-
	(vi) Advances against Fixed Deposit	**-**	**-**	**-**	-	-	-
	(vii) Advances to Individuals against Shares, Bonds	**2.69**	**0.21**	**7.97%**	6.07	0.40	6.58%
	(viii) Advances to Individuals against Gold	**425.15**	**7.07**	**1.66%**	473.99	20.22	4.27%
	(ix) Micro finance loan/SHG Loan	**115.69**	**-**	**-**	2.33	-	-
	(x) Others	**37,885.04**	**1,006.63**	**2.66%**	33,785.03	1,738.05	5.14%
	Total of Personal Loans	**64,274.68**	**1,749.19**	**2.72%**	**56,793.71**	**2,895.43**	**5.10%**
5	**Others, if any (please specify)**	**-**	**-**	**-**	**-**	**-**	**-**

70 EXPOSURE TO REAL ESTATE SECTOR - DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA SCALE BASED REGULATION RBI/2022-23/26 DOR. ACC. REC. NO. 20 /21.04. 018/2022-23 DATED APRIL 19, 2022.

Categories		March 31, 2023	March 31, 2022
A.	**Direct Exposure**		
i.	Residential Mortgages -	**12,584.64**	11,779.72
	(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 –	**6,012.62**	5,345.78
	(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		**18,597.26**	**17,125.50**

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for the year ended March 31, 2023 (Contd.)
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71 EXPOSURE TO CAPITAL MARKET - DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA SCALE BASED REGULATION /2022-23/26 DOR.ACC.REC.NO. 20/21.04.018 /2022-23 DATED APRIL 19, 2022.

Sr No.	Particulars	March 31, 2023	March 31, 2022
i)	Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity- oriented mutual funds the corpus of which is not exclusively invested in corporate debt	**2.30**	2.30
ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPO's / ESOP's), convertible bonds, convertible debentures and units of equity oriented mutual funds	**0.01**	0.02
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security ;	**-**	-
iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds ' does not fully cover the advances ;	**-**	-
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		
	Total Exposure to Capital Market	**2.31**	**2.32**

72 UNHEDGED FOREIGN CURRENCY EXPOSURE -

disclosure pursuant to Reserve Bank of India (Scale Based Regulation) /2022-23/26 DOR.ACC.REC.No. 20 /21. 04.018 /2022-23 dated April 19, 2022 Refer Significant accounting policies Note 2.5 and Note 45 (c) (ii)

73 INTRA-GROUP EXPOSURES DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA RBI/2022-23/26 DOR.ACC.REC. NO.20/21.04.018/2022-23 DATED APRIL 19, 2022

Particulars	March 31, 2023	March 31, 2022
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

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74 COMPLAINTS DISCLOSURE PURSURANT TO RESERVE BANK OF INDIA (SCALE BASED REGULATION) RBI/2022-23/26 DOR.ACC.REC.NO.20/21.04.018/2022-23 DATED APRIL 19, 2022.

Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Sr No.	Particulars	March 31, 2023	March 31, 2022
i)	Number of Complaints Pending at the beginning of the year	**64**	391
ii)	Number of Complaints received during the year	**5,462**	4,334
iii)	Number of Complaints disposed during the year	**5,465**	4,661
iiia)	Of which (iii), number of complaints rejected by the NBFC	**125**	200
iv)	Number of complaints pending at the end of the year	**61**	64
	Maintainable complaints received by the NBFC from Office of Ombudsman		
v)	Number of maintainable complaints received by the NBFC from Office of Ombudsman	**106**	121
va)	Of (v), number of complaints resolved in favour of the NBFC by Office of Ombudsman	**92**	110
vb)	Of (v), number of complaints resolved through conciliation/mediation/ advisories issued by Office of Ombudsman	**14**	11
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	**1**	**44**	**(53.19%)**	**-**	**-**
Ground - 2 Loans and advances	**39**	**5,284**	**29.76%**	**61**	**-**
Ground - 3 Non-observance of fair practices code	**-**	**-**	**-**	**-**	**-**
Ground - 4 Levy of charges without prior notice/excessive charges/ foreclosure charges	**-**	**-**	**-**	**-**	**-**
Ground - 5 Facilities for customers visiting the office/adherence to prescribed working hours, etc.	**-**	**-**	**-**	**-**	**-**
Others	**24**	**134**	**(20.24%)**	**-**	**-**
Total	**64**	**5,462**	**26.03%**	**61**	**-**

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
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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 Year					
Ground - 1 Recovery Agents/Direct Sales Agents	13	94	(48.91%)	1	-
Ground - 2 Loans and advances	354	4,072	(67.73%)	39	-
Ground - 3 Non-observance of fair practices code	-	-	-	-	-
Ground - 4 Levy of charges without prior notice/excessive charges/ foreclosure charges	-	-	-	-	-
Ground - 5 Facilities for customers visiting the office/adherence to prescribed working hours, etc.	-	-	-	-	-
Others	24	168	38.84%	24	-
Total	**391**	**4,334**	**(66.47%)**	**64**	**-**

75 BREACH OF COVENANT DISCLOSURE PURSURANT TO RESERVE BANK OF INDIA (SCALE BASED REGULATION) RBI/2022-23/26 DOR.ACC.REC.NO.20 /21 .04.018/2022-23 DATED APRIL 19, 2022.

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 2022-23 as well as previous year 2021-22.

76 DIVERGENCE IN ASSET CLASSIFICATION AND PROVISIONING - DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA (SCALE BASED REGULATION) RBI/2022-23/26 DOR.ACC.REC.NO.20 /21.04.018 /2022-23 DATED APRIL 19, 2022.

A) The additional provisioning requirements assessed by RBI (or National Housing Bank(NHB) in the case of Housing Finance Companies) exceeds 5% of the reported profits before tax and impairment loss on financial instruments for the reference period

Not applicable

B) Additional Gross NPAs identified by RBI exceeds 5 per cent of the reported Gross NPAs for the reference period.

Not applicable

Sr.	Particulars	Amount
1	Gross NPAs as on March 31, 2022 as reported by Company	Not applicable
2	Gross NPAs as on March 31, 2022 as assessed by the Reserve Bank of India	
3	Divergence in Gross NPAs (2-1)	
4	Net NPAs as on March 31, 2022 as reported by the Company	
5	Net NPAs as on March 31, 2022 as assessed by Reserve Bank of India	
6	Divergence in Net NPAs (5-4)	
7	Provisions for NPAs as on March 31, 2022 as reported by the Company	
8	Provisions for NPAs as on March 31, 2022 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, 2022	
11	Reported Net Profit after Tax (PAT) for the year ended March 31, 2022	
12	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2022 after considering the divergence in provisioning	

* March 31, 2022 is the close of the reference period in respect of which divergences were assessed

77 DISCLOSURE PURSUANT TO SECTION III TO RESERVE BANK OF INDIA (SCALE BASED REGULATION) RBI/2022-23/26 DOR.ACC.REC. NO.20/21.04.018/2022-23 DATED APRIL 19, 2022.

The Company endeavours to comply with requirements for getting its equity shares listed within the timelines prescribed under Scale Based Regulation.

78 RELATED PARTY DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA (SCALE BASED REGULATION) RBI/2022-23/26 DOR.ACC.REC. NO.20/21.04.018/2022-23 DATED APRIL 19, 2022.

Sr No.	Related party	Parent (HDFC Bank)		Subsidiaries		Associates/Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel		Others		Total	
	Items	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
A	**Details of Related Party Transactions for the Year:**														
(i)	Borrowings	**3,350.00**	5,360.00	-	-	-	-	-	-	-	-	-	-	**3,350.00**	5,360.00
(ii)	Placement of deposits	-	17.77	-	-	-	-	-	-	-	-	-	-	-	17.77
(iii)	Interest paid	**677.81**	498.75	-	-	-	-	-	-	-	-	-	-	**677.81**	498.75
(iv)	Interest received	**2.71**	5.47	-	-	-	-	-	-	-	-	-	-	**2.71**	5.47
(v)	Others	**3,241.53**	2,781.48	-	-	-	-	**9.55**	9.00	-	-	**21.85**	18.01	**3,272.93**	2,808.48
(va)	Charges for back office support services received / recoverable	**984.41**	921.26	-	-	-	-	-	-	-	-	-	-	**984.41**	921.26
(vb)	Charges for sales support services received / recoverable	**1,821.96**	1,607.28	-	-	-	-	-	-	-	-	-	-	**1,821.96**	1,607.28
(vc)	Tele collection charges / field collection charges received / recoverable for collection services rendered	**255.65**	220.58	-	-	-	-	-	-	-	-	-	-	**255.65**	220.58
(vd)	Others	**179.51**	32.36	-	-	-	-	**9.55**	9.00	-	-	**21.85**	18.01	**210.90**	59.37
B	**Balances outstanding:**														
(i)	Borrowings	**11,295.33**	11,601.17	-	-	-	-	-	-	-	-	**1,866.60**	1,386.00	**13,161.93**	12,987.17
(ii)	Deposits	**9.85**	-	-	-	-	-	-	-	-	-	-	-	**9.85**	-
(iii)	Placement of deposits	**47.89**	88.62	-	-	-	-	-	-	-	-	-	-	**47.89**	88.62
(iv)	Others	**353.92**	514.93	-	-	-	-	-	-	-	-	**4.26**	2.10	**358.17**	517.03
C	**Maximum balance during the year:**														
(i)	Borrowings	**13,064.15**	12,550.80	-	-	-	-	-	-	-	-	-	-	**13,064.15**	12,550.80
(ii)	Deposits	**9.85**	9.85	-	-	-	-	-	-	-	-	-	-	**9.85**	9.85
(iii)	Placement of deposits	**88.66**	188.92	-	-	-	-	-	-	-	-	-	-	**88.66**	188.92

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79 DISCLOSURE ON LIQUIDITY RISK MANAGEMENT FRAMEWORK PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DNBR/2016-17/45 MASTER DIRECTION DNBR.PD.008/03.10.119/2016-17 DATED DECEMBER 29, 2022.

Quantitative Disclosure on Liquidity Coverage Ratio (LCR) for year ended March 31, 2023 is given below:

Particulars	Quarter Ended March 31, 2023			Quarter Ended December 31, 2022			Quarter Ended September 30, 2022			Quarter Ended June 30, 2022		
	Total Unweighted Value (average)*	Weight	Total Weighted value (average)*	Total Unweighted Value (average)*	Weight	Total Weighted value (average)*	Total Unweighted Value (average)*	Weight	Total Weighted value (average)*	Total Unweighted Value (average)*	Weight	Total Weighted value (average)*
High Quality Liquid Assets												
1 Total High Quality Liquid Assets (HQLA)	**1,061.33**	**100%**	**1,061.33**	**2,074.80**	**100%**	**2,074.80**	**1,074.37**	**100%**	**1,074.37**	**1,289.48**	**100%**	**1,289.48**
Cash & Bank Balances	**150.77**	**100%**	**150.77**	246.87	100%	246.87	202.48	100%	202.48	173.47	100%	173.47
Investment in T-Bills	**910.57**	**100%**	**910.57**	1,827.93	100%	1,827.93	871.89	100%	871.89	1,116.01	100%	1,116.01
Cash Outflows												
2 Deposits(for deposit taking companies)	**N.A.**	**115%**	**N.A.**	N.A.	115%	N.A.	N.A.	115%	N.A.	N.A.	115%	N.A.
3 Unsecured wholesale funding		**115%**	**-**	-	115%	-	-	115%	-	-	115%	-
4 Secured wholesale funding	**1,708.20**	**115%**	**1,964.43**	2,310.88	115%	2,657.51	1,558.25	115%	1,791.99	1,081.76	115%	1,244.02
5 Additional requirements, of which												
(i) Outflows related to derivative exposures and other collateral requirements**		**115%**	**-**	-	115%	-	-	115%	-	500.00	115%	575.00
(ii) Outflows related to loss of funding on debt products		**115%**	**-**		115%	-		115%	-		115%	-
(iii) Credit and liquidity facilities		**115%**	**-**	-	115%	-	-	115%	-	-	115%	-
6 Other contractual funding obligations	**414.76**	**115%**	**476.97**	384.04	115%	441.65	319.41	115%	367.33	360.83	115%	414.96
7 Other contingent funding obligations	**71.54**	**115%**	**82.27**	54.65	115%	62.85	48.06	115%	55.27	46.17	115%	53.10
8 Total Cash Outflows	**2,194.50**		**2,523.67**	**2,749.57**		**3,162.01**	**1,925.72**		**2,214.59**	**1,988.76**		**2,287.08**
Cash Inflows												
9 Secured Lending	**-**	**-**	**-**	-	-	-	-	-	-	-	-	-
10 Inflows from fully performing exposures	**2,751.93**	**75%**	**2,063.94**	2,665.55	75%	1,999.16	2,636.60	75%	1,977.45	2,524.92	75%	1,893.69
11 Other cash inflows	**2,020.08**	**75%**	**1,515.06**	2,047.70	75%	1,535.78	1,778.70	75%	1,334.03	1,411.00	75%	1,058.25
12 TOTAL CASH INFLOWS	**4,772.01**		**3,579.00**	**4,713.25**		**3,534.94**	**4,415.30**		**3,311.48**	**3,935.92**		**2,951.94**
13 TOTAL HQLA			**1,061.33**			2,074.80			1,074.37			1,289.48
14 TOTAL NET CASH OUTFLOWS			**630.92**			790.50			553.65			571.77
15 LIQUIDITY COVERAGE RATIO (%)			**168.22%**			**262.47%**			**194.05%**			**225.53%**

*The average weighted and unweighted amounts are calculated taking simple averages of monthly observations for the respective quarters

** Consist of outflows related to collateral requirements where downgrade triggers upto and including 3 notches downgrade

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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 would rise in equal annual steps to reach 100%, on December 01,2024. The present minimum LCR requirement is 70% effective from December 01, 2022. In order to determine High quality Liquid Assets, Company considers Cash and Bank Balances, Investment in Government Securities without any haircut. In order to determine net cash outflows, Company considers total expected cash outflow minus total expected cash inflows for the subsequent 30 calendar days. As per regulations, stressed cash flows is computed by assigning a predefined stress percentage to the overall cash inflows and cash outflows. Net cash outflow over next 30 days is computed as stressed outflows less minimum of stressed inflows, 75% of stressed outflow. Accordingly LCR would be computed by dividing Company's stock of HQLA by it's total net cash outflow.

Cash outflow under secured wholesale funding includes contractual obligations under Term loans, NCDs, Interest payable within 30 days. Outflow under other collateral requirement, the Company considers the loans which are callable under rating downgrade trigger up to and including 3- notch downgrade. Outflow under other contractual funding obligations primarily includes outflow on account of overdrawn balances with Banks and sundry payables. In order to determine Inflows from fully performing exposures, Company considers the collection from performing advances in next 30 days. Other Cash inflows includes investments in mutual funds, CPs which are maturing within 30 days. The Average LCR for the quarter ended March 31, 2023 was 168.22% as against 262.47% for the quarter ended December 31, 2022 which is well above present prescribed minimum requirement of 70%. The average HQLA for the quarter ended March 31, 2023 was 1061.33 Crore as against 2074.80 Crore for the quarter ended December 31, 2022. During the same period the composition of Government securities in the HQLA was 85.79% for the quarter ended March 31, 2023 as against 88.10% for the quarter ended December 31, 2022.

Public Disclosure on LCR

Fund Concentration based on Significant counter parties

Sr. No	No of Significant counter Parties	Amount	% of Total Liabilities
1	21	37,746.32	60.47%

Note : The above is arrived including Securitisation exposure to Banks

Top Ten Borrowings as a % of Total Borrowings

Sr. No	Particulars	Amount	% of Total Borrowing
1	Top 10	29,650.02	53.88%

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

Fund Concentration Based on Significant Instrument /Products

Sr. No	No of Instruments	Amount	% of Total Liabilities
1	Non Convertible Debentures & Market Linked Debentures	27,246.28	43.65%
2	Term Loans from Banks	21,968.00	35.19%
3	Subordinate Debts & Perpetual Debts	3,550.00	5.69%
4	External Commercial Borrowings	1,889.91	3.03%
5	Securitisation Borrowings	370.86	0.59%
6	Commercial Paper	-	-

Stock Ratios

Sr. No	Stock Ratios	Ratio
1	Commercial Paper as a % of Total Public Funds	-
2	Commercial Paper as a % of Total Liabilities*	-
3	Commercial Paper as a % of Total Assets	-
4	Non Convertible Debentures with (original maturity less than 1 year) as a % of Total Public Fund	N.A
5	Non Convertible Debentures with (original maturity less than 1 year) as a % of Total Liabilities	N.A
6	Non Convertible Debentures with (original maturity less than 1 year) as a % of Total Assets	N.A
7	Other Short Term Liabilities** as % of Total Public Funds	41.42%
8	Other Short Term Liabilities as % of Total Liabilities	36.52%
9	Other Short Term Liabilities as a % of Total Assets	30.86%

* Total liabilities refer to Total Outside Liabilities i.e. Balance Sheet Total excluding Share Capital and Reserves

** Other short term liabilities include all contractual obligation payable within a period of 1 year excluding commercial paper

Institutional set-up for liquidity risk management

The Company monitors its inflows and outflows in various buckets and ensures that there are no major mismatches in assets and liabilities in various buckets. The ALM is tabled and evaluated in the ALCO on a monthly basis. The Company ensures that there is adequate liquidity cushion available in the form of investments in G-Secs/ T-Bills / Mutual Funds etc. and unavailed Bank lines. The Company issues various instruments including Term Loans, Line of Credits, Non-Convertible Debentures, External Commercial Borrowings and other market instruments. The Company has a diversified mix of investors which includes Banks, Mutual Funds, Insurance firms, FIIs, Corporates, PFs etc.

80 PROVISIONS AND CONTINGENCIES

Particulars	March 31, 2023	March 31, 2022
Category wise breakup of Provisions & Contingencies shown in Statement of Profit and Loss		
Provisions for depreciation on investment	**2.19**	16.47
Provision towards non-performing assets*	**(409.21)**	781.07
Provision made towards income tax	**621.30**	663.40
Provision for standard assets#	**(105.79)**	659.24
Provision for gratuity	**28.04**	3.52
Provisions for trade receivables	**3.60**	(1.26)

* Represents impairment loss allowance on stage 3 loans.

Represents impairment loss allowance on stage 1 and stage 2 loans.

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

81 SCHEDULE TO THE BALANCE SHEET OF A NON DEPOSIT TAKING NON-BANKING FINANCIAL COMPANY PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION RBI/DNBR/2016-17/45 MASTER DIRECTION DNBR. PD.008/03.10.119/2016-17 DATED DECEMBER 29, 2022.

Sr. No	Particulars	March 31, 2023	March 31, 2022
1	**Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:(*)**		
	(a) Debentures		
	- Secured (*)	**27,096.41**	26,635.79
	- Unsecured (*)	**3,541.10**	4,322.76
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits		
	(c) Term Loans (*)	**21,968.00**	14,291.45
	(d) Inter-corporate loans and borrowing	**-**	-
	(e) Commercial Paper	**-**	-
	(f) Public Deposits	**-**	-
	(g) Other Loans (*)	**2,259.80**	5,234.73
	(*) There is no overdue		
2	**Break-up of (1)(f) above (outstanding public deposit inclusive of interest accrued thereon but not paid**		
	(a) In the form of unsecured debenture	**-**	-
	(b) In the form of partly secured debenture i.e. debenture where there is s shortfall in the value of security	**-**	-
	(c) Other public deposits	**-**	-
	Assets side:		
3	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**		
	(a) Secured	**53,053.24**	46,644.29
	(b) Unsecured	**16,977.46**	14,682.03
4	**Break up of Leased Assets and stock on Hire and other assets counting towards AFC 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 AFC Activities		
	a) Loans where assets have been repossessed	**59.25**	108.61
	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	**-**	-

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

Sr. No	Particulars	March 31, 2023	March 31, 2022
	ii. Debentures and Bonds		
	iii. Units of Mutual Funds	**411.65**	946.45
	iv. Government Securities	**773.66**	1,197.57
	v. Others (please specify)	**55.99**	88.04
	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)	-	-
	II. Unquoted:		
	i. Shares		
	a) Equity	**1.95**	1.45
	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 (2) and (3) 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	-	-

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

Sr. No	Particulars	March 31, 2023	March 31, 2022
	2. Other than Related Parties		
	i. Secured	**53,053.24**	46,644.29
	ii. Unsecured	**16,977.46**	14,682.03
	Total	**70,030.70**	**61,326.32**
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	-	-
	ii. Book Value (Net of Provisions)	**1,241.30**	2,232.06
8	**Other Information**		
	(i) Gross credit impaired assets		
	(a) Related parties	-	-
	(b) Other than related parties	**1,914.85**	3,058.76
	(ii) Net credit impaired assets		
	(a) Related parties	-	-
	(b) Other than related parties	**668.25**	1,402.95
	(iii) Assets Acquired in satisfaction of debt	-	-

82 PENALTIES IMPOSED BY RBI AND OTHER REGULATORS

No penalties have been imposed by RBI and Other Regulators during current year (Previous year - NIL).

83 DISCLOSURE ON FRAUDS PURSUANT TO RBI MASTER DIRECTION

The frauds detected and reported for the year amounted to ₹ 0.58 Crore (Previous year ₹ 4.69 Crore).

84 DETAILS OF FINANCING OF PARENT COMPANY PRODUCTS

There is no financing during the current year.

85 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.

86 ADVANCES AGAINST INTANGIBLE SECURITIES

The Company has not given any loans against intangible securities.

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

87 OVERSEAS ASSETS (FOR THOSE WITH JOINT VENTURES AND SUBSIDIARIES ABROAD)

There are no overseas asset owned by the Company.

88 DRAW DOWN FROM RESERVES

The Company has made no drawdown from existing reserves.

89 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.

90 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, 2023		March 31, 2022	
	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	**PP-MLD AAA/ Stable**	**PP-MLD AAAr/ Stable**	PP-MLD AAA/ Stable	PP-MLD AAAr/ Stable

91 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).

92 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 01, 2020 to August 31, 2020 in conformity with the supreme court judgement. The status of the same is mentioned in below table

Sr No.	Particulars	March 31, 2023	March 31, 2022
1	Aggregate amount	-	34.36
2	Refunded/Adjusted	-	34.36
3	Outstanding Balance	-	-

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

93 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, 2023	March 31, 2022
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.	-	-

94 DISCLOSURE PURSUANT TO REGULATION 54 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Debentures are secured by way of a first and pari passu mortgage in favour of the Security Trustee on the Company's Office no 319, 3rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and/or further secured by way of hypothecation of receivables under financing activity with a minimum requirement of asset cover of 1.1 times. Assets cover as on March 31, 2023 is 1.1 times.

95 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, 2023 (Amt in Crore)	As at March 31, 2022 (Amt in Crore)	Relation ship with the struck off company, if any, to be disclosed
1	Goldman Venture Private Limited	Shareholder	*	*	Shareholder
2	Anish Projects Developers (I) Private Limited	Loan	-	0.06	Borrower
3	Foxmind Connect Private Limited	Loan	-	0.69	Borrower
4	Galaxy Park Hospitality Private Limited	Loan	**0.48**	0.55	Borrower
5	Glamoroso Family Saloon And Spa Private Limited	Loan	**0.28**	0.32	Borrower
6	Gravitee Concepts Private Limited	Loan	-	0.01	Borrower
7	GVK Alliance Networks Private Limited	Loan	**0.53**	0.58	Borrower
8	Onus Labs Private Limited	Loan	**0.30**	0.35	Borrower
9	Peesscon India Reality Private Limited	Loan	**0.13**	0.16	Borrower
10	Satkar Security Provider Private Limited	Loan	-	(0.00)	Borrower
11	Shanti Sarup And Sons Private Limited	Loan	**0.70**	0.78	Borrower
12	Shiv Bhole India Travels Private Limited	Loan	-	0.51	Borrower
13	Sunrise Build Structure Private Limited	Loan	-	0.24	Borrower
14	Tapobhumi Real Estate & Marketing Private Limited	Loan	-	0.15	Borrower
15	Arun Electrochemical Systems Private Limited	Loan	**0.19**	0.25	Borrower

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

Sr No.	Name of Struck off Company	Nature of transactions	As at March 31, 2023 (Amt in Crore)	As at March 31, 2022 (Amt in Crore)	Relation ship with the struck off company, if any, to be disclosed
16	Rushi Herbal Private Limited	Loan	**(0.02)**	1.27	Borrower
17	A S P Appliances P Limited	Loan	**1.01**	-	Borrower
18	Natkhat Agro Foods Private Limited	Loan	**0.20**	-	Borrower
19	Jeevan Jyothi General And Maternity Hospital Private Limited	Loan	**0.69**	-	Borrower
20	Deli Carrier Pack And Move Private Limited	Loan	**0.21**	-	Borrower
21	DRS Enterprises Private Limited	Loan	**0.15**	-	Borrower
22	NMG Food And Beverages Private Limited	Loan	**0.05**	-	Borrower
23	R S Vegetable Exporters India Private Limited	Loan	**0.09**	-	Borrower
24	Brand X Zone Private Limited	Loan	**0.04**	-	Borrower
25	Prarabdh Bharti Bhawan Opc Private Limited	Loan	**0.03**	-	Borrower
26	Shri Ganesha Global Gulal Private Limited	Loan	**0.15**	-	Borrower
27	Royal Friends Enterprises Private Limited	Loan	**(0.00)**	-	Borrower
28	Raj Kumar And Sons Ornaments Private Limited	Loan	**(0.01)**	-	Borrower
29	Grahalaya Constructions Private Limited	Loan	**(0.00)**	-	Borrower
30	Indonex Services Private Limited	Loan	**(0.00)**	-	Borrower
31	Trilogy Krikos Private Limited	Loan	**-**	(0.00)	Borrower

Note:- In the absence of purchase price of share held by Goldman Venture Private Limited face value is considered for reporting purpose.

* Less than ₹ 1000/-.

96 DETAILS OF REVENUE FROM INSURANCE SEGMENT

Particulars	As at March 31, 2023	As at March 31, 2022
Commission Income	**40.89**	24.70

97 THE DISCLOSURE ON THE FOLLOWING MATTERS REQUIRED UNDER SCHEDULE III AS AMENDED NOT BEING RELEVANT OR APPLICABLE IN CASE OF THE COMPANY, SAME ARE NOT COVERED SUCH AS

a) The Company has not traded or invested in crypto currency or virtual currency during the financial year

b) There are no undisclosed transaction which have not been recorded in the books.

c) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

d) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority

e) The Company has not entered into any scheme of arrangement

f) No Registration or satisfaction of charges are pending to be filed with ROC.

Notes to the Standalone Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

98 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.

99 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.

100 DIVIDEND DISTRIBUTED TO EQUITY SHAREHOLDERS

The Company has paid an interim dividend of ₹ 0.90 per equity share during the year. Further, the Board has proposed a final dividend of ₹ 1.10 per equity share for financial year ended March 31, 2023 in the Board of Directors meeting held on April 15, 2023.

Accounting Period	Net Profit for the accounting period (₹ in Crore)	Rate of dividend (%)	Amount of Dividend (₹ in Crore)	Dividend Payout ratio (%)
FY 2022-23	**1,959.35**	**20%**	**158.26**	**8.08%**
FY 2021-22	1,011.40	10%	79.04	7.82%

101 STANDARDS ISSUED BUT NOT YET EFFECTIVE

On March 31, 2023, the Ministry of Corporate Affairs ('MCA') through a notification, The amendments rules the Companies (Indian Accounting Standards) Amendment Rules, 2023 are applicable from April 01, 2023 (Financial Year 2023-24).

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firms' Registration No: 105102W

Sd/-
Padmini Khare Kaicker
Partner
Membership No: 044784

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firms' Registration No:
105146W/W-100621

Sd/-
Hasmukh B. Dedhia
Partner
Membership No: 033494

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Arijit Basu
Chairman and Non-Executive Director
DIN: 06907779

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

Sd/-
Dipti Khandelwal
Company Secretary
Membership No: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 15, 2023

Independent Auditors' Report

To
The Members of
HDB Financial Services Limited

Report on the audit of the Consolidated Financial Statements

OPINION

1. We have audited the accompanying consolidated Ind AS financial statements of HDB Financial Services Limited ('the Parent') and its controlled structured entities (the parent and its controlled structured entities together referred to as 'the Group'), which comprise the consolidated balance sheet as at 31 March 2023 and the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information ('the Consolidated Financial Statements').
2. In our opinion and to the best of our information and according to the explanations given to us the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2023, and its consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditors' 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 is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

KEY AUDIT MATTERS

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current year. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	**Assessment of impairment loss provision on loans based on Expected Credit Loss model (ECL) under IND AS 109** Refer to the accounting policies in ' Note 3(B) to the Consolidated Ind AS Financial Statements: Expected Credit Loss', 'Note 2.11 to the Consolidated Ind AS Financial Statements: Revenue Recognition' and 'Note 2.2(G) to the Consolidated Ind AS Financial Statements: Impairment of Financial Assets and 'Note 45 to the Consolidated Ind AS Financial Statements: Risk Management'.	
	Under Ind AS 109, "Financial Instruments", allowance for loan losses are determined using expected credit loss ('ECL') estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus are:	Our audit procedures were focussed on assessing the appropriateness of management's judgement and estimates used in the impairment analysis that included, but were not limited to, the following: • Reviewed the Board approved Policy and approach concerning the management of credit and other risks.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	• 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. • Model estimations - Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. • Economic scenarios - Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Consolidated Ind AS Financial Statements as a whole and hence we have identified the same as a Key Audit Matter. Disclosures: The disclosures (including disclosures prescribed by RBI) regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	• Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. • Assessed the design, implementation and operating effectiveness of key internal financial controls including monitoring process of overdue loans, measurement of provision, stage-wise classification of loans, identification of NPA accounts, assessing the reliability of management information, which included overdue reports. • Evaluated the appropriateness of the Company's determination of Significant Increase in Credit Risk ("SICR") in accordance with the applicable accounting standard and the basis for classification of various exposures into various stages. • Reviewed the critical assumptions and input data used in the estimation of expected credit loss for specific key credit risk parameters, such as the movement between stages, Exposure at default, (EAD), probability of default (PD) or loss given default (LGD); • Tested key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and computation of probability of default and loss given default percentages. • Verified the manner of preparation of information w.r.t. to provisions and disclosures in the Consolidated Ind AS Financial Statements. • Involved Information system resource to obtain comfort over data integrity and process of report generation through interface of various information systems. • Tested controls placed over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. • Performed test of details over model calculations testing through re-performance, where possible. • Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Consolidated Ind AS Financial Statements are appropriate and sufficient. • Obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable including the report on review of ECL model of the Company for the year, as performed by an independent expert, whose report is placed before the Board of Directors of the Company.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
2	**Information Technology system used for the financial reporting process**	
	IT systems and controls The Company's financial reporting processes are dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology ('IT') systems. The Financial accounting system of the Company is interfaced with several other IT systems including Loan Management & Originating systems and several other systemic workflows. IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data. These include implementation of preventive and detective controls across critical applications and infrastructure. Due to the pervasive nature of role of information technology systems in financial reporting, the testing of the general computer controls of these systems was considered a Key Audit Matter.	With the assistance of our IT specialist, our key audit procedures for assessment of the IT systems and controls over financial reporting covered following broad aspects: • Obtained an understanding of the Company's key IT systems, IT General Controls which covered access controls, program/ system changes, program development and computer operations i.e. job processing, data/ system backup and incident management and application controls relevant to our audit • Tested the design, implementation and operating effectiveness of the general IT controls over the key IT systems that are critical to financial reporting. • Reviewed user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems and related application controls. • Reviewed of the report of IS Audit carried in earlier year(s) by an independent firm of Chartered Accountants pertaining to IT systems general controls including access rights over applications, operating systems and databases relied upon for financial reporting. • Evaluated the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission • Tested compensating controls or performed alternate audit procedures to assess whether there were any unaddressed IT risks that would impact the controls or completeness and/or accuracy of data.

OTHER INFORMATION

5. The Parent's Board of Directors are responsible for the other information. The other information comprises the information included in the Parent's annual report but does not include the Consolidated Financial Statements and our auditors' report thereon. The Other Information is expected to be made available to us after the date of this auditors' report.

6. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

7. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

8. The Parent's Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements, that give a true and fair view of

the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. The Board of Directors of the Parent are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Parent, as aforesaid.

9. In preparing the Consolidated Financial Statements, the Board of Directors of the Parent are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

10. The Board of Directors of the Parent are responsible for overseeing the financial reporting process of the Group.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

11. 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

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

    12.1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    12.2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to the Consolidated Financial Statements and the operating effectiveness of such controls.

    12.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

    12.4. Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

12.5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

12.6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

13. 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.

14. 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.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' 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

16. We did not audit the financial information of 3 controlled structured entities, whose financial information reflect total assets of – Nil as at 31 March 2023, total revenues of – Nil and net cash flows amounting to – Nil for the year ended on that date, as considered in the Consolidated Financial Statements. These financial information are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of controlled structured entities, and our report in terms of Section 143(3) of the Act in so far as it relates to the aforesaid controlled structured entities, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, this unaudited financial information are not material to the Group.

17. Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

18. 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:

18.1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

18.2. 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.

18.3. 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.

18.4. In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.

18.5. On the basis of the written representations received from the directors of the Parent as on 31 March 2023, taken on record by the Board of Directors of the Parent, none of the directors of the Parent, are disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

18.6. 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'.

18.7. 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.

19. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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:

19.1. The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March 2023 on the consolidated financial position of the Group – Refer Note 39.2 to the Consolidated Financial Statements.

19.2. 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.

19.3. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent.

19.4. 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.

19.5. 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.

19.6. Based on such audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us, nothing has come to our or other auditors' notice that has caused us or other auditors to believe that the representation under paragraphs 19.4 and 19.5 contain any material misstatement.

19.7. In our opinion and according to the information and explanations given to us,

a) The final dividend paid by the Parent during the year, in respect of the same declared for the previous year, is in accordance with

Independent Auditors' Report (Contd.)

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 declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

19.8. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), provides for the feature of recording of audit trail (edit log) facility in the accounting software used by the Parent for maintenance of books of account, which is applicable to the Parent from financial year beginning 1 April 2023. The reporting under clause (g) of Rule 11 of Companies (Audit and Auditors) Rules, 2014 would be done from financial year 2023-2024 onwards.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration Number: 105102W

Sd/-
Padmini Khare Kaicker
Partner
ICAI Membership No: 044784
UDIN: 23044784BGXWNC2475

Place: Mumbai
Date: 15 April 2023

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W-100621

Sd/-
Hasmukh B Dedhia
Partner
ICAI Membership No: 033494
UDIN: 23033494BGWSPT8806

Place: Mumbai
Date: 15 April 2023

Annexure 'A' to the Independent Auditors' report on the Consolidated Financial Statements of HDB Financial Services Limited for the year ended 31 March 2023

(Referred to in paragraph "18.6" under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Consolidated Financial Statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

OPINION

1. In conjunction with our audit of the Consolidated Financial Statements of HDB Financial Services Limited as of and for the year ended 31 March 2023, HDB Financial Services Limited we have audited the internal financial controls with reference to the Consolidated Financial Statements of ("the Parent Company") and its controlled structured entities as of that date.

2. In our opinion, the Parent Company and its structured control entities, 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 2023, based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note").

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

3. The Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITORS' RESPONSIBILITY

4. Our responsibility is to express an opinion on the internal financial controls with reference to the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ("SA"), prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Consolidated Financial Statements. Those SAs and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Consolidated Financial Statements were established and maintained and if such controls operated effectively in all material respects.

5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to the Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

6. We believe that the audit evidence we have obtained and also refer to 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the Consolidated Financial Statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. A company's internal financial controls with reference to the Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the Consolidated Financial Statements includes those policies and procedures that (1) pertain

Annexure "A" to the Independent Auditors' Report on the Consolidated Financial Statements of HDB Financial Services Limited for the year ended 31 March 2023 (Contd.)

to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Because of the inherent limitations of internal financial controls with reference to the Consolidated Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Consolidated Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OTHER MATTERS

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls system with reference to the Consolidated Financial Statements in so far as it relates to Parent Company, as Section 143(3)(i) of the Act is not applicable to controlled structured entities.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration Number: 105102W

Sd/-
Padmini Khare Kaicker
Partner
ICAI Membership No: 044784
UDIN: 23044784BGXWNC2475

Place: Mumbai
Date: 15 April 2023

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W-100621

Sd/-
Hasmukh B Dedhia
Partner
ICAI Membership No: 033494
UDIN: 23033494BGWSPT8806

Place: Mumbai
Date: 15 April 2023

Consolidated Balance Sheet

as at March 31, 2023

(Currency : Indian Rupees in Crore)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS:			
1 Financial Assets			
(a) Cash and cash equivalents	4	**395.90**	477.20
(b) Bank balances other than (a) above	5	**257.92**	206.77
(c) Derivative financial instruments	6	**165.34**	132.44
(d) Trade receivables	7	**65.76**	141.82
(e) Loans	8	**66,382.67**	57,162.45
(f) Investments	9	**1,243.25**	2,233.51
(g) Other financial assets	10	**34.87**	32.91
		68,545.71	**60,387.10**
2 Non-Financial Assets			
(a) Current tax assets (Net)	11	**25.11**	13.34
(b) Deferred tax assets (Net)	12	**1,000.87**	1,051.17
(c) Property, plant and equipment	13	**122.37**	78.14
(d) Capital work-in-progress		**-**	-
(e) Other intangible assets		**20.41**	12.01
(f) Right of use Assets	14	**244.27**	202.49
(g) Other non-financial assets	15	**91.65**	281.69
		1,504.68	**1,638.84**
TOTAL ASSETS		**70,050.39**	**62,025.94**
LIABILITIES AND EQUITY:			
Liabilities			
3 Financial Liabilities			
(a) 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		**291.84**	246.91
(b) Debt securities	17	**27,096.41**	25,332.31
(c) Borrowings (other than debt securities)	18	**24,227.80**	19,501.72
(d) Subordinated liabilities	19	**3,541.10**	4,139.05
(e) Other financial liabilities	20	**2,778.43**	2,708.72
		57,935.58	**51,928.71**
4 Non-Financial Liabilities			
(a) Current tax liabilities (net)	21	**41.97**	59.73
(b) Provisions	22	**368.96**	314.75
(c) Other non-financial liabilities	23	**266.91**	183.02
		677.84	**557.50**
5 Equity			
(a) Equity share capital	24	**791.40**	790.44
(b) Other equity	25	**10,645.57**	8,749.29
		11,436.97	**9,539.73**
TOTAL LIABILITIES AND EQUITY		**70,050.39**	**62,025.94**
Significant accounting policies and notes to the Consolidated Financial Statements.	2 - 59		

The notes referred to above form an integral part of the Consolidated Financial Statements.

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firms' Registration No: 105102W

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firms' Registration No:
105146W/W-100621

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Padmini Khare Kaicker
Partner
Membership No: 044784

Sd/-
Hasmukh B. Dedhia
Partner
Membership No: 033494

Sd/-
Arijit Basu
Chairman and Non-Executive Director
DIN: 06907779

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

Sd/-
Dipti Khandelwal
Company Secretary
Membership No: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 15, 2023

Consolidated Statement of Profit and Loss

for the year ended March 31, 2023

(Currency : Indian Rupees in Crore)

Particulars		Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
1	**Revenue from operations**			
	(a) Interest income	26	**8,927.78**	8,362.97
	(b) Sale of services		**2,633.93**	2,363.41
	(c) Other financial charges		**756.41**	569.01
	(d) Net gain on fair value changes	27	**85.07**	16.48
	(e) Net gain / (loss) on derecognition of financial instruments under amortised cost category		**(0.31)**	(5.58)
	Total Revenue from operations		**12,402.88**	**11,306.29**
2	**Expenses**			
	(a) Finance Costs	28	**3,511.92**	3,325.50
	(b) Impairment on financial instruments	29	**1,330.40**	2,465.73
	(c) Employee Benefits Expenses	30	**4,057.57**	3,500.41
	(d) Depreciation, amortisation and impairment	13,14	**111.84**	98.94
	(e) Others expenses	31	**763.75**	568.15
	Total Expenses		**9,775.48**	**9,958.73**
3	**Profit/(loss) before tax**		**2,627.40**	**1,347.56**
4	**Tax Expense:**	11,12		
	(a) Current tax		**621.30**	663.40
	(b) Deferred tax (credit)		**46.75**	(327.24)
	Total Tax expense		**668.05**	**336.16**
5	**Profit for the year**		**1,959.35**	**1,011.40**
6	**Other Comprehensive Income**			
	(a) Items that will not be reclassified to profit or loss			
	- Remeasurement loss on defined benefit plan		**(5.48)**	(13.15)
	- Income tax relating to items that will not be reclassified to profit or loss		**1.38**	2.25
	Sub total (a)		**(4.10)**	**(10.90)**
	(b) Items that will be reclassified to profit or loss			
	- Movement in cash flow hedge reserve		**19.59**	33.00
	- Income tax relating to items that will be reclassified to profit or loss		**(4.93)**	(8.31)
	Sub total (b)		**14.66**	**24.69**
	Other Comprehensive Income		**10.56**	**13.79**
7	**Total Comprehensive Income for the year**		**1,969.91**	**1,025.19**
8	**Earnings per equity share (for continuing operations)**	32		
	Basic (₹)		**24.78**	12.81
	Diluted (₹)		**24.76**	12.80
Significant accounting policies and notes to the Consolidated Financial Statements.		2-59		

The notes referred to above form an integral part of the Consolidated Financial Statements.

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firms' Registration No: 105102W

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
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For and on behalf of the Board of Directors of
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Sd/-
Padmini Khare Kaicker
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Arijit Basu
Chairman and Non-Executive Director
DIN: 06907779

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

Sd/-
Dipti Khandelwal
Company Secretary
Membership No: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 15, 2023

Consolidated Statement of Changes in Equity

as at March 31, 2023

(Currency : Indian Rupees in Crore)

A EQUITY SHARE CAPITAL

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the period	**790.44**	789.19
- Changes in Equity Share Capital due to prior period errors	**-**	-
- Restated balance at the beginning of the current reporting period	**-**	-
- Changes in Equity Share Capital during the year	**0.96**	1.25
Balance at the end of the reporting period	**791.40**	**790.44**

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, 2022	**3,055.19**	**35.53**	**1,293.22**	**4,427.10**	**(53.55)**	**(8.20)**	**8,749.29**
Profit for the year	-	-	-	1,959.35	-	-	1,959.35
Other Comprehensive Income	-	-	-	-	(4.10)	14.66	10.56
Total Comprehensive Income for the year	-	-	-	1,959.35	(4.10)	14.66	1,969.91
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	-	-	391.87	(391.87)	-	-	-
Premium on issue of shares	32.96	-	-	-	-	-	32.96
Share based payment	-	43.64	-	-	-	-	43.64
Transfer on allotment of shares pursuant to ESOP scheme	39.56	(39.56)	-	-	-	-	-
Dividends	-	-	-	(79.04)	-	-	(79.04)
Interim Dividend	-	-	-	(71.20)	-	-	(71.20)
Balance as at March 31, 2023	**3,127.72**	**39.61**	**1,685.09**	**5,844.33**	**(57.65)**	**6.46**	**10,645.57**

Consolidated Statement of Changes in Equity
as at March 31, 2023 (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, 2021	**2,960.70**	**62.97**	**1,090.94**	**3,617.98**	**(42.65)**	**(32.89)**	**7,657.05**
Profit for the year	-	-	-	1,011.40	-	-	1,011.40
Other Comprehensive Income	-	-	-	-	(10.90)	24.69	13.79
Total Comprehensive Income for the year	-	-	-	1,011.40	(10.90)	24.69	1,025.19
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	-	-	202.28	(202.28)	-	-	-
Premium on issue of shares	36.63	-	-	-	-	-	36.63
Share based payment	-	30.42	-	-	-	-	30.42
Transfer on allotment of shares pursuant to ESOP scheme	57.86	(57.86)	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Dividend Distribution Tax	-	-	-	-	-	-	-
Balance As At March 31, 2022	**3,055.19**	**35.53**	**1,293.22**	**4,427.10**	**(53.55)**	**(8.20)**	**8,749.29**

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.

Significant accounting policies and notes to the Consolidated Financial Statements. Note 2 - 59
The notes referred to above form an integral part of the Consolidated Financial Statements.

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firms' Registration No: 105102W

Sd/-
Padmini Khare Kaicker
Partner
Membership No: 044784

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firms' Registration No:
105146W/W-100621

Sd/-
Hasmukh B. Dedhia
Partner
Membership No: 033494

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Arijit Basu
Chairman and Non-Executive Director
DIN: 06907779

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

Sd/-
Dipti Khandelwal
Company Secretary
Membership No: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 15, 2023

Consolidated Cash Flow Statement

for the year ended March 31, 2023

(Currency : Indian Rupees in Crore)

	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(loss) before tax	**2,627.40**	1,347.56
	Adjustments for		
	Interest Income	**(8,927.78)**	(8,362.97)
	Interest Expenses	**3,502.92**	3,316.64
	(Profit)/loss on sale of asset	**(1.01)**	(0.06)
	Realised net loss/ (gain) on FVTPL investments	**(90.67)**	39.29
	Unrealised gain on FVTPL investments	**5.60**	(22.81)
	Discount on commercial paper	**9.00**	8.86
	Provision for compensated absence and gratuity	**6.59**	3.52
	Employee share based payment expenses	**43.64**	30.42
	Depreciation, amortisation and impairment	**111.84**	98.94
	Impairment on financial instruments	**1,330.40**	2,465.73
	Operating cash flow before working capital changes	**(1,382.07)**	**(1,074.88)**
	Adjustments for working capital changes:		
	(Increase)/ decrease in Loans	**(10,462.68)**	(1,016.51)
	(Increase)/ decrease in trade receivables	**76.06**	(24.50)
	(Increase)/ decrease in other financial assets and others	**(0.19)**	(17.69)
	Increase/(decrease) in other financial and non financial liabilities & provisions	**(758.28)**	(960.09)
	Increase/(decrease) in trade payables	**44.93**	(87.34)
	Cash generated from/(Used in) operations before adjustments for interest received and interest paid	**(12,482.23)**	**(3,181.01)**
	Interest Paid	**(3,842.14)**	(3,699.47)
	Interest Received	**8,841.36**	8,353.15
	Cash generated from/(Used in) operations	**(7,483.01)**	**1,472.67**
	Direct taxes paid (net of refunds)	**632.41**	514.43
	Net cash flow generated from/(used in) operating activities (A)	**(6,850.60)**	**1,987.10**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of investments	**(49,267.66)**	(24,583.62)
	Sale of investments	**50,350.80**	23,920.20
	Purchase of fixed assets	**(111.32)**	(41.13)
	Sale of fixed assets	**1.50**	1.27
	Net cash generated (used in)/ from investing activities (B)	**973.32**	**(703.28)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Debt securities issued	**10,099.18**	8,876.00
	Debt securities repaid	**(8,210.60)**	(7,274.50)
	Borrowings other than debt securities issued	**17,207.75**	8,800.35
	Borrowings other than debt securities repaid	**(12,507.21)**	(12,026.41)
	Subordinated debt issued	**-**	150.00
	Subordinated debt repaid	**(600.00)**	-
	Proceeds from issue of shares and security premium	**33.93**	37.89
	Repayment of lease liabilities	**(76.81)**	(62.87)
	Dividend paid	**(150.25)**	-
	Net cash generated (used in)/ from financing activities (C)	**5,795.99**	**(1,499.54)**

Consolidated Cash Flow Statement
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(81.30)**	**(215.72)**
Add : Cash and cash equivalents as at the beginning of the year	**477.20**	692.92
Cash and cash equivalents as at the end of the year *	**395.90**	**477.20**
*** Components of cash and cash equivalents**		
Balances with banks	**358.51**	430.81
Demand drafts on hand	**8.87**	11.32
Cash on hand	**28.52**	35.07
	395.90	**477.20**

Significant accounting policies and notes to the Consolidated Financial Statements. Note 2 - 59

The notes referred to above form an integral part of the Consolidated Financial Statements.

The above Consolidated statement of cash flow has been prepared under the indirect method set out in Ind AS 7 - Statement of Cash Flow.

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firms' Registration No: 105102W

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firms' Registration No:
105146W/W-100621

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Padmini Khare Kaicker
Partner
Membership No: 044784

Sd/-
Hasmukh B. Dedhia
Partner
Membership No: 033494

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Arijit Basu
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G. Ramesh
Managing Director & CEO
DIN: 05291597

Sd/-
Dipti Khandelwal
Company Secretary
Membership No: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 15, 2023

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

1 GROUP OVERVIEW

HDB Financial Services Limited ('the Group'), (Corporate Identity Number U65993GJ2007PLC051028) incorporated in Ahmedabad, India, is a Systemically Important Non Deposit taking Non-Banking Financial Group ('NBFC') as defined under section 45-IA of the Reserve Bank of India ('RBI') Act, 1934, is registered with the Reserve Bank of India (RBI) with registration no. N.01.00477.

It provides lending services and business process outsourcing services. It also provides services related to the marketing and promotion of various financial products.

It's registered registered office is situated at Radhika, 2nd floor, Law Garden Road, Navrangpura, Ahmedabad - 380009, India, while its corporate office is located in Mumbai, India. It is a subsidiary of HDFC Bank Limited.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance, Basis of Preparation and Presentation of Financial Statements

(A) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act. Any directions issued by the RBI or other regulators are implemented as and when they become applicable. The Regulatory disclosure as required by Master Direction - Non Banking Financial company - Systemically Important Non-Deposit taking Group and Deposit taking Group (Reserve Bank) Direction, 2016, further, it has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC). CC.PD.No.109/22.10.106/ 2019-20 dated March 13, 2020, in addition to the Regulatory disclosure as required by Master Direction - Non Banking Financial Group - Systemically Important Non-Deposit taking Group and Deposit taking Group (Reserve Bank) Direction, 2016

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use. These consolidated financial statements have been subjected to audit by the Statutory Auditors, have been reviewed by the Audit Committee and approved by the Board of Directors and authorised for issue on April 15, 2023.

(B) Presentation of financial statements

The Balance Sheet, the Statement of Changes in Equity and the Statement of Profit and Loss are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies ('NBFCs') that are required to comply with Ind AS. The Statement of Cash Flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its controlled structured entities (collectively known as 'the Group') as at March 31, 2023. The Group consolidates an entity when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of the entity begins when the Group obtains control over the entity and ceases when the Group loses control of the entity.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of structured entities to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The financial statement of the following controlled structured trusts (all incorporated in India) have been consolidated as per Ind-AS 110 - Consolidated Financial Statements.

Name of the entity	Proportion of Ownership Interest (%)*	
	March 31, 2023	March 31, 2022
Venus Trust March 2022	**3.65%**	3.65%
Venus Trust March 2021	**1.10%**	1.10%
Venus Trust September 2020	**0.84%**	0.84%
Venus Trust March 2020	**-**	1.46%
Venus Trust December 2019	**-**	1.86%

* the Group's share of pass through certificates issued by the trust.

The above structured entities are the entities that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, but the relevant activities are directed by means of contractual agreements. The primary use of structured entities is to provide the Group access to liquidity through asset securitisations.

(C) Basis of preparation

The financial statements have been prepared under the historical cost convention on the accrual basis except for certain financial instruments and plan assets of defined benefit plans, which are measured at fair values at the end of each reporting period as explained in the accounting policies below. All amounts disclosed in the financial statements and notes have been rounded off to the nearest ₹ 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 the reporting period. Actual results could differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are recognised in the periods in which the Group becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognised prospectively in the period in which the estimate is revised and future periods. The estimates and judgements that have significant impact on the carrying amount of assets and liabilities at each balance sheet date are discussed at Note 3.

2.2 Financial Instruments

(A) Date of recognition

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

(B) Initial measurement

Recognised financial instruments are initially measured at transaction price, which equates fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in statement of profit and loss.

(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 at amortised cost.

(b) Financial assets at fair value through other comprehensive income

Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the assets, ('Contractual cash flows of assets collected through hold and sell model') and contractual cash flows that are SPPI, are subsequently measured at FVOCI. Movements in the carrying amount of such financial assets are recognised in Other Comprehensive Income ('OCI'), except dividend income which is recognised in statement of profit and loss. Amounts recorded in OCI are not subsequently transferred to the statement of profit and loss. Equity instruments at FVOCI are not subject to an impairment assessment.

(c) Financial assets at fair value through profit and loss

Financial assets, which do not meet the criteria for categorisation as at amortised cost or as FVOCI, are measured at FVTPL. Subsequent

changes in fair value are recognised in statement of profit and loss.

The Group records investments in equity instruments, mutual funds and Treasury bills at FVTPL.

(ii) Financial liabilities and equity instrument

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(a) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group is recognised at the proceeds received, net of directly attributable transaction costs.

(b) Financial liabilities

Financial liabilities are measured at amortised cost. The carrying amounts are determined based on the EIR method. Interest expense is recognised in statement of profit and loss.

Any gain or loss on de-recognition of financial liabilities is also recognised in statement of profit and loss.

Undrawn loan commitments are not recorded in the balance sheet. However, these financial instruments are in the scope of expected credit loss ('ECL') calculation.

(D) Reclassification

Financial assets are not reclassified subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line or in the period the Group changes its business model for managing financial assets. Financial liabilities are not reclassified.

(E) Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, the Group has a legally enforceable right to offset the recognised amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(F) Derecognition

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The contractual rights to receive cash flows from the financial asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset and the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Group neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amount it may have to pay.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de-recognised and the proceeds received are recognised as a collateralised borrowing.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit and loss.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. In this case, a new

financial liability based on the modified terms is recognised at fair value. The difference between the carrying value of the original financial liability and the new financial liability with modified terms is recognised in statement of profit and loss.

(G) Impairment of financial assets

The Group applies the expected credit loss ('ECL') model in accordance with Ind AS 109 for recognising impairment loss on financial assets. The ECL allowance is based on the credit losses expected to arise from all possible default events over the expected life of the financial asset ('lifetime ECL'), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12-month ECL. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is calculated on a collective basis, considering the retail nature of the underlying portfolio of financial assets.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. When determining whether the risk of default on a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on a provision matrix which takes into account the Group's historical credit loss experience, current economic conditions, forward looking information and scenario analysis.

The expected credit loss is a product of exposure at default ('EAD'), probability of default ('PD') and loss given default ('LGD'). The Group has devised an internal model to evaluate the PD and LGD based on the parameters set out in Ind AS 109. Accordingly, the financial assets have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial asset. The Group categorises financial assets at the reporting date into stages based on the days past due ('DPD') status as under:

- Stage 1: 0 to 30 days past due
- Stage 2: 31 to 90 days past due
- Stage 3: more than 90 days past due

Loan accounts where principal and/or interest are past due for more than 90 days continue to be classified as stage 3 till overdues across all loans are cleared.

LGD is an estimate of loss from a transaction given that a default occurs. PD is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD. EAD represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Group.

The Group incorporates forward looking information into both assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of external actual and forecast information, the Group forms a 'base case' view of the future direction of relevant economic variables. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The

inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. The Group regularly reviews its models in the context of actual loss experience and makes adjustments when such differences are significantly material. Adjustments including reversal of ECL is recognised through statement of profit and loss.

After initial recognition, trade receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group follows the simplified approach required by Ind AS 109 for recognition of impairment loss allowance on trade receivables, which requires lifetime ECL to be recognised at each reporting date, right from initial recognition of the receivables.

(H) Write offs

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no reasonable expectation of recovering the asset in its entirety or a portion thereof. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in statement of profit and loss.

2.3 Impairment of non-financial assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired due to events or changes in circumstances indicating that their carrying amounts may not be realised. If any such indication exists, the Group estimates the recoverable amount of the asset or the cash generating unit ('CGU'). If such recoverable amount of the asset or the recoverable amount of the CGU to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the revised recoverable amount, subject to maximum of the depreciated historical cost.

2.4 Foreign exchange transactions and translations

(A) Initial recognition

Transactions in foreign currencies are recognised at prevailing exchange rates between reporting currency and foreign currency on transaction date.

(B) Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of profit and loss. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis.

2.5 Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognised at fair value at the date of a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting policy

The Group makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Group would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Group only has cashflow hedge during the financial year 2019-20.

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liabilty (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit and loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in Finance Cost in the statement of profit and loss. When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

The Group's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind-AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationships exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

2.6 Cash and cash equivalents

Cash and cash equivalents includes cash at banks and on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

The Group follows the policy of crediting the customer's account only on receipt of amount in the bank and as such no cheques in hand are taken into consideration.

2.7 Upfront servicers fees booked on direct assignment

Servicer fees receivable for servicing loan contracts under direct assignment are discounted at the applicable rate entered into with the assignee and recognised upfront in the balance sheet and amortised on a straight line basis over the remaining contractual maturity of the underlying loans.

2.8 Property, plant and equipment

(A) Recognition and measurement

Tangible property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. The cost of property, plant and equipment comprise purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Advances paid towards acquisition of property, plant and equipment outstanding at each balance

sheet date is classified as capital advances under other non-financial assets and cost of assets not put to use before such date are disclosed under Capital work-in-progress.

(B) Subsequent expenditure

Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefits / functioning capability from / of such assets.

(C) Depreciation, estimated useful lives and residual value

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives in the manner prescribed in Schedule II of the Act. The estimated lives used and differences from the lives prescribed under Schedule II are noted in the table below:-

Type of Assets	Estimated useful life as assessed by the Group	Estimated useful life under Schedule II of the Act
Computers	2-5 years	3 years
Software and system development	3 years	3 years
Office equipment	3-5 years	5 years
Motor cars	4 years	8 years
Furniture and fixtures	3-7 years	10 years
Building	60 years	60 years
Leasehold improvements	Tenure of lease agreements	Tenure of lease agreements

The Group uniformly estimates a zero residual value for all these assets. Items costing less than ₹ 5,000 are fully depreciated in the year of purchase. Depreciation is pro-rated in the year of acquisition as well as in the year of disposal.

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Consequently, the useful life of certain computer-related assets, furniture and fixtures, office equipment and motor cars differ from the life prescribed in Schedule II of the Act.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate, and treated as changes in accounting estimates.

Property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income/expense in the statement of profit and loss in the year the asset is de-recognised.

2.9 Other intangible assets

Software and system development expenditure are capitalised at cost of acquisition including cost attributable to readying the asset for use. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. The useful life of these intangible assets is estimated at 3 years with zero residual value. Any expenses on such software for support and maintenance payable annually are charged to the statement of profit and loss.

2.10 Dividends

Provision is made for the amount of any dividend declared on or before the end of the reporting period but not distributed at the end of the reporting period, being appropriately authorised and no longer at the discretion of the Group. The final dividend on shares is recorded as a liability on the date of approval by the shareholders, and interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors.

2.11 Revenue recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments is applicable) is measured at transaction price based on fair value of the consideration received or receivable. Amounts disclosed as revenue are net of goods and services tax ('GST') and amounts collected on behalf of third parties. Ind AS 115 Revenue from Contracts with Customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Group recognises revenue from contracts with customers based on a five-step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Specific policies for the Group's different sources of revenue are explained below:

(A) Income from lending business

Interest income

Interest income on a financial asset at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ('EIR'). The EIR is the rate that exactly discounts estimated future cash flows of the financial asset through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The internal rate of return on financial asset after netting off the fees received and cost incurred approximates the effective interest rate method of return for the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs).

Other financial charges

Cheque bouncing charges, late payment charges, foreclosure charges and application money are recognised on a point-in-time basis, and are recorded when realised since the probability of collecting such monies is established when the customer pays.

(B) Income from BPO services and other financial charges

Income from BPO services comprise of sales support services, back office, operations, processing support, running collection call centres and collecting overdue amounts from borrowers. Performance obligations are satisfied over time and revenue is recorded on a monthly basis.

(C) Income from direct assignment

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss. EIS evaluated and adjusted for ECL and expected prepayment.

2.12 Finance costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortised cost. Financial instruments include bank term loans, non-convertible debentures, commercial papers, subordinated debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

2.13 Employee benefits

(A) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(B) Provident fund

Retirement benefit in the form of provident fund, is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

(C) ESIC and Labour welfare fund

The Group's contribution paid/payable during the year to ESIC and Labour welfare fund are recognised in the statement of profit and loss.

(D) Gratuity

The Group operates a defined benefit gratuity plan that provides for gratuity benefit to all employees. The Group makes annual contributions to a fund administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. The benefit is in the form of lump sum payments to vested employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non- routine settlements; and
- Net interest expense or income

(E) Share-based payments

The Group recognises compensation expense relating to share-based payments in net profit using fair value in accordance with Ind AS 102 - Share-based Payment. The estimated fair value of awards 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.

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 reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

2.18 Earnings per share

The Group reports basic and diluted earnings per equity share. Basic earnings per equity share have been computed by dividing net profit / loss attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share have been computed by dividing the net profit attributable to the equity share holders after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Managing Director ('MD') of the Group has been identified as the CODM as defined by Ind AS 108 Operating Segments, who assesses the financial performance and position of the Group and makes strategic decisions.

Operating segments identified by the Group comprises as under:

- Lending services
- BPO services

The accounting policies consistently used in the preparation of the financial statements are also applied to item of revenue and expenditure in individual segments. Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which

relate to enterprises as a whole and are not allocable to a segment on a reasonable basis have been disclosed as 'Unallocated'. Segment assets and segment liabilities represent assets and liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as 'Unallocated'.

2.20 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.

2.21 Statement of cash flows

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following estimates and judgements, which have a significant impact on the carrying amounts of assets and liabilities at each balance sheet date.

(A) Fair value of financial instruments

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at measurement date
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs for the asset or liability that are not based on observable market data (unobservable inputs) that the Group can access at measurement date

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note - 43.

(B) Expected credit loss

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and credit assessment and including forward looking information.

The inputs used by the Group in determining the ECL have been detailed in Note - 45.

(C) Effective interest rate

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected behavioural life of the financial asset to the gross carrying amount of the financial asset.

This estimation, by nature, requires an element of judgement regarding the expected behaviour

and life-cycle of the instruments, the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges) as well expected changes to the base rate and other transaction costs and fees paid or received that are integral parts of the instrument.

(D) Business model assessment

Classification and measurement of financial assets depends on the results of the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

(E) Useful life and expected residual value of assets

Depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values 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, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

4 CASH AND CASH EQUIVALENTS

	As at March 31, 2023	As at March 31, 2022
Cash on hand	**28.52**	35.07
Balances with banks	**358.51**	430.81
Demand drafts on hand	**8.87**	11.32
Total	**395.90**	**477.20**

5 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31, 2023	As at March 31, 2022
Deposits with bank	**101.92**	1.89
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments.	**93.63**	172.96
Collateral with Banks for Derivative	**61.71**	30.58
Interest accrued but not due on fixed deposits	**0.66**	1.34
Total	**257.92**	**206.77**

6 DERIVATIVE FINANCIAL INSTRUMENTS

	As at March 31, 2023			As at March 31, 2022		
	Notional amounts	Fair Value-Assets	Fair Value-Liabilities	Notional amounts	Fair Value-Assets	Fair Value-Liabilities
Part I						
(i) Currency derivatives:						
Currency swaps	**1,889.91**	**166.17**	**-**	4,017.00	132.44	-
Subtotal (i)	**1,889.91**	**166.17**	**-**	**4,017.00**	**132.44**	**-**
(ii) Interest rate derivatives						
Forward Rate Agreements and Interest Rate swaps	**-**	**-**	**-**	-	-	-
Subtotal (ii)	**-**	**-**	**-**	**-**	**-**	**-**
Less : Provision on derivative financial instruments	**-**	**0.83**	**-**	-	-	-
Total Derivative Financial Instruments (i)+(ii)	**1,889.91**	**165.34**	**-**	**4,017.00**	**132.44**	**-**
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)	**-**	**-**	**-**	**-**	**-**	**-**
(ii) Cash flow hedging:						
Currency derivatives	**1,889.91**	**166.17**	**-**	4,017.00	132.44	-
Interest rate derivatives	**-**	**-**	**-**	-	-	-
Subtotal (ii)	**1,889.91**	**166.17**	**-**	**4,017.00**	**132.44**	**-**
(iii) Undesignated Derivatives						
Currency Swaps	**-**	**-**	**-**	-	-	-
Subtotal (iii)	**-**	**-**	**-**	**-**	**-**	**-**
Less : Provision on derivative financial instruments	**-**	**0.83**	**-**	-	-	-
Total Derivative Financial Instruments (i)+(ii)+(iii)	**1,889.91**	**165.34**	**-**	**4,017.00**	**132.44**	**-**

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

Notes to the Consolidated Financial Statements
as at March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

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, 2023	As at March 31, 2022
Receivables Considered good - Secured	-	-
Receivables Considered good - Unsecured	**59.10**	124.20
Receivables which have significant increase in the credit risk	**12.22**	20.79
Receivables credit impaired	**1.34**	0.13
Unbilled Trade Receivables	-	-
	72.66	**145.12**
Less: Impairment loss allowance	**6.90**	3.30
Total	**65.76**	**141.82**

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, 2023	As at March 31, 2022
Balance as at beginning of the year	**3.30**	4.56
Increase during the year	**5.98**	2.11
Decrease during the year	**(2.38)**	(3.37)
Balance at end of the year	**6.90**	**3.30**

Trade receivables ageing schedule :

Previous Year 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	**58.53**	**0.60**	**(0.03)**	**(0.00)**	**(0.00)**	**59.10**
	(123.55)	*(0.41)*	*0.05*	*(0.10)*	*(0.20)*	*(124.21)*
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	**11.21**	**0.94**	**0.01**	**0.00**	**0.06**	**12.22**
	(19.50)	*(0.79)*	*(0.39)*	*(0.02)*	*(0.09)*	*(20.79)*
(iii) Undisputed Trade Receivables- credit impaired	**0.78**	**0.56**	**0.00**	**0.00**	**(0.00)**	**1.34**
	-	-	*(0.07)*	*(0.06)*	-	*(0.13)*
(iv) Disputed Trade Receivables- considered good	-	-	-	-	-	-
	-	-	-	-	-	-
(v) Disputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-
	-	-	-	-	-	-
(vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-
	-	-	-	-	-	-
(v) Unbilled Trade Receivables	-	-	-	-	-	-
	-	-	-	-	-	-
TOTAL	**70.52**	**2.10**	**(0.02)**	**0.00**	**0.06**	**72.66**
	(143.05)	***(1.20)***	***(0.41)***	***(0.18)***	***(0.29)***	***(145.12)***

Notes to the Consolidated Financial Statements
as at March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

8 LOANS (AT AMORTISED COST)

		As at March 31, 2023	As at March 31, 2022
A	**Term Loans in India**	**70,030.70**	**61,326.32**
B	Public sector	**-**	**-**
	Others	**70,030.70**	61,326.32
	Total	**70,030.70**	**61,326.32**
C	Secured (Secured by tangible assets)	**53,053.24**	**46,644.29**
	Unsecured	**16,977.46**	14,682.03
	Total	**70,030.70**	**61,326.32**
	Less: Impairment loss allowance	**3,648.03**	4,163.87
	Total	**66,382.67**	**57,162.45**
D	Term Loans in India - at amortised cost		
	- Public sector	**-**	-
	- Others	**-**	-
	Secured (Secured by tangible assets)	**53,053.24**	46,644.29
	Unsecured	**16,977.46**	14,682.03
	Total Gross Loans	**70,030.70**	**61,326.32**
	Less: Impairment loss allowance	**3,648.03**	4,163.87
	Total	**66,382.67**	**57,162.45**

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, 2023	As at March 31, 2022
Stage 1	**66,793.02**	56,142.18
Stage 2	**1,322.83**	2,125.38
Stage 3	**1,914.85**	3,058.76
Total	**70,030.70**	**61,326.32**

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, 2023	% to the total Loans and Advances in the nature of loans	As at March 31, 2022	% 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

Notes to the Consolidated Financial Statements
as at March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

9 INVESTMENTS

	As at March 31, 2023	As at March 31, 2022
Recorded at Fair value through statement of profit and loss		
Outside India	-	-
In India		
Mutual fund units	**411.65**	946.45
Treasury bills / G-Sec	**773.66**	1,197.57
Securities receipt of ARC	**55.99**	88.04
Unquoted equity shares	**1.95**	1.45
Total	**1,243.25**	**2,233.51**

10 OTHER FINANCIAL ASSETS

	As at March 31, 2023	As at March 31, 2022
Security deposits at amortised cost (Unsecured, considered good)	**24.54**	21.64
Prepaid rent (Security deposits, Unsecured, considered good)	**7.14**	7.19
Retained interest on assigned loan	**2.81**	3.12
Servicing assets on assigned loan	**0.38**	0.96
Total	**34.87**	**32.91**

11 CURRENT TAX ASSETS (NET)

	As at March 31, 2023	As at March 31, 2022
Current tax assets		
Advance tax and tax deducted at source(Net of provision for tax ₹ 621.30 Crore)(Previous Year: ₹ 663.40 Crore)	**25.11**	13.34
Total	**25.11**	**13.34**

12 DEFERRED TAX ASSETS (NET)

	Balance as at April 01, 2021	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at March 31, 2022	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at March 31, 2023
Deferred Tax Asset							
Depreciation and amortisation	20.82	14.78	-	35.60	13.82	-	**49.42**
Provision for employee benefits	10.00	2.04	2.25	14.30	5.68	1.38	**21.35**
Loans - Impairment	696.46	349.57	-	1,046.03	(93.91)	-	**952.12**
Loans - DSA	28.45	(15.45)	-	13.00	(11.44)	-	**1.56**
Lease	7.42	(10.87)	-	(3.45)	(13.99)	-	**(17.44)**
Cash Flow Hedges Reserve	11.07	-	(8.31)	2.76	-	(4.93)	**(2.17)**
Deferred Tax Asset	**774.22**	**340.07**	**(6.06)**	**1,108.24**	**(99.84)**	**(3.55)**	**1,004.85**

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	Balance as at April 01, 2021	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at March 31, 2022	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at March 31, 2023
Deferred Tax Liabilities							
Borrowings	(11.47)	4.32	-	(7.15)	3.86	-	**(3.29)**
Investments - MTM and others	(2.00)	(16.84)	-	(18.84)	1.41	-	**(17.43)**
Securitisation and others	(30.76)	(0.32)	-	(31.08)	47.82	-	**16.74**
Deferred Tax Liabilities	**(44.23)**	**(12.84)**	**-**	**(57.07)**	**53.09**	**-**	**(3.98)**
Net Deferred Tax Assets	**729.99**	**327.24**	**(6.06)**	**1,051.17**	**(46.75)**	**(3.55)**	**1,000.87**
Movement in Net deferred tax Asset during the year						(50.30)	

The components of income tax expense for the years ended March 31, 2023 and 2022 are:

	As at March 31, 2023	As at March 31, 2022
Current tax:		
In respect of current year	**621.30**	663.40
In respect of prior years	**-**	-
Deferred Tax:		
Deferred tax relating to origination and reversal of temporary differences	**46.75**	(327.24)
In respect of prior years	**-**	-
Total Income Tax recognised in statement of profit or loss	**668.05**	**336.16**
Current tax	**621.30**	663.40
Deferred tax (Debit)	**46.75**	(327.24)

Income Tax recognised in Other comprehensive income

	As at March 31, 2023	As at March 31, 2022
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	**1.38**	2.25
Income tax relating to items that will be reclassified to profit or loss	**(4.93)**	(8.31)
Total Income tax recognised in Other comprehensive income (Debit)	**(3.55)**	**(6.06)**

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, 2023	As at March 31, 2022
Profit before tax	**2,627.40**	1,347.56
Applicable income tax rate (%)	**25.17**	25.17
Income tax expense calculated at applicable income tax rate	**661.26**	339.15
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	**16.46**	14.16
Effect of tax incentives (net)	**(9.67)**	(17.14)
Effects of income not considered as taxable on compliance of condition	**-**	-
Income tax for earlier year	**-**	-
Income tax expense recognised in profit and loss	**668.05**	**336.16**

Notes to the Consolidated Financial Statements
as at March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

13 PROPERTY, PLANT AND EQUIPMENT (PPE) AND OTHER INTANGIBLE ASSETS

	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, 2022	**63.13**	**95.15**	**80.72**	**158.76**	**0.15**	**8.85**	**406.76**	**50.81**	**50.81**	**457.57**
Additions during the year	9.81	4.03	11.69	62.66	-	4.53	92.72	18.59	18.59	111.31
Disposals/Adjustments during the year	1.93	1.46	3.83	11.18	-	4.33	22.72	0.01	0.01	22.73
Balance as at March 31, 2023	**71.01**	**97.72**	**88.58**	**210.24**	**0.15**	**9.05**	**476.76**	**69.39**	**69.39**	**546.15**
Accumulated Depreciation / impairment as at April 01, 2022	**51.86**	**80.51**	**51.96**	**138.71**	**0.03**	**5.56**	**328.63**	**38.80**	**38.80**	**367.43**
Depreciation charge during the year	6.29	5.68	11.28	23.02	0.00	1.73	48.01	10.19	10.19	58.20
Disposals/Adjustments during the year	1.93	1.45	3.75	11.18	-	3.93	22.23	0.01	0.01	22.24
Accumulated Depreciation / impairment as at March 31, 2023	**56.22**	**84.74**	**59.49**	**150.55**	**0.03**	**3.36**	**354.41**	**48.98**	**48.98**	**403.39**
Net carrying amount as at March 31, 2023	**14.79**	**12.98**	**29.09**	**59.69**	**0.12**	**5.69**	**122.35**	**20.41**	**20.41**	**142.76**
Balance as at April 01, 2021	**61.62**	**93.46**	**79.06**	**142.88**	**0.15**	**8.03**	**385.21**	**39.23**	**39.23**	**424.43**
Additions during the year	2.85	3.04	4.70	16.49	-	2.47	29.55	11.58	11.58	41.13
Disposals/Adjustments during the year	1.34	1.35	3.05	0.62	-	1.65	8.00	-	-	8.00
Balance as at March 31, 2022	**63.13**	**95.15**	**80.72**	**158.76**	**0.15**	**8.85**	**406.76**	**50.81**	**50.81**	**457.57**
Accumulated Depreciation / impairment as at April 01, 2021	**47.23**	**73.50**	**45.36**	**122.45**	**0.02**	**5.13**	**293.69**	**31.25**	**31.25**	**324.93**
Depreciation charge for the year	5.93	8.29	9.03	16.87	0.02	1.58	41.72	7.56	7.56	49.28
Disposals/Adjustments during the year	1.30	1.28	2.43	0.61	0.02	1.15	6.79	-	-	6.79
Accumulated Depreciation / impairment as at March 31, 2022	**51.86**	**80.51**	**51.96**	**138.71**	**0.03**	**5.56**	**328.63**	**38.80**	**38.80**	**367.43**
Net carrying amount as at March 31, 2022	**11.27**	**14.64**	**28.76**	**20.05**	**0.12**	**3.29**	**78.13**	**12.01**	**12.01**	**90.14**

Note : No revaluation of any class of asset is carried out during the year.

Notes to the Consolidated Financial Statements
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14 RIGHT OF USE ASSETS

	As at March 31, 2023	As at March 31, 2022
Right of Use Assets (ROU) (Refer note 34)	**244.27**	202.49
Total	**244.27**	**202.49**

15 OTHER NON-FINANCIAL ASSETS

	As at March 31, 2023	As at March 31, 2022
Capital advances	**9.02**	0.43
Advances recoverable in cash or in kind (Unsecured, considered good)	**82.63**	281.26
Total	**91.65**	**281.69**

16 TRADE PAYABLES

	As at March 31, 2023	As at March 31, 2022
Trade payables		
i) total outstanding dues to micro and small enterprises	**-**	-
ii) total outstanding dues of creditors other than micro and small enterprises	**291.84**	246.91
Total	**291.84**	**246.91**

16.1 Trade Payables includes ₹ 0 Crore (Previous Years: ₹ 0 Crore) 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 :

Previous Year figures are in (brackets)

Particulars	Less than 1 months	1 - 2 years	2 - 3 years	More than 3 years	Total
i) MSME	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
ii) Others	**288.23**	**1.59**	**0.36**	**1.66**	**291.84**
	(239.47)	*(1.45)*	*(2.78)*	*(3.21)*	*(246.91)*
iii) Disputed dues - MSME	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
iv) Disputed dues - Others	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
v) Unbilled Trade payables	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
Total	**288.23**	**1.59**	**0.36**	**1.66**	**291.84**
	(239.47)	***(1.45)***	***(2.78)***	***(3.21)***	***(246.91)***

Notes to the Consolidated Financial Statements
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(Currency : Indian Rupees in Crore)

17 DEBT SECURITIES

	As at March 31, 2023	As at March 31, 2022
At Amortised Cost		
Secured		
Privately placed redeemable Non Convertible Debenture	**27,246.28**	25,357.70
Secured by pari passu charge by mortgage of Group's Office no.130, 3rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and receivables under financing activity.		
Total	**27,246.28**	25,357.70
Less: Unamortised borrowing cost	**149.87**	25.39
Debt Securities (Net of unamortised cost)	**27,096.41**	**25,332.31**
Debt securities in India	**27,246.28**	25,357.70
Debt securities outside India	**-**	-
Total	**27,246.28**	25,357.70
Less: Unamortised borrowing cost	**149.87**	25.39
Debt Securities (Net of unamortised cost)	**27,096.41**	**25,332.31**

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.

Previous Year figures are in (brackets)

Rate of interest (%)	0-1 years	1-3 years	3-5 years	>5 years	Total
4.5-5.5	**2,423.00**	**1,593.00**	**-**	**-**	**4,016.00**
	(1,380.00)	*(2,616.00)*	-	-	*(3,996.00)*
5.5-6.5	**1,910.00**	**5,203.00**	**1,060.00**	**-**	**8,173.00**
	(1,510.00)	*(6,470.00)*	*(1,390.00)*	-	*(9,370.00)*
6.5-7.5	**5,341.10**	**1,286.00**	**130.00**	**-**	**6,757.10**
	-	*(5,691.10)*	-	-	*(5,691.10)*
7.5-8.5	**-**	**4,368.00**	**1,364.00**	**1,200.00**	**6,932.00**
	(3,189.00)	*(280.00)*	-	*(900.00)*	*(4,369.00)*
8.5-9.5	**-**	**1,045.00**	**-**	**-**	**1,045.00**
	(1,931.60)	-	-	-	*(1,931.60)*
9.5-10.5	**-**	**-**	**323.18**	**-**	**323.18**
	-	-	-	-	-
Total	**9,674.10**	**13,495.00**	**2,877.18**	**1,200.00**	**27,246.28**
	(8,010.60)	***(15,057.10)***	***(1,390.00)***	***(900.00)***	***(25,357.70)***

17.3 - All the above non convertible debentures are secured by specific charge on receivables under financing activities. Minimum security cover of 1.1 times is required to be maintained throughout the year (Refer Note 53)

Notes to the Consolidated Financial Statements
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(Currency : Indian Rupees in Crore)

18 BORROWINGS (OTHER THAN DEBT SECURITIES)

	As at March 31, 2023	As at March 31, 2022
At Amortised Cost		
Borrowings (other than debt securities)		
Secured		
(a) External commercial borrowings (ECB)	**1,889.91**	4,017.00
(b) Term loan against hypothecation of Receivables under financing activity	**21,968.00**	14,291.45
(c) Borrowing under Securitisation	**370.86**	1,205.64
Total	**24,228.77**	**19,514.09**
Less: Unamortised borrowing cost	**0.97**	12.37
Borrowings (Other than Debt Securities) net of unamortised cost	**24,227.80**	**19,501.72**
Borrowings in India	**22,338.86**	15,497.09
Borrowings outside India	**1,889.91**	4,017.00
Total	**24,228.77**	**19,514.09**
Less: Unamortised borrowing cost	**0.97**	12.37
Borrowings (Other than Debt Securities) net of unamortised cost	**24,227.80**	**19,501.72**

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 period presented there were no defaults in the repayment of principal and interest.

18.3 - Terms of repayment of External commercial borrowings in foreign currency

Previous Year figures are in (brackets)

Rate of interest (%)	0-3 years	3-5 years	>5 years	Total
6-9	**1,889.91**	**-**	**-**	**1,889.91**
	(4,017.00)	-	-	*(4,017.00)*

The Group had availed total External Commercial Borrowing (ECBs) of US$ 530 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$ 230 Mn was raised in FY 2020-21. The borrowing had 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. The charges for raising of the aforesaid ECB has been amortised over the tenure of the ECB.

18.4 - Terms of repayment of Term loans from Banks.

Previous Year figures are in (brackets)

	0-1 years	1-3 years	3-5 years	>5 years	Total
Marginal Cost of Funds Based Lending Rate (MCLR) (a)					
Overnight MCLR + (0.00% to 0.75%)	**200.00**	**200.00**	**200.00**	**-**	**600.00**
	-	*(100.00)*	-	-	*(100.00)*
1 Month MCLR + (0.00% to 0.75%)	**41.67**	**-**	**-**	**-**	**41.67**
	(41.67)	*(41.67)*	-		*(83.33)*
3 Month MCLR + (0.00% to 1.5%)	**998.39**	**2,088.81**	**526.13**	**20.00**	**3,633.33**
	(75.00)	*(75.00)*	-	-	*(150.00)*
6 Month MCLR + (0.00% to 0.75%)	**200.00**	**400.00**	**400.00**	**-**	**1,000.00**
	-	-	-	-	-
Total (a)	**1,440.06**	**2,688.81**	**1,126.13**	**20.00**	**5,275.00**
	(116.67)	***(216.67)***	**-**	**-**	***(333.33)***

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(Currency : Indian Rupees in Crore)

Previous Year figures are in (brackets)

	0-1 years	1-3 years	3-5 years	>5 years	Total
Rate linked to T-Bills rates (b)					
7 Days T-Bills rates (0.00% to 4.00%)	**80.00**	**80.00**	**-**	**-**	**160.00**
	-	-	-	-	-
1 Month T-Bills rates (0.00% to 4.00%)	**566.66**	**1,291.67**	**452.08**	**-**	**2,310.41**
	-	-	-	-	-
3 Month T-Bills rates (0.00% to 4.00%)	**875.83**	**1,618.33**	**73.97**	**-**	**2,568.13**
	(1,579.53)	*(1,562.28)*	*(136.67)*		*(3,278.47)*
6 Month T-Bills rates (0.00% to 3.50%)	**-**	**-**	**-**	**-**	**-**
	(109.09)	-	-		*(109.09)*
12 Month T-Bills rates (0.00% to 3.50%)	**-**	**-**	**-**	**-**	**-**
	(431.67)	*(772.50)*	-	-	*(1,204.17)*
Repo Rate (0.00% to 3.50%)	**2,820.88**	**4,463.22**	**390.62**	**-**	**7,674.72**
	(1,061.46)	*(2,286.39)*	*(1,473.21)*	-	*(4,821.06)*
Mumbai Interbank Offer rate (MIBOR) (0.00% to 3.50%)	**30.00**	**37.50**	**-**	**-**	**67.50**
	(725.00)	*(252.08)*	-	-	*(977.08)*
Total (b)	**4,373.37**	**7,490.72**	**916.67**	**-**	**12,780.76**
	(3,906.75)	***(4,873.25)***	***(1,609.88)***	**-**	***(10,389.88)***
Fixed Interest rate (c)					
4.50% - 8.35%	**1,725.21**	**1,903.21**	**283.82**	**-**	**3,912.24**
	(1,018.70)	*(2,187.40)*	*(362.14)*	-	*(3,568.24)*
Total (a)+(b)+(c)	**7,538.64**	**12,082.74**	**2,326.62**	**20.00**	**21,968.00**
	(5,042.12)	***(7,277.32)***	***(1,972.01)***	**-**	***(14,291.45)***

18.4.1 - Term loans includes ₹ 7,082.45 Crore (Previous year ₹ 6,067.14 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 1.1 times is required to be maintained throughout the year.

18.6 - Terms of repayment of Borrowing under Securitisation.

Previous Year figures are in (brackets)

Rate of interest (%)	0-1 years	1-3 years	3-5 years	Total
3.50% to 6.00%	**285.09**	**85.77**	**-**	**370.86**
	(763.50)	*(429.25)*	*(12.89)*	*(1,205.64)*

18.7 - Term Loans were used fully for the purpose for which the same were obtained.

18.8- Periodic Statements of securities filed with lending banks are as per book of accounts.

Notes to the Consolidated Financial Statements
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(Currency : Indian Rupees in Crore)

19 SUBORDINATED LIABILITIES

	As at March 31, 2023	As at March 31, 2022
At Amortised Cost		
Unsecured		
(a) Privately placed subordinated (Tier II) redeemable bonds	**2,900.00**	3,500.00
(b) Redeemable non convertible perpetual bonds	**650.00**	650.00
Total	**3,550.00**	**4,150.00**
Less: Unamortised borrowing cost	**8.90**	10.95
Subordinated Liabilities net of unamortised cost	**3,541.10**	**4,139.05**
Subordinated Liabilities in India	**3,550.00**	4,150.00
Subordinated Liabilities outside India	**-**	-
Total	**3,550.00**	**4,150.00**
Less: Unamortised borrowing cost	**8.90**	10.95
Subordinated Liabilities net of unamortised cost	**3,541.10**	**4139.05**

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

Previous Year figures are in (brackets)

Rate of interest (%)	<5 years	>5 years	Total
7.35-10.50	**1,400.00**	**2,150.00**	**3,550.00**
	(4,000.00)	*(150.00)*	*(4,150.00)*

20 OTHER FINANCIAL LIABILITIES

	As at March 31, 2023	As at March 31, 2022
Interest accrued	**1,172.43**	1,511.65
Overdrawn balances in current account with banks	**1,220.95**	850.59
Deposits (not as defined in Section 2(31) of Companies Act, 2013)	**10.19**	10.22
Creditors for other expenses	**14.09**	18.31
Statutory liabilities	**81.80**	78.82
Unclaimed Dividend	**0.01**	-
Lease Liability (ROU)	**278.96**	239.13
Total	**2,778.43**	**2,708.72**

21 CURRENT TAX LIABILITIES (NET)

	As at March 31, 2023	As at March 31, 2022
Provisions for tax (Net of advance tax ₹405.00 Crore, Previous Year ₹ 440.00 Crore)	**41.97**	59.73
Total	**41.97**	**59.73**

Notes to the Consolidated Financial Statements
as at March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

22 PROVISIONS

	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Gratuity (funded)	**78.03**	71.44
Salary, bonus and reimbursements	**255.07**	208.10
Contribution to provident fund	**35.86**	35.21
Total	**368.96**	**314.75**

23 OTHER NON-FINANCIAL LIABILITIES

	As at March 31, 2023	As at March 31, 2022
Provision for expenses	**266.91**	183.02
Total	**266.91**	**183.02**

24 EQUITY SHARE CAPITAL

	Face Value ₹ each	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
		Number of shares	Number of shares		
Authorised equity shares	10	**1,00,15,50,000**	1,00,15,50,000	**1001.55**	1001.55
Issued, Subscribed & Paid up equity shares fully paid up	10	**79,13,99,083**	79,04,40,031	**791.40**	790.44
Total				**791.40**	**790.44**

24.1 Reconciliation of the number of shares

	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
Equity shares of ₹10 fully paid up				
Shares outstanding at the beginning of the year	**79,04,40,031**	**790.44**	78,91,85,216	789.19
Shares issued - exercised for ESOP scheme	**9,59,052**	**0.96**	12,54,815	1.25
Shares outstanding at the end of the year	**79,13,99,083**	**791.40**	**79,04,40,031**	**790.44**

24.2 Terms/rights attached to equity shares.

The Group has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Group, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by shareholders at the Annual General Meeting.

Notes to the Consolidated Financial Statements
as at March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

24.3 Details of shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at March 31, 2023			As at March 31, 2022		
	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**	**94.84**	**0.00%**	75,05,96,670	94.96	0.00%

24.4 Number of shares reserved for ESOPs

Particulars	As at March 31, 2023	As at March 31, 2022
Equity shares of ₹10 fully paid up		
Number of Shares reserved for ESOPs (Refer note 35)	**75,79,538**	**40,69,315**

25 OTHER EQUITY

		As at March 31, 2023	As at March 31, 2022
Other equity			
(i)	Securities Premium Account	**3,127.72**	3,055.19
(ii)	Employee Stock Options Outstanding Account	**39.61**	35.53
(iii)	Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	**1,685.09**	1,293.22
(iv)	Retained Earnings-Other than Remeasurement of Post Employment Benefit Obligations	**5,844.33**	4,427.10
(v)	Retained Earnings- Remeasurement of Post Employment Benefit Obligations	**(57.65)**	(53.55)
(vi)	Cash Flow Hedges Reserve	**6.46**	(8.20)
		10,645.57	**8,749.29**

(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, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

26 INTEREST INCOME

	For the year ended March 31, 2023	For the year ended March 31, 2022
On Financial Assets measured at Amortised Cost :		
Interest on Loans	**8,853.58**	8,293.64
Interest on deposits with Banks	**9.30**	11.39
On Financial Assets measured at fair value through profit or loss (FVTPL) :		
Interest income from Investment	**64.90**	57.94
Total	**8,927.78**	**8,362.97**

27 NET GAIN/ (LOSS) ON FAIR VALUE CHANGES

	For the year ended March 31, 2023	For the year ended March 31, 2022
Net gain/ (loss) on financial instruments at fair value through profit or loss (FVTPL)		
Investments	**85.07**	16.48
	85.07	**16.48**
Net gain/ (loss) on financial instruments at fair value through profit or loss (FVTPL)		
Realised	**90.67**	39.29
Unrealised	**(5.60)**	(22.81)
Total	**85.07**	**16.48**

28 FINANCE COSTS

	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expenses on financial liabilities measured at amortised cost		
Interest on borrowings (includes Interest on lease liabilities ₹ 21.23 Crore, Previous Year ₹ 19.68 Crore)	**1,460.89**	1,248.83
Interest on debt securities	**1,661.90**	1,671.08
Interest on subordinated liabilities	**352.39**	369.15
Discount on commercial paper	**9.00**	8.86
Other borrowing costs	**27.74**	27.58
Total	**3,511.92**	**3,325.50**

29 IMPAIRMENT ON FINANCIAL INSTRUMENTS

	For the year ended March 31, 2023	For the year ended March 31, 2022
Impairment on financial instruments at amortised cost		
Loans	**1,326.80**	2,466.99
Trade receivables	**3.60**	(1.26)
Total	**1,330.40**	**2,465.73**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

30 EMPLOYEE BENEFITS EXPENSES

	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages (including bonus)	**3,667.39**	3,162.38
Contribution to provident and other funds	**306.08**	277.92
Employee share based payment expenses	**43.64**	30.42
Staff welfare expenses	**40.46**	29.69
Total	**4,057.57**	**3,500.41**

31 OTHER EXPENSES

	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent	**7.56**	5.53.
Rates and taxes	**1.93**	0.78
Telephone	**38.12**	30.70
Power and fuel	**32.69**	24.50
Repairs and maintenance- premises	**7.17**	4.79
Repairs and maintenance-others	**3.00**	4.47
Credit report charges	**49.49**	37.65
Commission and brokerage	**2.48**	2.56
Auditor's remuneration (Refer Note No. 33)	**1.50**	1.16
Insurance	**1.54**	0.71
Loss on sale of asset	**(1.01)**	(0.06)
Expenses towards Corporate Social Responsibility Initiative (Refer Note No. 41)	**21.78**	25.83
Others administrative expenses	**597.50**	429.53
Total	**763.75**	**568.15**

32 EARNING PER SHARE

	For the year ended March 31, 2023	For the year ended March 31, 2022
Net Profit (₹ in Crore)	**1,959.35**	1,011.40
Weighted average number of equity shares		
Basic	**79,07,12,391**	78,94,77,686
Diluted	**79,14,93,138**	78,99,39,967
Earnings per share (₹)		
Basic	**24.78**	12.81
Diluted	**24.76**	12.80
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 7,80,747 shares (Previous Year 4,62,281 shares).

33 AUDITOR'S REMUNERATION

	For the year ended March 31, 2023	For the year ended March 31, 2022
As Auditor	**1.30**	1.05
For taxation matters	**-**	-
For company law matters	**-**	-
For other services	**-**	-
For reimbursement of expenses	**0.08**	0.02
Sub Total	**1.38**	**1.07**
GST	**0.12**	0.09
Total	**1.50**	**1.16**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

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, 2023

(i) Amounts recognised in the Balance sheet

Sr No.	Particulars	March 31, 2023	March 31, 2022
a)	**Right-of-use assets (net)**	**244.27**	**202.49**
b)	**Lease liabilities**		
	Current	**52.61**	45.64
	Non-current	**226.35**	193.49
	Total Lease liabilities	**278.96**	**239.13**
c)	**Additions to the Right-of-use assets**	**94.57**	**37.42**

(ii) Amounts recognised in the Statement of Profit and Loss

Sr No.	Particulars	March 31, 2023	March 31, 2022
a)	Depreciation charge for right-of-use assets	**53.64**	49.67
b)	Interest expense (included in finance cost)	**21.23**	19.68
c)	Expense relating to short-term leases	**7.56**	5.53

(iii) Cash Flows

Particulars	March 31, 2023	March 31, 2022
The total cash outflow of leases	**69.89**	62.87

(iv) Future Commitments

Particulars	March 31, 2023	March 31, 2022
Future undiscounted lease payments to which leases is not yet commenced	**10.38**	23.72

(v) Maturity analysis of undiscounted lease liability

Particulars	March 31, 2023	March 31, 2022
Not later than one year	**72.89**	62.93
Later than one year and not later than five years	**196.62**	173.91
Later than five years	**86.70**	62.31
Total	**356.21**	**299.15**

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 and ESOP-15B on October 31, 2022. 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
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Description of share based payments plans

Particulars	Vesting requirements	Maximum term of option	Method of settlement	Modifications to share based payment plans	Any other details as disclosed in the audited Ind-AS financials
i. ESOP - 10	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2017	7 years	Equity settled	NA	NA
ii. ESOP - 11	30% at the end of each 12 and 24 months and 40% at the end of 36 months from January 31, 2019	7 years	Equity settled	NA	NA
iii. ESOP - 12	60% at the end of 12 months and 40% at the end of 24 months from October 31, 2020	6 years	Equity settled	NA	NA
iv. ESOP - 13	30% at the end of each 12 and 24 months and 40% at the end of 36 months from January 31, 2021	7 years	Equity settled	NA	NA
v. ESOP - 13A	30% at the end of each 12 and 24 months and 40% at the end of 36 months from August 31, 2021	7 years	Equity settled	NA	NA
vi. ESOP - 14	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2021	7 years	Equity settled	NA	NA
vii. ESOP - 15A	30% at the end of each 12 and 24 months and 40% at the end of 36 months from May 31, 2022	7 years	Equity settled	NA	NA
viii. ESOP - 15B	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2022	7 years	Equity settled	NA	NA

Method used for accounting for shared based payment plan.

The Group uses fair value to account for the compensation cost of stock options to employees of the Group.

Movement in the options outstanding under the Employees Stock Option Plan for the year ended March 31, 2023

Particulars	Outstanding, beginning of year	Granted during the year	Exercised during the year	Forfeited / lapsed during the year	Outstanding, end of year	Options exercisable, end of year
ESOP - 10	**42,000**	**-**	**-**	**-**	**42,000**	**42,000**
ESOP - 11	**1,06,430**	**-**	**32,410**	**-**	**74,020**	**74,020**
ESOP - 12	**7,02,910**	**-**	**3,94,140**	**30,680**	**2,78,090**	**2,78,090**
ESOP - 13	**9,33,155**	**-**	**2,13,570**	**52,190**	**6,67,395**	**2,64,275**
ESOP - 13A	**50,000**	**-**	**13,000**	**-**	**37,000**	**2,000**
ESOP – 14	**22,34,820**	**-**	**3,05,932**	**1,29,165**	**17,99,723**	**3,40,916**
ESOP – 15A	**-**	**11,83,140**	**-**	**-**	**11,83,140**	**-**
ESOP – 15B	**-**	**35,81,490**	**-**	**83,320**	**34,98,170**	**-**
Total	**40,69,315**	**47,64,630**	**9,59,052**	**2,95,355**	**75,79,538**	**10,01,301**
Weighted average exercise price (₹)	**383.81**	**496.09**	**353.71**	**425.60**	**456.57**	**352.60**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2023 (Contd.)
(Currency : Indian Rupees in Crore)

Movement in the options outstanding under the Employees Stock Option Plan for the year ended March 31, 2022

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	48,150	-	5,500	650	42,000	42,000
ESOP - 11	3,94,000	-	2,69,610	17,960	1,06,430	1,06,430
ESOP - 12	15,58,900	-	7,73,130	82,860	7,02,910	1,23,570
ESOP - 13	11,75,600	-	2,06,575	35,870	9,33,155	1,41,245
ESOP - 13A	-	50,000	-	-	50,000	-
ESOP – 14	-	22,44,730	-	9,910	22,34,820	-
Total	**31,76,650**	**22,94,730**	**12,54,815**	**1,47,250**	**40,69,315**	**4,13,245**
Weighted average exercise price (₹)	313.22	432.48	301.93	317.09	383.81	300.52

Following summarises the information about stock options outstanding as at March 31, 2023

Plan	Exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)
ESOP – 10	**213**	**42,000**	**1.53**
ESOP – 11	**274**	**74,020**	**2.79**
ESOP – 12	**300**	**2,78,090**	**3.52**
ESOP – 13	**348**	**6,67,395**	**4.64**
ESOP – 13A	**409**	**37,000**	**5.42**
ESOP – 14	**433**	**17,99,723**	**5.58**
ESOP – 15A	**457**	**11,83,140**	**6.13**
ESOP – 15B	**509**	**34,98,170**	**6.59**

Following summarises the information about stock options outstanding as at March 31, 2022

Plan	Exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)
ESOP – 10	213	42,000	2.53
ESOP – 11	274	1,06,430	3.79
ESOP – 12	300	7,02,910	4.52
ESOP – 13	348	9,33,155	5.64
ESOP – 13A	409	50,000	6.42
ESOP – 14	433	22,34,820	6.58

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 15A	ESOP 15B
Dividend yield	0.22%	0.20%
Expected volatility	52.59%	40.92%
Risk- free interest rate	6.10%	6.82%
Expected life of the option	2.33	2.30

The Group recorded an employee stock compensation expense of ₹ 43.64 Crore (previous year ₹ 30.42 Crore) in Statement of Profit and Loss.

Notes to the Consolidated Financial Statements
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36 SEGMENT REPORTING

Sr No.	Particulars	March 31, 2023	March 31, 2022
i.	**Segment Revenue**		
	Lending business	**9,768.95**	8,942.88
	BPO Services	**2,633.93**	2,363.41
	Unallocated	**-**	-
	Income from Operations	**12,402.88**	**11,306.29**
ii.	**Segment Results**		
	Lending business	**2,508.48**	1,238.71
	BPO Services	**140.70**	134.69
	Unallocated	**(21.78)**	(25.84)
	Profit before tax	**2,627.40**	**1,347.56**
	Income Tax expenses		
	Current tax	**621.30**	663.40
	Deferred tax Asset	**46.75**	(327.24)
	Net Profit	**1,959.35**	**1,011.40**
iii.	**Capital Employed**		
	Segment assets		
	Lending business	**68,921.03**	60,812.70
	BPO Services	**103.38**	148.72
	Unallocated	**1,025.98**	1,064.51
	Total Assets	**70,050.39**	**62,025.94**
	Segment Liabilities		
	Lending business	**58,216.53**	52,009.27
	BPO Services	**180.38**	95.61
	Unallocated	**216.52**	381.33
	Total Liabilities	**58,613.43**	**52,486.21**
	Net Segment assets / (liabilities)	**11,436.96**	**9,539.73**
iv.	**Capital Expenditure (including net CWIP)**		
	Lending business	**86.48**	36.25
	BPO Services	**24.83**	4.88
	Unallocated	**-**	-
	Total	**111.31**	**41.13**
v.	**Depreciation**		
	Lending business	**86.49**	79.17
	BPO Services	**25.35**	19.77
	Unallocated	**-**	-
	Total	**111.84**	**98.94**
vi.	**Other non cash expenditure**		
	Lending business	**1,330.40**	2,465.73
	BPO Services	**-**	-
	Unallocated	**-**	-
	Total	**1,330.40**	**2,465.73**

Notes to the Consolidated Financial Statements
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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 ('MD') of the Group has been identified as the CODM as defined by Ind AS 108 Operating Segments, who assesses the financial performance and position of the Group and makes strategic decisions.

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.

Key Management Personnel (KMP) :

Arijit Basu (Chairman & Non Executive Director)
Arundhati Mech (Independent Director)
Smita Affinwalla (Independent Director)
Venkatraman Srinivasan (Independent Director)
Dr. Amla Samanta (Independent Director)
Adayapalam Viswanathan (Independent Director)
G Ramesh (Managing Director & CEO)

Notes to the Consolidated Financial Statements
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(Currency : Indian Rupees in Crore)

Other related parties :

HDFC Ergo General Insurance Company Limited

HDFC Life Insurance Company Limited

HDFC Asset Management Company Limited

HDBFS Employees Welfare Trust

Details of Related Party Transactions for the Year:

Related Party	Nature Of Transaction	March 31, 2023	March 31, 2022
HDFC Bank Limited	Bank charges	**15.35**	12.20
	Charges for back office support services received / recoverable	**984.41**	921.26
	Charges for sales support services received / recoverable	**1,821.96**	1,607.28
	Commission Expenses	**-**	1.71
	Corporate logo license fees	**17.19**	14.63
	Dividend paid	**142.61**	-
	Fixed deposits placed	**-**	17.77
	Interest paid on non-convertible debentures	**301.45**	185.85
	Interest paid on term loan and OD account	**376.36**	312.90
	Interest received on fixed deposits	**2.71**	5.47
	Investment banking fees paid	**0.01**	0.56
	IPA charges	**0.00**	-
	Reimbursement of IT expense, secondment charge & other common expenses	**1.51**	0.89
	Rent paid for premises taken on sub-lease	**2.83**	2.37
	Securities purchased during the year	**-**	1,310.00
	Term loan availed during the year	**3,350.00**	4,050.00
	Tele collection charges / field collection charges received / recoverable for collection services rendered	**255.65**	220.58
HDFC Securities Limited	Commission on sourcing of loans	**0.01**	-
	Rent income for premises given on sub-lease	**0.10**	0.07
	Recovery of expenses	**0.01**	-
Key Management Personnel	Director sitting fees and commission paid	**1.40**	1.25
	Salary including perquisites and allowances	**5.36**	4.53
	Stock Options#	**0.37**	0.48
HDFC Life Insurance Company Limited	Income from Insurance commission	**7.45**	6.19
HDFC Ergo General Insurance Company Limited	Income from Insurance commission	**13.72**	9.89
	Insurance Premium Expense (Car & Group policy)	**0.55**	1.86

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 ₹ 3.81 Crore (previous year ₹ 2.62 Crore) with a corresponding credit to the reserves.

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Balances outstanding:

Related Party	Nature Of Transaction	March 31, 2023	March 31, 2022
HDFC Bank Limited	Securitisation	**53.71**	454.03
	Balance in current accounts	**327.51**	409.00
	Balance receivable	**16.50**	95.95
	Balance payable	**0.05**	0.12
	Fixed deposit	**47.73**	88.51
	Security deposit paid	**0.16**	0.11
	Security deposit received	**9.85**	9.85
	Term loan outstanding	**7,082.45**	6,067.14
	Non convertible debentures issued	**4,155.00**	5,080.00
	WCDL Loan Outstanding	**4.16**	-
HDFC Securities Limited	Balance receivable	**0.04**	-
HDFC Life Insurance Company Limited**	Balance payable - Securities	**1,156.60**	920.00
	Balance payable - Expenses	**-**	0.01
	Balance receivable	**2.24**	0.72
HDFC Asset Management Company Limited	Balance payable	**640.00**	346.00
HDFC Ergo General Insurance Company Limited**	Balance payable	**70.00**	120.00
	Balance receivable	**1.98**	1.36

** excludes amounts pertaining to insurance premiums payable that are in the nature of pass through.

38 EMPLOYEE BENEFITS

A) Defined contribution plan

The contribution made to various statutory funds is recognised as expense and included in Note 30 'Employee benefits expense' under 'Contribution to provident and other funds' in Statement of Profit and Loss.

B) Defined benefit plan (Gratuity)

The Group contributes to the group gratuity fund based on the actuarial valuation determined as at the year-end through the HDFC Life Insurance Group ('HDFC Life') Limited and Life Insurance Corporation of India Limited (LIC). HDFC Life and LIC have certified the Fair Value of the Plan Assets .

Details of Actuarial Valuation as at March 31, 2023.

Particulars	March 31, 2023	March 31, 2022
A. Change in defined benefit obligation		
1 Defined benefit obligation at beginning of period	**166.90**	149.09
2 Service cost		
a. Current service cost	**19.16**	17.17
b. Past service cost	**-**	1.49
c. (Gain) / loss on settlements	**-**	-
3 Interest expenses	**7.96**	5.75
4 Cash flows		
a. Benefit payments from plan	**(33.07)**	(19.88)
b. Benefit payments from employer	**-**	-
c. Settlement payments from plan	**-**	-
d. Settlement payments from employer	**-**	-

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Particulars			March 31, 2023	March 31, 2022
	5	Remeasurements		
		a. Effect of changes in demographic assumptions	**(5.91)**	2.51
		b. Effect of changes in financial assumptions	**(4.03)**	(3.08)
		c. Effect of experience adjustments	**13.70**	13.85
	6	Transfer In /Out		
		a. Transfer In	**-**	-
		b. Transfer out	**-**	-
	7	Defined benefit obligation at end of period	**164.71**	166.90
B.	**Change in fair value of plan assets**			
	1	Fair value of plan assets at beginning of period	**95.57**	81.51
	2	Interest income	**4.56**	3.15
	3	Cash flows		
		a. Total employer contributions		
		(i) Employer contributions	**21.36**	30.66
		(ii) Employer direct benefit payments	**-**	-
		(iii) Employer direct settlement payments	**-**	-
		b. Participant contributions	**-**	-
		c. Benefit payments from plan assets	**(33.07)**	(19.88)
		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)	**(1.73)**	0.13
	5	Transfer In /Out		
		a. Transfer In	**-**	-
		b. Transfer out	**-**	-
	6	Fair value of plan assets at end of period	**86.68**	95.57
C.	**Amounts recognised in the Balance Sheet**			
	1	Defined benefit obligation	**164.71**	166.90
	2	Fair value of plan assets	**(86.68)**	(95.57)
	3	Funded status	**78.03**	71.33
	4	Effect of asset ceiling	**-**	-
	5	Net defined benefit liability (asset)	**78.03**	71.33
D.	**Components of defined benefit cost**			
	1	Service cost		
		a. Current service cost	**19.16**	17.17
		b. Past service cost	**-**	1.49
		c. (Gain) / loss on settlements	**-**	-
		d. Total service cost	**19.16**	18.66

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Particulars			March 31, 2023	March 31, 2022
2	Net interest cost			
	a.	Interest expense on DBO	**7.96**	5.75
	b.	Interest (income) on plan assets	**4.56**	3.15
	c.	Interest expense on effect of (asset ceiling)	**-**	-
	d.	Total net interest cost	**3.40**	2.60
3	Remeasurements (recognised in OCI / Retained Earnings)			
	a.	Effect of changes in demographic assumptions	**(5.91)**	2.51
	b.	Effect of changes in financial assumptions	**(4.03)**	(3.08)
	c.	Effect of experience adjustments	**13.70**	13.85
	d.	Return on plan assets (excluding interest income)	**(1.73)**	0.13
	e.	Changes in asset ceiling (excluding interest income)	**-**	-
	f.	Total remeasurements included in OCI / Retained Earnings	**5.48**	13.15
4	Total defined benefit cost recognised in P&L and OCI		**28.04**	34.41
E.	**Re-measurement**			
	a.	Actuarial Loss/(Gain) on DBO	**3.75**	13.28
	b.	Returns above Interest Income	**1.73**	(0.13)
	c.	Change in Asset ceiling	**-**	-
	Total Re-measurements (OCI / Retained Earnings)		**5.48**	13.15
F.	**Employer Expense (P&L)**			
	a.	Current Service Cost	**19.16**	17.17
	b.	Interest Cost on net DBO	**3.40**	2.60
	c.	Past Service Cost	**-**	1.49
	d.	Total P&L Expenses	**22.56**	21.26
G.	**Net defined benefit liability (asset) reconciliation**			
1	Net defined benefit liability (asset)		**71.33**	67.58
2	Defined benefit cost included in P&L		**22.56**	21.26
3	Total remeasurements included in OCI / Retained Earnings		**5.48**	13.15
4	a.	Employer contributions	**(21.36)**	(30.66)
	b.	Employer direct benefit payments	**-**	-
	c.	Employer direct settlement payments	**-**	-
5	Net transfer		**-**	-
6	Net defined benefit liability (asset) as of end of period		**78.02**	71.33
H.	**Reconciliation of OCI (Re-measurement)**			
1	Recognised in OCI at the beginning of period		**70.26**	57.11
2	Recognised in OCI during the period		**5.48**	13.15
3	Recognised in OCI / Retained Earnings at the end of the period		**75.74**	70.26

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Particulars			March 31, 2023	March 31, 2022
I.	**Sensitivity analysis - DBO end of Period**			
	1	Discount rate +100 basis points	**(3.19)**	(4.38)
	2	Discount rate -100 basis points	**3.43**	4.77
	3	Salary Increase Rate +1%	**3.36**	4.57
	4	Salary Increase Rate -1%	**(3.18)**	(4.29)
	5	Attrition Rate +1%	**(0.66)**	(1.34)
	6	Attrition Rate -1%	**0.69**	1.42
J.	**Significant actuarial assumptions**			
	1	Discount rate Current Year (p.a.)	**7.42%**	4.77%
	2	Discount rate Previous Year (p.a.)	**4.77%**	3.86%
	3	Salary increase rate (p.a.)	**3.00% - 10.00%**	6.00% - 11.00%
	4	Attrition Rate (%)	**9.00% - 71.00%**	9.00% - 74.00%
	5	Retirement Age (years)	**60**	60
	6	Pre-retirement mortality	**IALM (FY 2012-14) Urban**	IALM (FY 2012-14) Urban
	7	Disability	**Nil**	Nil
K.	**Data**			
	1	No.	**1,15,137**	1,15,490
	2	Average age (yrs.)	**29.11**	28.99
	3	Average past service (yrs.)	**2.47**	2.42
	4	Average salary monthly (₹)	**9,159.64**	9,046.16
	5	Future service (yrs.)	**30.89**	31.01
	6	Weighted average duration of DBO	**3.00**	4.00
L.	**Expected cash flows for following year**			
	1	Expected contributions / Addl. Provision Next Year	**36.85**	29.61
	2	Expected total benefit payments		
		Year 1	**64.60**	51.64
		Year 2	**37.29**	33.72
		Year 3	**22.65**	24.02
		Year 4	**15.34**	16.99
		Year 5	**11.09**	12.79
		Next 5 years	**27.97**	32.29

Category of Plan assets	% of Fair value to total planned assets (as at March 31, 2023)
Government securities and corporate bonds/debentures	8.48%
Money market instruments and fixed deposits	92.62%
Net current assets and other approved security	(1.10%)
Total	**100.00%**

The Group's gratuity plan obligation is determined by actuarial valuation and is funded by investments in government securities. As such, the valuation and the funding are exposed to certain risks, including mainly salary increments, attrition levels, interest rates and investment yields. If salaries and interest rates rise faster than assumed or if the attrition rates are lower than assumed, then the Group's gratuity obligation would rise faster in future periods and an increase in market yields

Notes to the Consolidated Financial Statements
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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, 2023	March 31, 2022
1	Claims against the Company not acknowledged as debt (Refer Note 39.1)	**99.53**	90.59
2	Estimated amount of contracts remaining to be executed on capital account and not provided for: (Net of Advances amounting to ₹ 9.02 Crore, previous year ₹0.43 Crore)	**45.00**	13.27
3	Undrawn committed sanctions to borrowers	**134.31**	59.40

39.1 Claims against the Group not acknowledged as debt

Particulars	March 31, 2023	March 31, 2022
Suit filed by borrowers	**13.88**	5.25
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**	-
Total	**99.53**	**90.59**

a) Provident Fund matter

The Group has received a notice of demand from the Provident Fund department amounting to ₹ 50.14 Crore. The Group had filed an appeal challenging the Provident Fund Commissioner's order before the Provident Fund Appellate Tribunal, wherein the Group had received a favourable outcome. However, a sum of ₹ 1 Crore has been deposited under protest with the Provident Fund Appellate Authority. This amount is shown under Other financial assets.

The Provident Fund department has challenged order of the appellate authority in the High Court. The management of the Group is of the view that no material losses will arise in respect of the legal claim and accordingly the same has been disclosed as a contingent liability. In the eventuality of any claim arising out of this case, the same will be billed to the customer in the year the claim is final and accordingly no provision has been made.

b) Payment of Bonus (Amendment) Act, 2015

As per the amendment to the Payment of Bonus (Amendment) Act, 2015 vide notification number DL-(N)04/70007/2003-16 issued on January 01, 2016 by Government of India, the Group would be required to pay statutory bonus to all eligible employees as per the amendments specified thereunder, with effect from April 01, 2014. However, various High Courts have granted a stay on retrospective effect of Payment of Bonus (Amendment) Act, 2015 from financial year 2014-15. In light of the above, the Group has decided to disclose such bonus amounting to ₹ 34.88 Crore as a contingent liability.

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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, 2023		March 31, 2022	
	Within 12 months	After 12 months	Within 12 months	After 12 months
ASSETS				
Financial Assets				
(a) Cash and cash equivalents (CCE)	**395.90**	**-**	477.20	-
(b) Bank balances other than CCE	**257.92**	**-**	176.19	30.58
(c) Derivative financial instruments	**165.34**	**-**	-	132.44
(d) Trade receivables	**65.76**	**-**	141.82	-
(e) Loans	**24,418.76**	**41,963.91**	21,299.76	35,862.69
(f) Investments	**1,185.31**	**57.94**	2,144.02	89.49
(g) Other financial assets	**-**	**34.87**	-	32.91
	26,488.99	**42,056.72**	**24,238.99**	**36,148.11**
Non-financial Assets				
(a) Current tax assets (Net)	**25.11**	**-**	13.34	-
(b) Deferred tax assets (Net)	**-**	**1,000.87**	-	1,051.17
(c) Property, plant and equipment	**-**	**122.37**	-	78.14
(d) Capital work-in-progress	**-**	**-**	-	-
(e) Other intangible assets	**-**	**20.41**	-	12.01
(f) Right of Use Assets	**54.03**	**190.24**	49.00	153.49
(g) Other non-financial assets	**50.40**	**41.25**	58.99	222.70
	129.54	**1,375.14**	**121.33**	**1,517.51**
TOTAL ASSETS	**26,618.53**	**43,431.86**	**24,360.32**	**37,665.62**
LIABILITIES				
Financial Liabilities				
(a) Derivative financial instruments	**-**	**-**	-	-
(b) Trade payables	**291.84**	**-**	246.91	-
(c) Debt securities	**9,620.89**	**17,475.52**	8,003.83	17,328.48
(d) Borrowings other than debt securities	**9,663.25**	**14,564.55**	8,752.04	10,749.68
(e) Subordinated liabilities	**229.42**	**3,311.68**	599.23	3,539.82
(f) Other financial liabilities	**2,310.87**	**467.57**	2,344.47	364.25
	22,116.27	**35,819.32**	**19,946.48**	**31,982.23**
Non-Financial Liabilities				
(a) Current tax liabilities (net)	**41.97**	**-**	59.73	-
(b) Provisions	**314.34**	**54.62**	264.61	50.14
(c) Other non-financial liabilities	**266.91**	**-**	183.02	-
	623.22	**54.62**	**507.36**	**50.14**
TOTAL LIABILITIES	**22,739.49**	**35,873.94**	**20,453.84**	**32,032.37**
NET	**3,879.04**	**7,557.92**	**3,906.48**	**5,633.25**

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41 CORPORATE SOCIAL RESPONSIBILITY

The average profit before tax of the Group for last three financial years was ₹ 1,107.64 Crore, basis which the Group's Prescribed CSR Budget for FY 2022-23 was ₹ 22.15 Crore. In FY 2021-22 an excess amount of ₹ 1.13 Crore was spent against the Prescribed CSR Budget for FY 2021-22, hence after adjusting the excess spend, the Group's CSR Obligation for FY 2022-23 was ₹ 21.02 Crore.

a) Amount spent during the year on:

Particulars	March 31, 2023			March 31, 2022		
	Amount Spent	Amount Unpaid/ provision	Total	Amount Spent	Amount Unpaid/ provision	Total
Construction / acquisition of any asset	-	-	-	-	-	-
On purpose other than above	**21.78**	**Not Applicable**	**21.78**	25.83	Not Applicable	25.83

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
(1.13)	**22.15**	**21.78**	**(0.76)**

Note:

₹ 0.76 Crore was spent over and above the CSR Obligation of ₹ 21.02 Crore for the financial year 2022-23.

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
(1.13)	**2.28**	**22.15**	**21.78**	**2.28**	**(0.76)**	**-**

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	As at March 31, 2023	As at March 31, 2022
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, 2023	March 31, 2022
Mutual fund units	FVTPL	Level 1	**411.65**	946.45
Unquoted equity shares	FVTPL	Level 3	**1.95**	1.45
Treasury bills	FVTPL	Level 1	**773.66**	1,197.57
Securities receipt of ARC	FVTPL	Level 2	**55.99**	88.04
Derivative financial instruments	FVTPL	Level 2	**165.34**	132.44

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.

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.

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c) The table below presents information pertaining to the fair values and carrying values of the Group's financial assets and liabilities.

Particulars		Category	Fair value hierarchy	March 31, 2023		March 31, 2022	
				Carrying value	Fair value	Carrying value	Fair value
Financial Assets							
(a)	Cash and cash equivalents (CCE)	Amortised cost		**395.90**	**395.90**	477.20	477.20
(b)	Bank balances other than CCE	Amortised cost		**257.92**	**257.92**	206.77	206.77
(c)	Derivative financial instruments	FVTPL	Level 2	**165.34**	**165.34**	132.44	132.44
(d)	Trade receivables	Amortised cost		**65.76**	**65.76**	141.82	141.82
(e)	Loans	Amortised cost	Level 3	**66,382.67**	**63,647.52**	57,162.45	54,511.90
(f)	Investments - Mutual funds and Treasury bills	FVTPL	Level 1	**1,185.31**	**1,185.31**	2,144.02	2,144.02
	Investments - In Security Receipts	FVTPL	Level 2	**55.99**	**55.99**	88.04	88.04
	Investments - Unquoted equity shares	FVTPL	Level 3	**1.95**	**1.95**	1.45	1.45
(g)	Other financial assets	Amortised cost		**34.87**	**34.87**	314.60	314.60
				68,545.71	**65,810.56**	**60,668.79**	**58,018.24**
Financial Liabilities							
(a)	Derivative financial instruments	FVTPL	Level 2	**-**	**-**	-	-
(b)	Trade payables	Amortised cost		**291.84**	**291.84**	246.91	246.91
(c)	Debt securities	Amortised cost	Level 2	**27,096.41**	**27,322.07**	25,332.31	26,356.46
(d)	Borrowings other than Securitisation	Amortised cost	Level 2	**23,856.94**	**23,087.21**	18,296.08	17,976.30
	Borrowings under Securitisation	Amortised cost	Level 2	**370.86**	**364.45**	1,205.64	1,193.88
(e)	Subordinated liabilities	Amortised cost	Level 2	**3,541.10**	**3,623.40**	4,139.05	4,429.21
(f)	Other financial liabilities	Amortised cost		**2,778.42**	**2,778.42**	2,708.72	2,708.72
				57,935.57	**57,467.39**	**51,928.71**	**52,911.47**

(i) Short-term and other financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months) and for other financial assets and other financial liabilities that are insignificant in value, the carrying amounts, net of impairment, if any, are a reasonable approximation of their fair value. Such instruments include cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, trade payables, other financial assets and other financial liabilities.

(ii) Loans

These financial assets are recorded at amortised cost, the fair values of which are estimated at portfolio level using a discounted cash flow model based on contractual cash flows discounted using market rates incorporating the counterparties' credit risk.

(iii) Debt securities, borrowings and subordinated liabilities

Fair value is estimated at portfolio level by a discounted cash flow model incorporating market interest rates and the Group's own credit risk or based on market-observable data such as secondary market prices for its traded debt, as relevant.

44 CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to ensure compliance with regulatory capital requirements. In line with this objective, the Group ensures adequate capital at all times and manages its business in a way in which capital is protected, satisfactory business growth is ensured, cash flows are monitored, borrowing covenants are honoured and ratings are maintained.

Regulatory capital-related information is presented as part of the RBI mandated disclosures. The RBI norms require capital to be maintained at prescribed levels. In accordance with such norms, Tier I capital of the Group comprises of share capital, share premium, reserves and perpetual debt, Tier II capital comprises of subordinated debt and provision on loans that are not credit-impaired. There were no changes in the capital management process during the periods presented.

45 RISK MANAGEMENT

While risk is inherent in the Group's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls.

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Committee is responsible for managing risk decisions and monitoring risk levels and reports to the Supervisory Board.

The Group's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

a) Credit risk

The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and industry concentrations, and by monitoring exposures in relation to such limits.

Financial assets measured on a collective basis

The Group splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Secured / unsecured i.e. based on whether the loans are secured
- Nature of security i.e. the nature of the security if the loans are determined to be secured
- Nature of loan i.e. based on the nature of loan

Significant increase in credit risk

The Group considers an exposure to have significantly increased in credit risk when the borrower crosses 30 DPD but is within 90 DPD.

Impairment assessment

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower crosses 90 days past due on its contractual payments. Further, the borrower is retained in Stage 3 (credit-impaired) till all the overdue amounts are repaid i.e. borrower becomes 0 days past due on its contractual payments.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Loss given default

The credit risk assessment is based on a standardised LGD assessment framework that incorporates the probability of default and subsequent recoveries, discounted.

Current economic data and forward-looking economic forecasts and scenarios are used in order to determine the Ind AS 109 LGD rate. The Group uses data obtained from third party sources and combines such data with inputs to the Group's ECL models including determining the weights attributable to the multiple scenarios.

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Credit quality of assets

a) **The table below shows credit quality and maximum exposure to credit risk based on year-end stage classification. The amounts presented are gross of Impairment loss allowance.**

Stage	March 31, 2023	March 31, 2022
Stage 1	**66,793.73**	56,142.18
Stage 2	**1,322.12**	2,125.38
Stage 3	**1,914.85**	3,058.76
Total	**70,030.70**	**61,326.32**

b) **An analysis of changes in the gross carrying amount and corresponding ECL allowances in relations to loans is as under:**

	March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	**56,142.18**	**2,125.38**	**3,058.76**	**61,326.32**
Originated or new	**44,483.31**	**210.59**	**107.86**	**44,801.76**
Matured or repaid	**(31,096.12)**	**(1,099.72)**	**(2,059.75)**	**(34,255.59)**
Transfers to Stage 1	**875.26**	**(572.33)**	**(302.93)**	**-**
Transfers to Stage 2	**(1,346.94)**	**1,407.22**	**(60.28)**	**-**
Transfers to Stage 3	**(2,264.67)**	**(748.31)**	**3,012.98**	**-**
Amounts written off (net of recovery)	**-**	**-**	**(1,841.79)**	**(1,841.79)**
Gross carrying amount - closing balance	**66,793.02**	**1,322.83**	**1,914.85**	**70,030.70**

	March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	55,263.27	3,300.87	2,760.86	61,325.00
Originated or new	28,624.70	251.85	156.66	29,033.21
Matured or repaid	(24,958.69)	(1,099.41)	(1,818.27)	(27,876.37)
Transfers to Stage 1	1,964.69	(1,394.17)	(570.52)	-
Transfers to Stage 2	(2,016.03)	2,097.54	(81.51)	-
Transfers to Stage 3	(2,735.76)	(1,031.30)	3,767.06	-
Amounts written off (net of recovery)	-	-	(1,155.52)	(1,155.52)
Gross carrying amount - closing balance	**56,142.18**	**2,125.38**	**3,058.76**	**61,326.32**

	March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	**1,996.81**	**511.25**	**1,655.81**	**4,163.87**
Originated or new	**711.35**	**74.53**	**86.91**	**872.79**
Increase / (decrease) in provision on existing financial assets (Net of recovery)	**(489.95)**	**(0.68)**	**943.79**	**453.16**
Transfers to Stage 1	**200.90**	**(102.26)**	**(98.64)**	**-**
Transfers to Stage 2	**(102.61)**	**122.39**	**(19.78)**	**-**
Transfers to Stage 3	**(287.57)**	**(232.73)**	**520.30**	**-**
Amounts written off (net of recovery)	**-**	**-**	**(1,841.79)**	**(1,841.79)**
Impairment loss allowance - closing balance	**2,028.93**	**372.50**	**1,246.60**	**3,648.03**

	March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	1,306.11	542.71	874.74	2,723.56
Originated or new	362.16	50.74	82.96	495.86
Increase / (decrease) in provision on existing financial assets (Net of recovery)	333.52	202.97	1,563.48	2,099.97
Transfers to Stage 1	335.24	(176.84)	(158.40)	-
Transfers to Stage 2	(108.83)	133.96	(25.13)	-
Transfers to Stage 3	(231.39)	(242.29)	473.68	-
Amounts written off (net of recovery)	-	-	(1,155.52)	(1,155.52)
Impairment loss allowance - closing balance	**1,996.81**	**511.25**	**1,655.81**	**4,163.87**

c) Modified financial assets

The Group renegotiates loans given to customers in financial difficulties (referred to as forbearance activities, restructuring or rescheduling) to maximise collection opportunities and minimise the risk of default. Under the Companies forbearance policy, loan forbearance is granted on a selective basis if the customer is currently in default on its debt or if there is a high risk of default, there is evidence that the customer made all reasonable efforts to pay under the original contractual terms and the customer is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Risk Management Committee regularly reviews reports on forbearance activities.

Upon renegotiation, such accounts are classified as Stage 3. Such accounts are upgraded to Stage 1 only upon observation of satisfactory repayments of one year from the date of such down-gradation and accordingly loss allowance is measured using 12 month PD.

Exposure to modified financial assets	March 31, 2023	March 31, 2022
Gross carrying amount	**2,384.91**	5,100.35
Impairment allowance	**1,091.00**	1,975.22
Net carrying amount	**1,293.91**	3,125.13

Analysis of risk concentration

The following table shows risk concentration of the Group's loans basis risk exposure into smaller homogeneous portfolios, based on shared credit risk characteristics as under:

	March 31, 2023	March 31, 2022
Carrying value of Loans	**66,382.67**	57,162.44
Mortgage backed loans	**17,676.86**	16,404.30
Other assets backed loans	**28,669.31**	24,290.68
Personal loans	**15,828.13**	13,143.46
Others	**4,208.37**	3,324.00
Total	**66,382.67**	**57,162.44**

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Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are, as follows:

- For corporate and small business lending, charges over real estate properties, inventory and trade receivables and, in special circumstances, government guarantees
- For retail lending, mortgages over residential properties

The Group also obtains guarantees from parent companies for loans to their subsidiaries.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

Collateral coverage - credit impaired loans

Loan to Value (LTV) range	March 31, 2023	March 31, 2022
Upto 50 % Coverage	**659.53**	1,259.26
51-75 % Coverage	**8.58**	139.87
76-100 % Coverage	**0.02**	3.75
Above 100% Coverage	**-**	0.07
Total	**668.13**	**1,402.95**

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.

March 31, 2023	Less than 1 year	1 years to 3 years	3 years to 5 years	5 years and above	Total
Trade payables	**291.84**	**-**	**-**	**-**	**291.84**
Debt securities	**11,287.03**	**15,700.20**	**3,220.45**	**1,393.20**	**31,600.88**
Borrowings	**10,257.28**	**13,961.22**	**2,628.58**	**41.07**	**26,888.15**
Borrowings under Securitisation	**293.82**	**86.99**	**-**	**-**	**380.81**
Subordinated liabilities	**545.86**	**1,036.75**	**1,125.54**	**2,490.14**	**5,198.29**
Total	**22,675.83**	**30,785.16**	**6,974.57**	**3,924.41**	**64,359.97**

March 31, 2022	Less than 1 year	1 years to 3 years	3 years to 5 years	5 years and above	Total
Trade payables	246.91	-	-	-	246.91
Debt securities	9,999.33	16,693.39	1,684.16	1,117.35	29,494.22
Borrowings	8,182.18	10,532.33	932.43	12.56	19,659.50
Borrowings under Securitisation	774.09	408.48	11.31	-	1,193.88
Subordinated liabilities	975.04	1,338.21	878.57	2,981.50	6,173.32
Total	**20,177.55**	**28,972.40**	**3,506.47**	**4,111.41**	**56,767.84**

Notes to the Consolidated Financial Statements
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c) Market risk

Market risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

i) Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Group's statement of profit and loss.

	% Increase/decrease in rate		Increase/decrease in profit	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Borrowings that are re-priced	**0.25%**	0.25%	**48.75**	31.69
Loans that are re-priced	**0.25%**	0.25%	**41.78**	35.63

ii) Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Group arise majorly on account of foreign currency borrowings. The Group manages this foreign currency risk by entering in to cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge, the Group negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Group's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Group holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

d) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or from external events.

The operational risks of the Group are managed through comprehensive internal control systems and procedures and key back up processes. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The Group also undertakes Risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure.

The Group has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the Group's readiness.

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46 IMPACT OF HEDGING ACTIVITIES

a) Disclosure of effects of hedge accounting on financial position:

March 31, 2023								
Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Line item in Balance Sheet
Cash flow hedge	Assets	Liabilities	Assets	Liabilities				
Foreign exchange forward contracts (Cross currency interest rate swaps)	**1,889.91**		**165.34**		**June 18, 2023**	**33.73**	**33.73**	**Borrowings**

March 31, 2022								
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)	4,017.00		132.44		October 30, 2022, November 29, 2020, December 10, 2022 & June 18, 2023	175.17	175.17	Borrowings

b) Disclosure of effects of hedge accounting on financial performance

March 31, 2023				
Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive Income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge				
Foreign exchange risk and interest rate risk	**33.73**	**-**	**(14.13)**	**Finance cost**

March 31, 2022				
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	175.17	-	(142.17)	Finance cost

Notes to the Consolidated Financial Statements
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47 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Particulars	April 01, 2022	Cash flows	Exchange Difference	Other	March 31, 2023
Debt securities	25,332.31	1,738.71	-	25.39	**27,096.41**
Borrowings other than debt securities	18,296.08	5,534.35	-	26.51	**23,856.94**
Borrowings under Securitisation	1,205.64	(834.78)	-	-	**370.86**
Subordinated liabilities	4,139.05	(608.90)	-	10.95	**3,541.10**
Total	**48,973.08**	**5,829.38**	**-**	**62.85**	**54,865.31**

Particulars	April 01, 2021	Cash flows	Exchange Difference	Other	March 31, 2022
Debt securities	23,802.07	1,555.63	-	(25.39)	25,332.31
Borrowings other than debt securities	20,532.66	(2,248.95)	-	12.37	18,296.08
Borrowings under Securitisation	2,036.41	(830.77)	-	-	1,205.64
Subordinated liabilities	3,987.61	140.49	-	10.95	4,139.05
Total	**50,358.75**	**(1,383.60)**	**-**	**(2.07)**	**48,973.08**

(i) Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.

(ii) Total Liabilities comprises of Debt securities, Borrowings (other than debt securities) and Subordinated Liabilities

48 EXPENDITURE / REMITTANCES IN FOREIGN CURRENCIES

a) Expenditure in Foreign Currencies

Particulars	March 31, 2023	March 31, 2022
Professional charges	**0.05**	0.14
Annual software application fee	**4.16**	0.20

b) There is no dividend paid in foreign currency.

49 EVENT AFTER REPORTING DATE

Subsequent events are tracked and evaluated by the Group. Necessary adjustments / disclosures have been provided in the financial statements for significant subsequent events.

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, 2023	March 31, 2022
Carrying amount of transferred assets measured at amortised cost	**356.14**	1,211.85
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	**370.86**	1,205.64
Fair value of assets	**337.98**	1,154.16
Fair value of associated liabilities	**364.45**	1,193.88
Net position at Fair Value	**(26.47)**	(39.72)

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, 2023	March 31, 2022
Carrying amount of de-recognised financial asset	**55.84**	117.98
Carrying amount of retained assets at amortised cost*	**6.09**	13.41
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.

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51 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, 2023 (Amt in Crore)	As at March 31, 2022 (Amt in Crore)	Relation ship with the struck off company, if any, to be disclosed
1	Goldman Venture Private limited	Shareholder	*	*	Shareholder
2	Anish Projects Developers (I) Private Limited	Loan	-	0.06	Borrower
3	Foxmind Connect Private Limited	Loan	-	0.69	Borrower
4	Galaxy Park Hospitality Private Limited	Loan	**0.48**	0.55	Borrower
5	Glamoroso Family Saloon And Spa Private Limited	Loan	**0.28**	0.32	Borrower
6	Gravitee Concepts Private Limited	Loan	-	0.01	Borrower
7	GVK Alliance Networks Private Limited	Loan	**0.53**	0.58	Borrower
8	Onus Labs Private Limited	Loan	**0.30**	0.35	Borrower
9	Peesscon India Reality Private Limited	Loan	**0.13**	0.16	Borrower
10	Satkar Security Provider Private Limited	Loan	-	(0.00)	Borrower
11	Shanti Sarup And Sons Private Limited	Loan	**0.70**	0.78	Borrower
12	Shiv Bhole India Travels Private Limited	Loan	-	0.51	Borrower
13	Sunrise Build Structure Private Limited	Loan	-	0.24	Borrower
14	Tapobhumi Real Estate & Marketing Private Limited	Loan	-	0.15	Borrower
15	Arun Electrochemical Systems Private Limited	Loan	**0.19**	0.25	Borrower
16	Rushi Herbal Private Limited	Loan	**(0.02)**	1.27	Borrower
17	A S P Appliances P Limited	Loan	**1.01**	-	Borrower
18	Natkhat Agro Foods Private Limited	Loan	**0.20**	-	Borrower
19	Jeevan Jyothi General And Maternity Hospital Private Limited	Loan	**0.69**	-	Borrower
20	Deli Carrier Pack And Move Private Limited	Loan	**0.21**	-	Borrower
21	DRS Enterprises Private Limited	Loan	**0.15**	-	Borrower
22	NMG Food And Beverages Private Limited	Loan	**0.05**	-	Borrower
23	R S Vegetable Exporters India Private Limited	Loan	**0.09**	-	Borrower
24	Brand X Zone Private Limited	Loan	**0.04**	-	Borrower
25	Prarabdh Bharti Bhawan Opc Private Limited	Loan	**0.03**	-	Borrower
26	Shri Ganesha Global Gulal Private Limited	Loan	**0.15**	-	Borrower
27	Royal Friends Enterprises Private Limited	Loan	**(0.00)**	-	Borrower
28	Raj Kumar And Sons Ornaments Private Limited	Loan	**(0.01)**	-	Borrower
29	Grahalaya Constructions Private Limited	Loan	**(0.00)**	-	Borrower
30	Indonex Services Private Limited	Loan	**(0.00)**	-	Borrower
31	Trilogy Krikos Private Limited	Loan	-	(0.00)	Borrower

Note:- In the absence of purchase price of share held by Goldman Venture Private Limited face value is considered for reporting purpose.

* Less than ₹ 1,000/-.

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52 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, 2023	March 31, 2022
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.	-	-

53 DISCLOSURE PURSUANT TO REGULATION 54 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Debentures are secured by way of a first and pari passu mortgage in favour of the Security Trustee on the Company's Office no 319, 3rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and/or further secured by way of hypothecation of receivables under financing activity with a minimum requirement of asset cover of 1.1 times. Assets cover as on March 31, 2023 is 1.1 times.

54 DETAILS OF REVENUE FROM INSURANCE SEGMENT

Particulars	As at March 31, 2023	As at March 31, 2022
Commission Income	**40.89**	24.70

55 THE DISCLOSURE ON THE FOLLOWING MATTERS REQUIRED UNDER SCHEDULE III AS AMENDED NOT BEING RELEVANT OR APPLICABLE IN CASE OF THE COMPANY, SAME ARE NOT COVERED SUCH AS

a) The Company has not traded or invested in crypto currency or virtual currency during the financial year

b) There are no undisclosed transaction which have not been recorded in the books.

c) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

d) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority

e) The Company has not entered into any scheme of arrangement

f) No Registration or satisfaction of charges are pending to be filed with ROC.

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56 a) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b) No funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

57 Previous year numbers have been regrouped / reclassified, wherever considered necessary, to correspond with current year presentation. There are no significant regrouping / reclassifications during the year under report.

58 DIVIDEND DISTRIBUTED TO EQUITY SHAREHOLDERS

The Company has paid an interim dividend of ₹ 0.90 per equity share during the year. Further, the Board has proposed a final dividend of ₹ 1.10 per equity share for financial year ended March 31, 2023 in the Board of Directors meeting held on April 15, 2023.

Accounting Period	Net Profit for the accounting period (₹ in Crore)	Rate of dividend (%)	Amount of Dividend (₹ in Crore)	Dividend Payout ratio (%)
FY 2022-23	**1,959.35**	**20%**	**158.26**	**8.08%**
FY 2021-22	1,011.40	10%	79.04	7.82%

59 STANDARDS ISSUED BUT NOT YET EFFECTIVE

On March 31, 2023, the Ministry of Corporate Affairs ('MCA') through a notification, The amendments rules the Companies (Indian Accounting Standards) Amendment Rules, 2023 are applicable from April 01, 2023 (Financial Year 2023-24).

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firms' Registration No: 105102W

Sd/-
Padmini Khare Kaicker
Partner
Membership No: 044784

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firms' Registration No:
105146W/W-100621

Sd/-
Hasmukh B. Dedhia
Partner
Membership No: 033494

For and on behalf of the Board of Directors of
HDB Financial Services Limited

Sd/-
Arijit Basu
Chairman and Non-Executive Director
DIN: 06907779

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

Sd/-
Dipti Khandelwal
Company Secretary
Membership No: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Place: Mumbai
Date: April 15, 2023

Notes

Notes

Notes

Indian Map indicating HDBFS Branches as on 31st March 2023.

Disclaimer : All efforts have been made to make this image accurate. However, the Company and it's Directors do not own the responsibility for the correctness or the authenticity of the same.

CORPORATE INFORMATION

Key Managerial Personnel

Mr. Ramesh G.,
Managing Director & Chief Executive Officer

Mr. Jaykumar P. Shah,
Chief Financial Officer

Ms. Dipti Khandelwal,
Company Secretary & Head - Legal

Joint Statutory Auditors

M/s. KKC & Associates LLP
(formerly Khimji Kunverji & Co LLP)
(ICAI Reg. no. 105146W/W100621)

M/s. B. K. Khare & Co
(ICAI Reg. no. 105102W)

Secretarial Auditors

M/s. Mehta & Mehta, Company Secretaries
(ICSI Unique Code P1996MH007500)

Registered Office

Radhika, 2nd Floor, Law Garden Road,
Navrangpura, Ahmedabad - 380 009
Tel No.: +91 7045054829
Website: www.hdbfs.com
Email: compliance@hdbfs.com

Corporate Identification Number

U65993GJ2007PLC051028

Corporate Office

Ground Floor, Zenith House, Keshavrao Khadye
Marg, Mahalaxmi, Mumbai - 400 034
Tel No.: +91 22 49116300
Fax: +91 22 49116666

Bankers

* Axis Bank * Bank of Baroda * Bank of India
* BNP Paribas * Canara Bank
* Central Bank of India
* Citibank NA * CSB Bank * CTBC Bank
* Deutsche Bank * Dhanlaxmi Bank
* Federal Bank * HDFC Bank
* HSBC Bank * ICICI Bank * IDBI Bank
* Indian Bank * IndusInd Bank
* J P Morgan Chase Bank
* Jammu & Kashmir Bank * Karnataka Bank
* Karur Vysya Bank * Kotak Mahindra Bank
* Punjab National Bank * State Bank of India
* Union Bank of India

Registrar and Share Transfer Agent

M/s. Link Intime India Private Limited
C 101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai - 400 083

Debenture Trustees

M/s. IDBI Trusteeship Services Limited
Universal Insurance Building,
Ground Floor, Sir P.M. Road,
Fort, Mumbai – 400 001
Tel.: +91 22 40807000
Fax: +91 22 66311776
Email: itsl@idbitrustee.com

M/s. Axis Trustee Services Limited
Axis House, Wadia International Centre,
Pandurang Budhkar Marg, Worli,
Mumbai - 400 025
Tel.: +91 22 62300446
Fax: +91 22 62300700
Email: debenturetrustee@axistrustee.in

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B. K. Khare & Co.
Chartered Accountants
706-708, Sharda Chambers
New Marine Lines
Mumbai 400020

KKC & Associates LLP
Chartered Accountants
Level-19, Sunshine Tower,
Senapati Bapat Marg,
Elphinstone Road,
Mumbai, Maharashtra 400013

Independent Auditor's report on Audited Standalone Financial Results of HDB Financial Services Limited under Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors of
HDB Financial Services Limited

Introduction

1. We have audited the accompanying Standalone Financial Results of HDB Financial Services Limited ('the Company') for the year ended 31 March 2023, being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial results:

   2.1. are presented in accordance with the requirements of the Listing Regulations in this regard; and

   2.2. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian accounting standards ('Ind AS'), RBI guidelines and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the year ended 31 March 2023.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ('the Act') Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results 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 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 obtained by us is sufficient and appropriate to provide a basis for our opinion.

Board of Directors' Responsibilities for the Standalone Financial Results

4. These standalone financial results have been compiled from the standalone annual audited financial statements. The Company's Board of Directors are responsible for the preparation and presentation of these standalone financial results that give a true and fair view of the net profit after tax and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Ind AS prescribed under Section 133 of the Act read with relevant rules issued thereunder, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India ('RBI') from time to time ('RBI Guidelines') and other accounting principles generally accepted in India and in compliance with the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for

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B.K. KHARE & CO. Chartered Accountants

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 financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the standalone financial results by the Directors of the Company, as aforesaid.

5. In preparing the standalone financial results, the Board of Directors are 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.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Results

7. Our objectives are to obtain reasonable assurance about whether the standalone financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial results.

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

   8.1. Identify and assess the risks of material misstatement of the standalone financial results, 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.

   8.2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

   8.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

   8.4. Conclude on the appropriateness of the Board of Directors' 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

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significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial results 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.

8.5. Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the standalone financial results represents the underlying transactions and events in a manner that achieves fair presentation.

9. 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.

10. 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.

Other matters

11. The standalone financial results include the results for the quarter ended 31 March 2023 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration Number - 105102W

Padmini Khare Kaicker
Partner
ICAI Membership No. 044784
UDIN: 23044784BGXWMZ9112

Place: Mumbai
Date: 15 April, 2023

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number -105146W/W100621

Hasmukh B Dedhia
Partner
ICAI Membership No. 033494
UDIN: 23033494BGWSPQ4199

Place: Mumbai
Date: 15 April, 2023

HDB FINANCIAL SERVICES LIMITED

Regd. Office: Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad- 380009

CIN: U65993GJ2007PLC051028 | www.hdbfs.com

Tel: +912249116300 | Fax: +912249116666 | Email: compliance@hdbfs.com

Audited Standalone Annual Financial Results

for the quarter and year ended March 31, 2023

(Rupees in million)

Particulars	Quarter ended			Year ended	
	Mar 31, 2023 Audited	Dec 31, 2022 Reviewed	Mar 31, 2022 Audited	Mar 31, 2023 Audited	Mar 31, 2022 Audited
I Revenue from operations					
Interest income	23,817	22,576	20,944	89,278	83,630
Sale of services	6,236	6,706	6,492	26,339	23,634
Other financial charges	1,876	2,000	1,806	7,564	5,690
Net gain on fair value changes	276	260	(65)	851	165
Net gain/(loss) on derecognised financial instruments	(3)	5	(13)	(3)	(56)
Total Revenue from operations	**32,202**	**31,547**	**29,164**	**1,24,029**	**1,13,063**
II Expenses					
Finance Costs	9,577	9,212	7,750	35,119	33,255
Impairment on financial instruments	2,680	3,132	4,218	13,304	24,657
Employee benefits expenses	10,209	10,261	9,644	40,576	35,004
Depreciation, amortization and impairment	315	292	245	1,118	989
Others expenses	2,089	1,940	1,554	7,638	5,682
Total expenses	**24,870**	**24,837**	**23,411**	**97,755**	**99,587**
III Profit before tax (I-II)	**7,332**	**6,710**	**5,753**	**26,274**	**13,476**
IV Tax expense:					
a. Current tax	674	1,586	2,344	6,213	6,634
b. Deferred tax	1,204	109	(861)	468	(3,272)
Total tax expense	**1,878**	**1,695**	**1,483**	**6,681**	**3,362**
V Net Profit for the period (III-IV)	**5,454**	**5,015**	**4,270**	**19,593**	**10,114**
VI Other Comprehensive Income (net of tax)	**(94)**	**(58)**	**134**	**106**	**138**
VII Total Comprehensive Income (after tax) (V-VI)	**5,360**	**4,957**	**4,404**	**19,699**	**10,252**
VIII Earnings per equity share (Refer Note 7)					
a. Basic (in Rupees)	6.89	6.34	5.41	24.78	12.81
b. Diluted (in Rupees)	6.89	6.33	5.41	24.76	12.80
Face value per share (in Rupees)	10	10	10	10	10

HDB Financial Services Limited

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Notes:

1 **Statement of Standalone Assets and Liabilities**

(Rupees in million)

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
	Audited	Audited
ASSETS		
1 Financial Assets		
(a) Cash and cash equivalents	3,959	4,772
(b) Bank balances other than cash and cash equivalents	2,579	2,068
(c) Derivative financial instruments	1,653	1,324
(d) Trade receivables	658	1,418
(e) Loans	6,63,827	5,71,625
(f) Investments	12,433	22,335
(g) Other financial assets	348	329
	6,85,457	**6,03,871**
2 Non-financial Assets		
(a) Current tax assets (Net)	251	133
(b) Deferred tax assets (Net)	10,009	10,512
(c) Property, plant and equipment	1,224	781
(d) Capital work-in-progress	-	-
(e) Other intangible assets	204	120
(f) Right of use assets	2,443	2,025
(g) Other non-financial assets	916	2,817
	15,047	**16,388**
TOTAL ASSETS	**7,00,504**	**6,20,259**
EQUITY AND LIABILITIES		
3 Financial Liabilities		
(a) Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,918	2,469
(b) Debt securities	2,70,964	2,53,323
(c) Borrowings (other than debt securities)	2,42,278	1,95,017
(d) Subordinated liabilities	35,411	41,391
(e) Other financial liabilities	27,785	27,087
	5,79,356	**5,19,287**
4 Non-Financial Liabilities		
(a) Current tax liabilities (Net)	420	597
(b) Provisions	3,689	3,148
(c) Other non-financial liabilities	2,669	1,830
	6,778	**5,575**
5 Equity		
(a) Equity share capital	7,914	7,904
(b) Other equity	1,06,456	87,493
	1,14,370	**95,397**
TOTAL EQUITY AND LIABILITIES	**7,00,504**	**6,20,259**

HDB Financial Services Limited

KKC & associates LLP Chartered Accountants VP

B.K. KHARE & CO. Chartered Accountants

2 **Standalone Statement of Cash Flows**

(Rupees in million)

Particulars		Year ended Mar 31, 2023	Year ended Mar 31, 2022
		Audited	Audited
Cash flow from operating activities			
Profit before tax		26,274	13,476
Adjustments for			
Interest income		(89,278)	(83,630)
Interest expenses		35,029	33,166
(Profit)/loss on sale of asset		(10)	(1)
Realised net (gain)/ loss on FVTPL investments		(907)	393
Unrealised (gain)/loss on FVTPL investments		56	(228)
Discount on commercial paper		90	89
Provision for compensated absence and gratuity		66	35
Employee share based payment expenses		436	304
Depreciation, amortization and impairment		1,118	989
Impairment on financial instruments		13,304	24,657
Operating cash flow before working capital changes		**(13,822)**	**(10,750)**
Adjustments for working capital changes:			
(Increase)/decrease in loans		(1,04,627)	(10,165)
(Increase)/ decrease in trade receivables		761	(245)
(Increase)/decrease in other financial assets and others		(2)	(177)
Increase/(decrease) in other financial and non financial liabilities & provisions		(7,583)	(9,600)
Increase/(decrease) in trade payables		449	(873)
Cash generated from/(Used in) operations before adjustments for interest received and interest paid		**(1,24,824)**	**(31,810)**
Interest paid		(38,421)	(36,995)
Interest received		88,414	83,531
Cash generated from/(Used in) operations		**(74,831)**	**14,726**
Direct taxes paid (net of refunds)		6,324	5,144
Net cash flow generated from/(used in) operating activities	**A**	**(68,507)**	**19,870**
Cash flow from investing activities			
Purchase of investments		(4,92,677)	(2,45,836)
Proceeds of investments		5,03,508	2,39,202
Purchase of fixed assets		(1,113)	(411)
Proceeds from sale of fixed assets		15	13
Net cash generated from/(used in) investing activities	**B**	**9,733**	**(7,032)**
Cash flow from financing activities			
Debt securities issued		1,00,992	88,760
Debt securities repaid		(82,106)	(72,745)
Borrowings other than debt securities issued		1,72,078	88,004
Borrowings other than debt securities repaid		(1,25,072)	(1,20,264)
Subordinated debt issued		-	1,500
Subordinated debt repaid		(6,000)	-
Proceeds from issue of shares and security premium		339	379
Repayment of lease liabilities		(768)	(629)
Dividend and tax paid on dividend		(1,502)	-
Net cash generated from/(used in) financing activities	**C**	**57,961**	**(14,995)**
Net increase/(decrease) in cash and cash equivalents	**A+B+C**	**(813)**	**(2,157)**
Add : Cash and cash equivalents as at the beginning of the year		4,772	6,929
Cash and cash equivalents as at the end of the year*		**3,959**	**4,772**
*Components of cash and cash equivalents			
Balances with banks		3,585	4,308
Demand drafts on hand		89	113
Cash on hand		285	351
		3,959	**4,772**

HDB Financial Services Limited

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3 HDB Financial Services Limited ('the Company') is a Non-Banking Financial Company registered with the Reserve Bank of India.

4 The standalone annual financial results for the quarter and year ended March 31, 2023, which have been subjected to audit by the Statutory Auditors of the Company, have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on April 15, 2023, in terms of Regulations 33 and 52 of the Securities and Exchange Board of India (Listing and Other Disclosure Requirements) Regulations, 2015.

5 The standalone annual financial results have been prepared in accordance with and 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. The standalone annual financial statements, used to prepare the standalone annual financial results, are based on the notified Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies that are required to comply with Ind AS.

6 The figures for the quarter ended March 31, 2023 and March 31, 2022 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of third quarter of the respective financial year, which were subject to Limited Review.

7 Earnings per equity share for the quarter ended March 31, 2023, December 31, 2022 and March 31, 2022 have not been annualised.

8 Other equity include statutory reserve as per Section 45IC of Reserve Bank of India Act, 1934, balance in securities premium, retained earnings, ESOP reserve and cash flow hedge.

9 The Secured listed non-convertible debt securities of the Company are secured by first pari passu mortgage on immovable property situated at Heera Panna Commercial Complex, 3rd Floor, Dr. Yagnik Road, Rajkot and/or first and exclusive charge on receivables of the Company by way of hypothecation to the extent of minimum 1.1 times of the outstanding principal and interest thereon.

10 Information as required by Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as Annexure 1.

11 The disclosure in terms of Ind-AS 108 dealing with 'Operating Segment' as specified under Section 133 of the Companies Act, 2013 is attached as Annexure 2.

12 The Company is a 'Large Corporate' as per criteria under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with Chapter XII of SEBI Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and the disclosure in terms of the said SEBI circular is attached as Annexure 3.

13 Information as required by Reserve Bank of India Circular on Resolution Framework for COVID-19 related Stress dated August 6, 2020 and on Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses dated May 5, 2021 is attached as Annexure 4.

14 As on March 31, 2023 the security cover available in respect of secured non convertible debt securities is 1.10 and the asset cover available in respect of unsecured non convertible debt securities is 3.33. The security cover certificate as per Regulation 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as Annexure 5.

15 The Board of Directors in its meeting held on April 15, 2023 has recommended a final dividend of Rs.1.10 per equity share of face value of Rs. 10 each for the financial year ended March 31, 2023, subject to the approval of the shareholders of the Company at its ensuring Annual General Meeting.

16 Pursuant to Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Operational Circular dated August 10, 2021, the Company had listed its Commercial Papers on National Stock Exchange of India Limited (NSE).

17 The Reserve Bank of India, under Scale Based Regulations has categorised the Company as Upper Layer (NBFC-UL), vide it's circular dated September 30, 2022. Management has taken necessary steps in terms of formulating an implementation plan and ensuring compliances with norms/ changes suggested as and when they become applicable.

18 Details of loans transferred / acquired during the quarter ended March 31, 2023 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

(i) Details of non-performing assets (NPAs) transferred are given below: (Rupees in million)

Particulars	To Asset Reconstruction Companies (ARCs)	To permitted transferees	To other transferees
Number of accounts	890	-	-
Aggregate principal outstanding of loans transferred	951	-	-
Weighted average residual tenor of the loans transferred (in years)	7	-	-
Net book value of loans transferred	748	-	-
Aggregate consideration	559	-	-
Excess provisions reversed to the profit and loss account on accounts of sale of stressed loans	310	-	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-	-

(ii) The company has not acquired any Special Mention Account.

(iii) The company has not acquired any stressed loan and loan not in default.

19 Figures for the previous period/year have been regrouped wherever necessary, in order to make them comparable with current period/year.

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

G. Ramesh
Managing Director & CEO
DIN : 05291597

Date : April 15, 2023
Place : Mumbai

HDB Financial Services Limited

Annexure 1

Disclosures in compliance with Regulations 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter and year ended March 31, 2023.

Sr. No.	Particulars	Quarter ended			Year ended	
		Mar 31, 2023	Dec 31, 2022	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022
		Audited	Reviewed	Audited	Audited	Audited
1	Debt-equity ratio (times)[1]	5.26	5.34	5.77	5.26	5.77
2	Debt service coverage ratio	NA	NA	NA	NA	NA
3	Interest service coverage ratio	NA	NA	NA	NA	NA
4	Outstanding redeemable preference shares (Quantity)	Nil	Nil	Nil	Nil	Nil
5	Outstanding redeemable preference shares (value) (Rs. in millions)	Nil	Nil	Nil	Nil	Nil
6	Capital redemption reserve (Rs. in millions)	Nil	Nil	Nil	Nil	Nil
7	Debenture redemption reserve (Rs. in millions)	Nil	Nil	Nil	Nil	Nil
8	Net worth (Rs. in millions)[2]	1,04,361	97,623	84,886	1,04,361	84,886
9	Net profit after tax (Rs. in millions)	5,454	5,015	4,270	19,593	10,114
10	**Earnings per equity share (Not annualised for the interim periods)**					
	Basic (Rs.)	6.89	6.34	5.41	24.78	12.81
	Diluted (Rs.)	6.89	6.33	5.41	24.76	12.80
11	Current ratio	1.17	1.18	1.19	1.17	1.19
12	Long term debt to working capital	9.11	8.26	8.09	9.11	8.09
13	Bad debts to accounts receivable ratio	NA	NA	NA	NA	NA
14	Current liability ratio	38.80%	39.76%	38.97%	38.80%	38.97%
15	Total debts to total assets	78.32%	78.92%	78.96%	78.32%	78.96%
16	Debtors turnover	NA	NA	NA	NA	NA
17	Inventory turnover	NA	NA	NA	NA	NA
18	Operating margin (%)	NA	NA	NA	NA	NA
19	Net profit margin (%)	16.94%	15.90%	14.64%	15.80%	8.95%
20	**Sector specific equivalent ratios**					
	Capital adequacy ratio (%)	20.05%	20.50%	20.22%	20.05%	20.22%
	Gross Stage 3 ratio (%)	2.73%	3.73%	4.99%	2.73%	4.99%
	Liquidity coverage ratio (%)	130%	212%	102%	130%	102%
	Stage 3 provision coverage ratio (%)	65.10%	57.29%	54.13%	65.10%	54.13%

Notes:

1) Debt equity ratio is (Debt securities + Borrowings + Subordinated liabilities) / Net worth.

2) Net worth is equal to paid up equity share capital plus other equity less deferred tax.

HDB Financial Services Limited

kkc & associates LLP Chartered Accountants

B.K. KHARE & Co. Chartered Accountants

HDB Financial Services Limited

Annexure 2
Standalone Segment Reporting
for the quarter and year ended March 31, 2023

(Rupees in million)

Sr. No.	Particulars	Quarter ended			Year ended	
		Mar 31, 2023 Audited	Dec 31, 2022 Reviewed	Mar 31, 2022 Audited	Mar 31, 2023 Audited	Mar 31, 2022 Audited
i.	**Segment Revenue**					
	Lending business	25,966	24,842	22,672	97,690	89,429
	BPO Services	6,236	6,705	6,492	26,339	23,634
	Unallocated	-	-	-	-	-
	Income from Operations	**32,202**	**31,547**	**29,164**	**1,24,029**	**1,13,063**
ii.	**Segment Results**					
	Lending business	7,093	6,395	5,051	25,085	12,387
	BPO Services	298	369	553	1,407	1,347
	Unallocated	(59)	(54)	149	(218)	(258)
	Profit before tax	**7,332**	**6,710**	**5,753**	**26,274**	**13,476**
	Income Tax expenses					
	Current tax	674	1,586	2,344	6,213	6,634
	Deferred tax Asset	1,204	109	(861)	468	(3,272)
	Net Profit	**5,454**	**5,015**	**4,270**	**19,593**	**10,114**
iii.	**Capital Employed**					
	Segment assets					
	Lending business	6,89,210	6,46,939	6,08,127	6,89,210	6,08,127
	BPO Services	1,034	1,839	1,487	1,034	1,487
	Unallocated	10,260	11,520	10,645	10,260	10,645
	Total Assets	**7,00,504**	**6,60,298**	**6,20,259**	**7,00,504**	**6,20,259**
	Segment Liabilities					
	Lending business	5,82,165	5,46,786	5,20,093	5,82,165	5,20,093
	BPO Services	1,804	1,450	956	1,804	956
	Unallocated	2,165	3,258	3,813	2,165	3,813
	Total Liabilities	**5,86,134**	**5,51,494**	**5,24,862**	**5,86,134**	**5,24,862**
	Net Segment assets / (liabilities)	**1,14,370**	**1,08,804**	**95,397**	**1,14,370**	**95,397**

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.

HDB Financial Services Limited

Kkc & associates LLP Chartered Accountants

K. K. Khare & Co. Chartered Accountants

HDB Financial Services Limited

Annexure 3

Disclosure pursuant to Chapter XII of SEBI Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021

for the year ended March 31, 2023

Annexure A

S. No.	Particulars	Details
1	Name of the Company	HDB Financial Services Limited
2	CIN	U65993GJ2007PLC051028
3	Outstanding borrowing of Company as on 31st March (Rupees in million)	5,26,045
4	Highest Credit Rating during the previous FY along with name of the Credit Rating Agency	CRISIL AAA/Stable by CRISIL Ratings Limited and CARE AAA/Stable by CARE Ratings Limited
5	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	BSE

We confirm that we are a Large Corporate as per the applicability criteria given under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with Chapter XII of SEBI Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.

Annexure B2

1.	Name of the Company:	HDB Financial Services Limited
2.	CIN:	U65993GJ2007PLC051028
3.	Report filed for FY : T	2022-23
4.	Details of the current block:	2022-23/2023-24

(Rupees in million)

S. No.	Particulars	Details
i.	2-Year block period	FY23 & FY24
ii.	Incremental borrowing done in FY (T) (a)	2,44,192
iii.	Mandatory borrowing to be done through debt securities in FY (T) **(b) = (25% of a)**	61,048
iv.	Actual borrowings done through debt securities in FY (T) **(c)**	1,00,992
v.	Shortfall in the borrowing through debt securities, if any, for FY (T-1) carry forward to FY (T) (d)	Nil
vi.	Quantum of (d), which has met from (c) (e)	Nil
vii.	Shortfall, if any, in the mandatory borrowing through debt securities for FY (T) (f) =b- [(c) - (e)]	Nil

(Rupees in million)

S. No.	**Details of penalty to be paid, if any , in respect of previous block**	**Details**
i.	2-Year block period	FY22 & FY23
ii.	Amount of the fine to be paid for the block, if applicable Fine =0.2% ((d)- (e)}	Nil

Dipti Khandelwal
Company Secretary
Membership no: F11340
Tel: +912249116368

Date : April 15, 2023

Jaykumar P. Shah
Chief Financial Officer
Membership no: 106353
Tel: +912249116300

HDB Financial Services Limited

Annexure 4

Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 pertaining to Resolution Framework for COVID-19-related Stress read with RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 pursuant to Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) and Disclosure pursuant to Reserve Bank of India Circular RBI/2021-22/31 DOR.STR.REC. 11/21.04.048 /2021-22 dated 5 May 2021 pertaining to Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses

Format-B For Resolution framework

(Rupees in million)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 30th Sep 2022 (A)	Of (A), aggregate debt that slipped into NPA during six month period ended 31st Mar 2023	Of (A) amount written off during six month ended 31st Mar 2023	Of (A) amount Paid by the borrowers during the six month ended 31st Mar 2023	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 31st March 2023
Personal Loans	1,335	197	48	381	709
Corporate persons	117	-	-	83	35
Of which, MSMEs	117	-	-	83	35
Others	1	0	0	1	0
Total	**1,453**	**197**	**48**	**465**	**744**

HDB Financial Services Limited

Annexure 5

(Rupees in million)

Security cover certificate as per Regulation 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on March 31, 2023.

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
		Exclusive Charge	Exclusive Charge	Pari-Passu Charge	Pari-Passu Charge	Pari-Passu Charge	Assets not offered as Security	Elimination (amount in negative)	Total (C to H)	Related to only those items covered by this certificate				
Particulars	Description of asset for which this certificate relate	Debt for which this certificate being issued	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari-passu charge (excluding items covered in column F)		Debt amount considered more than once (due to exclusive plus pari passu charge)		Market Value for Assets charged on Exclusive basis	Carrying/book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Total Value(=K+L+M+N)
		Book Value	Book Value	Yes/No	Book Value	Book Value						Relating to Column F		
ASSETS														
Property, Plan and Equipment	Immovable Property (Note 1)	-	-		1		1,223	-	1,224	-	-	2	-	2
Capital Work-in-Progress		-	-		-	-	-	-	-	-	-	-	-	-
Right of Use Assets		-	-		-	-	2,443	-	2,443	-	-	-	-	-
Goodwill		-	-		-	-		-	-	-	-	-	-	-
Intangible Assets		-	-		-	-	204	-	204	-	-	-	-	-
Intangible Assets under Development		-	-		-	-	-	-	-	-	-	-	-	-
Investments		-	-		-	-	12,433	-	12,433	-	-	-	-	-
Loans	Receivables under financing activities (Note 2)	3,08,599	2,67,083				88,145	-	6,63,827	-	3,08,599	-	-	3,08,599
Inventories		-	-		-	-	-	-	-	-	-	-	-	-
Trade Receivables		-	-		-	-	658	-	658	-	-	-	-	-
Cash and Cash Equivalents		-	-		-	-	3,959	-	3,959	-	-	-	-	-
Bank Balances other than Cash Equivalents		-	-		-	-	2,579	-	2,579	-	-	-	-	-
Others		-	-		-	-	13,177	-	13,177	-	-	-	-	-
Total		3,08,599	2,67,083		1	-	1,24,821	-	7,00,504	-	3,08,599	2	-	3,08,601

Continued...

HDB Financial Services Limited

Annexure 5

(Rupees in million)

Security cover certificate as per Regulation 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on March 31, 2023.

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	Pari-Passu Charge	Pari-Passu Charge	Pari-Passu Charge	Assets not offered as Security	Elimination (amount in negative)	Total (C to H)	Related to only those items covered by this certificate				
		Debt for which this certificate being issued	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari-passu charge (excluding items covered in column F)		Debt amount considered more than once (due to exclusive plus pari passu charge)		Market Value for Assets charged on Exclusive basis	Carrying/book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Total Value(=K+L+M+N)
		Book Value	Book Value	Yes/No	Book Value	Book Value						Relating to Column F		
LIABILITIES														
Debt securities to which this certificate pertains		2,80,544	-	Yes	-	-	-	-	2,80,544	-	2,80,544	-	-	2,80,544
Other debt sharing pari-passu charge with above debt			-		-	-	-	-	-	-	-	-	-	-
Other Debt(ECB+Sec)			22,665		-	-	-	-	22,665	-	-	-	-	-
Subordinated debt			-				30,224		30,224	-	-	-	-	-
Borrowings		not to be filled	-		-	-	-	-	-	-	-	-	-	-
Bank(TL)			2,20,138		-	-	-	-	2,20,138	-	-	-	-	-
Debt Securities(PDI)			-		-	-	6,807	-	6,807	-	-	-	-	-
Others(CP)		-	-		-	-	-	-	-	-	-	-	-	-
Trade payables		-	-		-	-	2,918	-	2,918	-	-	-	-	-
Lease Liabilities		-	-		-	-	2,790	-	2,790	-	-	-	-	-
Provisions		-	-		-	-	3,689	-	3,689	-	-	-	-	-
Others-Liab		-	-		-	-	16,359	-	16,359	-	-	-	-	-
Total		**2,80,544**	**2,42,803**		-	-	**62,787**	-	**5,86,134**	-	**2,80,544**	-	-	**2,80,544**
Cover on Book Value		1.10			-									
Cover on Market Value		1.10			-									
		Exclusive Security Cover Ratio			Pari-Passu Security Cover Ratio									

Notes:

1) The market value of Rs.2 million of the immovable property is on the basis of certified valuation done on April 12, 2023.

2) Receivable under financing activities consist of large number of small ticket loans. This is part of the non trading book where loans are in the nature of held to maturity and created with a sole objective of collecting principal and interest. Therefore company has considered the carrying value (net off allowance) for this certificate.

3) We confirm that the Company has complied with the covenants mentioned in the disclosure documents of the Secured Redeemable Non-convertible Debentures for the period ended March 31, 2023.

HDB Financial Services Limited

KKC & associates LLP Chartered Accountants

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Mumbai 400020

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Chartered Accountants
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Elphinstone Road,
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Independent Auditor's report on Audited Consolidated Financial Results of HDB Financial Services Limited under Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors of
HDB Financial Services Limited

Introduction

1. We have audited the accompanying Consolidated Financial Results of HDB Financial Services Limited ('the Parent') and its controlled structured entities (the Parent and its controlled structured entities together referred to as 'the Group') for the year ended 31 March 2023, being submitted by the Parent pursuant to the requirement of Regulation 33 and Regulation 52 (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial results:

   2.1. include the annual financial results of the following entities:

Sr. No	Name of the Entity	Relationship
1	HDB Financial Services Limited	Parent
2	Venus Trust September 2020	Controlled Structured Entities
3	Venus Trust March 2021	Controlled Structured Entities
4	Venus Trust March 2022	Controlled Structured Entities

   2.2. are presented in accordance with the requirements of regulation of the Listing Regulations; and

   2.3. give a true and fair view, in conformity with recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS'), RBI guidelines and other accounting principles generally accepted in India, of the consolidated net profit and other comprehensive income and other financial information of the Group for the year ended 31 March 2023.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Companies Act, 2013 ('Act'). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Results 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provision 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 obtained by us is sufficient and appropriate to provide a basis for our opinion.

KKC & associates llp Chartered Accountants VP

B.K. KHARE & CO. Chartered Accountants

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Elphinstone Road,
Mumbai, Maharashtra 400013

Board of Director's responsibilities for the Consolidated Financial Results

4. These consolidated financial results have been compiled from consolidated annual financial statements. The Parent's Board of Directors are responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the consolidated net profit after tax and other comprehensive income and other financial information of the Group in accordance with the recognition and measurement principles laid down in Ind AS prescribed under Section 133 of the Act read with relevant rules issued thereunder, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by RBI, RBI Guidelines and other accounting principles generally accepted in India and in compliance with the Listing Regulations. The Board of Directors of the Parent are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial results by the Directors of the Parent, as aforesaid.

5. In preparing the consolidated financial results, the Board of Directors of the Parent are responsible for assessing the ability the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

6. The Board of Directors of the Parent are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

7. Our objectives are to obtain reasonable assurance about whether the consolidated financial results 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 the consolidated financial results.

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

   8.1. Identify and assess the risks of material misstatement of the consolidated financial results, 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.

KKC & Associates LLP Chartered Accountants VP

B. K. KHARE & CO. Chartered Accountants

8.2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

8.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

8.4. Conclude on the appropriateness of the Board of Directors 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 Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

8.5. Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represents the underlying transactions and events in a manner that achieves fair presentation.

8.6. Obtain sufficient appropriate audit evidence regarding the financial results of the entities within the Group to express an opinion on the consolidated financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors.

9. We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial results of which we are 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.

10. 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.

Other Matters

11. The consolidated financial results include the unaudited financial information of three of controlled structure entities, whose financial information reflect Group's share of total asset of Rs. Nil as at 31 March 2023, Group's share of total revenue of Rs. Nil and Rs. Nil and Group's share of total net profit after tax / loss of Rs. Nil and Rs. Nil for the quarter and for the year ended 31 March 2023 respectively, as considered in the consolidated financial results. This unaudited financial information have been furnished to us by the Board of Directors and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these controlled structure entities is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, these financial information are not material to the Group.

KKC & associates LLP Chartered Accountants VP

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12. Our opinion on the consolidated financial results is not modified in respect of the above matters with respect to our reliance on the financial information certified by the Board of Directors.

13. The consolidated financial results include the results for the quarter ended 31 March 2023 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration Number - 105102W

Padmini Khare Kaicker
Partner
ICAI Membership No. 044784
UDIN: 23044784BGXWNA3734

Place: Mumbai
Date: 15 April, 2023

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number
105146W/W100621

Hasmukh B Dedhia
Partner
ICAI Membership No. 033494
UDIN: 23033494BGWSPR3510

Place: Mumbai
Date: 15 April, 2023

HDB FINANCIAL SERVICES LIMITED

Regd. Office: Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad- 380009
CIN: U65993GJ2007PLC051028 | www.hdbfs.com
Tel: +912249116300 | Fax: +912249116666 | Email: compliance@hdbfs.com

Audited Consolidated Annual Financial Results
for the quarter and year ended March 31, 2023

(Rupees in million)

Particulars	Quarter ended			Year ended	
	Mar 31, 2023 Audited	Dec 31, 2022 Reviewed	Mar 31, 2022 Audited	Mar 31, 2023 Audited	Mar 31, 2022 Audited
I Revenue from operations					
Interest income	23,817	22,576	20,944	89,278	83,630
Sale of services	6,236	6,706	6,492	26,339	23,634
Other financial charges	1,876	2,000	1,806	7,564	5,690
Net gain on fair value changes	276	260	(65)	851	165
Net gain/(loss) on derecognised financial instruments	(3)	5	(13)	(3)	(56)
Total Revenue from operations	**32,202**	**31,547**	**29,164**	**1,24,029**	**1,13,063**
II Expenses					
Finance Costs	9,577	9,212	7,750	35,119	33,255
Impairment on financial instruments	2,680	3,132	4,218	13,304	24,657
Employee benefits expenses	10,209	10,261	9,644	40,576	35,004
Depreciation, amortization and impairment	315	292	245	1,118	989
Others expenses	2,089	1,940	1,554	7,638	5,682
Total expenses	**24,870**	**24,837**	**23,411**	**97,755**	**99,587**
III Profit before tax (I-II)	**7,332**	**6,710**	**5,753**	**26,274**	**13,476**
IV Tax expense:					
a. Current tax	674	1,586	2,344	6,213	6,634
b. Deferred tax	1,204	109	(861)	468	(3,272)
Total tax expense	**1,878**	**1,695**	**1,483**	**6,681**	**3,362**
V Net Profit for the period (III-IV)	**5,454**	**5,015**	**4,270**	**19,593**	**10,114**
VI Other Comprehensive Income (net of tax)	**(94)**	**(58)**	**134**	**106**	**138**
VII Total Comprehensive Income (after tax) (V-VI)	**5,360**	**4,957**	**4,404**	**19,699**	**10,252**
VIII Earnings per equity share (Refer Note 7)					
a. Basic (in Rupees)	6.89	6.34	5.41	24.78	12.81
b. Diluted (in Rupees)	6.89	6.33	5.41	24.76	12.80
Face value per share (in Rupees)	10	10	10	10	10

HDB Financial Services Limited

KKC & associates llp Chartered Accountants

B.K. KHARE & Co. Chartered Accountants

Notes:

1 **Statement of Consolidated Assets and Liabilities**

(Rupees in million)

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
	Audited	Audited
ASSETS		
1 Financial Assets		
(a) Cash and cash equivalents	3,959	4,772
(b) Bank balances other than cash and cash equivalents	2,579	2,068
(c) Derivative financial instruments	1,653	1,324
(d) Trade receivables	658	1,418
(e) Loans	6,63,827	5,71,625
(f) Investments	12,433	22,335
(g) Other financial assets	348	329
	6,85,457	**6,03,871**
2 Non-financial Assets		
(a) Current tax assets (Net)	251	133
(b) Deferred tax assets (Net)	10,009	10,512
(c) Property, plant and equipment	1,224	781
(d) Capital work-in-progress	-	-
(e) Other intangible assets	204	120
(f) Right of use assets	2,443	2,025
(g) Other non-financial assets	916	2,817
	15,047	**16,388**
TOTAL ASSETS	**7,00,504**	**6,20,259**
EQUITY AND LIABILITIES		
3 Financial Liabilities		
(a) Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,918	2,469
(b) Debt securities	2,70,964	2,53,323
(c) Borrowings (other than debt securities)	2,42,278	1,95,017
(d) Subordinated liabilities	35,411	41,391
(e) Other financial liabilities	27,785	27,087
	5,79,356	**5,19,287**
4 Non-Financial Liabilities		
(a) Current tax liabilities (Net)	420	597
(b) Provisions	3,689	3,148
(c) Other non-financial liabilities	2,669	1,830
	6,778	**5,575**
5 Equity		
(a) Equity share capital	7,914	7,904
(b) Other equity	1,06,456	87,493
	1,14,370	**95,397**
TOTAL EQUITY AND LIABILITIES	**7,00,504**	**6,20,259**

HDB Financial Services Limited

kkc & associates LLP Chartered Accountants

B.K. KHARE & CO. Chartered Accountants

2 **Consolidated Statement of Cash Flows**

(Rupees in million)

Particulars		Year ended Mar 31, 2023	Year ended Mar 31, 2022
		Audited	Audited
Cash flow from operating activities			
Profit before tax		26,274	13,476
Adjustments for			
Interest income		(89,278)	(83,630)
Interest expenses		35,029	33,166
(Profit)/loss on sale of asset		(10)	(1)
Realised net (gain)/ loss on FVTPL investments		(907)	393
Unrealised (gain)/loss on FVTPL investments		56	(228)
Discount on commercial paper		90	89
Provision for compensated absence and gratuity		66	35
Employee share based payment expenses		436	304
Depreciation, amortization and impairment		1,118	989
Impairment on financial instruments		13,304	24,657
Operating cash flow before working capital changes		**(13,822)**	**(10,750)**
Adjustments for working capital changes:			
(Increase)/decrease in loans		(1,04,627)	(10,165)
(Increase)/ decrease in trade receivables		761	(245)
(Increase)/decrease in other financial assets and others		(2)	(177)
Increase/(decrease) in other financial and non financial liabilities & provisions		(7,583)	(9,600)
Increase/(decrease) in trade payables		449	(873)
Cash generated from/(Used in) operations before adjustments for interest received and interest paid		**(1,24,824)**	**(31,810)**
Interest paid		(38,421)	(36,995)
Interest received		88,414	83,531
Cash generated from/(Used in) operations		**(74,831)**	**14,726**
Direct taxes paid (net of refunds)		6,324	5,144
Net cash flow generated from/(used in) operating activities	**A**	**(68,507)**	**19,870**
Cash flow from investing activities			
Purchase of investments		(4,92,677)	(2,45,836)
Proceeds of investments		5,03,508	2,39,202
Purchase of fixed assets		(1,113)	(411)
Proceeds from sale of fixed assets		15	13
Net cash generated from/(used in) investing activities	**B**	**9,733**	**(7,032)**
Cash flow from financing activities			
Debt securities issued		1,00,992	88,760
Debt securities repaid		(82,106)	(72,745)
Borrowings other than debt securities issued		1,72,078	88,004
Borrowings other than debt securities repaid		(1,25,072)	(1,20,264)
Subordinated debt issued		-	1,500
Subordinated debt repaid		(6,000)	-
Proceeds from issue of shares and security premium		339	379
Repayment of lease liabilities		(768)	(629)
Dividend and tax paid on dividend		(1,502)	-
Net cash generated from/(used in) financing activities	**C**	**57,961**	**(14,995)**
Net increase/(decrease) in cash and cash equivalents	**A+B+C**	**(813)**	**(2,157)**
Add : Cash and cash equivalents as at the beginning of the year		4,772	6,929
Cash and cash equivalents as at the end of the year*		**3,959**	**4,772**
*Components of cash and cash equivalents			
Balances with banks		3,585	4,308
Demand drafts on hand		89	113
Cash on hand		285	351
		3,959	**4,772**

HDB Financial Services Limited

KKC & Associates LLP Chartered Accountants

KHARE & CO Chartered Accountants

3 HDB Financial Services Limited ('the Group') is a Non-Banking Financial Company registered with the Reserve Bank of India.

4 The consolidated annual financial results for the quarter and year ended March 31, 2023, which have been subjected to audit by the Statutory Auditors of the Group, have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on April 15, 2023, in terms of Regulations 33 and 52 of the Securities and Exchange Board of India (Listing and Other Disclosure Requirements) Regulations, 2015.

5 The consolidated annual financial results have been prepared in accordance with and 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. The standalone annual financial statements, used to prepare the standalone annual financial results, are based on the notified Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies that are required to comply with Ind AS.

6 The figures for the quarter ended March 31, 2023 and March 31, 2022 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of third quarter of the respective financial year, which were subject to Limited Review.

7 Earnings per equity share for the quarter ended March 31, 2023, December 31, 2022 and March 31, 2022 have not been annualised.

8 Other equity include statutory reserve as per Section 45IC of Reserve Bank of India Act, 1934, balance in securities premium, retained earnings, ESOP reserve and cash flow hedge.

9 The Secured listed non-convertible debt securities of the Group are secured by first pari passu mortgage on immovable property situated at Heera Panna Commercial Complex, 3rd Floor, Dr. Yagnik Road, Rajkot and/or first and exclusive charge on receivables of the Group by way of hypothecation to the extent of minimum 1.1 times of the outstanding principal and interest thereon.

10 Information as required by Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as Annexure 1.

11 The disclosure in terms of Ind-AS 108 dealing with 'Operating Segment' as specified under Section 133 of the Companies Act, 2013 is attached as Annexure 2.

12 The Group is a 'Large Corporate' as per criteria under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with Chapter XII of SEBI Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and the disclosure in terms of the said SEBI circular is attached as Annexure 3.

13 Information as required by Reserve Bank of India Circular on Resolution Framework for COVID-19 related Stress dated August 6, 2020 and on Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses dated May 5, 2021 is attached as Annexure 4.

14 As on March 31, 2023 the security cover available in respect of secured non convertible debt securities is 1.10 and the asset cover available in respect of unsecured non convertible debt securities is 3.33. The security cover certificate as per Regulation 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as Annexure 5.

15 The Board of Directors in its meeting held on April 15, 2023 has recommended a final dividend of Rs.1.10 per equity share of face value of Rs. 10 each for the financial year ended March 31, 2023, subject to the approval of the shareholders of the Group at its ensuring Annual General Meeting.

16 Pursuant to Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Operational Circular dated August 10, 2021, the Group had listed its Commercial Papers on National Stock Exchange of India Limited (NSE).

17 The Reserve Bank of India, under Scale Based Regulations has categorised the Group as Upper Layer (NBFC-UL), vide it's circular dated September 30, 2022. Management has taken necessary steps in terms of formulating an implementation plan and ensuring compliances with norms/ changes suggested as and when they become applicable.

18 Details of loans transferred / acquired during the quarter ended March 31, 2023 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

(i) Details of non-performing assets (NPAs) transferred are given below:

(Rupees in million)

Particulars	To Asset Reconstruction Companies (ARCs)	To permitted transferees	To other transferees
Number of accounts	890	-	-
Aggregate principal outstanding of loans transferred	951	-	-
Weighted average residual tenor of the loans transferred (in years)	7	-	-
Net book value of loans transferred	748	-	-
Aggregate consideration	559	-	-
Excess provisions reversed to the profit and loss account on accounts of sale of stressed loans	310	-	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-	-

(ii) The Group has not acquired any Special Mention Account.

(iii) The Group has not acquired any stressed loan and loan not in default.

19 Figures for the previous period/year have been regrouped wherever necessary, in order to make them comparable with current period/year.

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

G. Ramesh
Managing Director & CEO
DIN : 05291597

Date : April 15, 2023
Place : Mumbai

HDB Financial Services Limited

Annexure 1

Disclosures in compliance with Regulations 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter and year ended March 31, 2023.

Sr. No.	Particulars	Quarter ended			Year ended	
		Mar 31, 2023	Dec 31, 2022	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022
		Audited	Reviewed	Audited	Audited	Audited
1	Debt-equity ratio (times)[1]	5.26	5.34	5.77	5.26	5.77
2	Debt service coverage ratio	NA	NA	NA	NA	NA
3	Interest service coverage ratio	NA	NA	NA	NA	NA
4	Outstanding redeemable preference shares (Quantity)	Nil	Nil	Nil	Nil	Nil
5	Outstanding redeemable preference shares (value) (Rs. in millions)	Nil	Nil	Nil	Nil	Nil
6	Capital redemption reserve (Rs. in millions)	Nil	Nil	Nil	Nil	Nil
7	Debenture redemption reserve (Rs. in millions)	Nil	Nil	Nil	Nil	Nil
8	Net worth (Rs. in millions)[2]	1,04,361	97,623	84,886	1,04,361	84,886
9	Net profit after tax (Rs. in millions)	5,454	5,015	4,270	19,593	10,114
10	**Earnings per equity share (Not annualised for the interim periods)**					
	Basic (Rs.)	6.89	6.34	5.41	24.78	12.81
	Diluted (Rs.)	6.89	6.33	5.41	24.76	12.80
11	Current ratio	1.17	1.18	1.19	1.17	1.19
12	Long term debt to working capital	9.11	8.26	8.09	9.11	8.09
13	Bad debts to accounts receivable ratio	NA	NA	NA	NA	NA
14	Current liability ratio	38.80%	39.76%	38.97%	38.80%	38.97%
15	Total debts to total assets	78.32%	78.92%	78.96%	78.32%	78.96%
16	Debtors turnover	NA	NA	NA	NA	NA
17	Inventory turnover	NA	NA	NA	NA	NA
18	Operating margin (%)	NA	NA	NA	NA	NA
19	Net profit margin (%)	16.94%	15.90%	14.64%	15.80%	8.95%
20	**Sector specific equivalent ratios**					
	Capital adequacy ratio (%)	20.05%	20.50%	20.22%	20.05%	20.22%
	Gross Stage 3 ratio (%)	2.73%	3.73%	4.99%	2.73%	4.99%
	Liquidity coverage ratio (%)	130%	212%	102%	130%	102%
	Stage 3 provision coverage ratio (%)	65.10%	57.29%	54.13%	65.10%	54.13%

Notes:

1) Debt equity ratio is (Debt securities + Borrowings + Subordinated liabilities) / Net worth.

2) Net worth is equal to paid up equity share capital plus other equity less deferred tax.

HDB Financial Services Limited

kkc & associates llp Chartered Accountants

KHARE & CO. Chartered Accountants

HDB Financial Services Limited

Annexure 2
Consolidated Segment Reporting
for the quarter and year ended March 31, 2023

(Rupees in million)

Sr. No.	Particulars	Quarter ended			Year ended	
		Mar 31, 2023 Audited	Dec 31, 2022 Reviewed	Mar 31, 2022 Audited	Mar 31, 2023 Audited	Mar 31, 2022 Audited
i.	**Segment Revenue**					
	Lending business	25,966	24,842	22,672	97,690	89,429
	BPO Services	6,236	6,705	6,492	26,339	23,634
	Unallocated	-	-	-	-	-
	Income from Operations	**32,202**	**31,547**	**29,164**	**1,24,029**	**1,13,063**
ii.	**Segment Results**					
	Lending business	7,093	6,395	5,051	25,085	12,387
	BPO Services	298	369	553	1,407	1,347
	Unallocated	(59)	(54)	149	(218)	(258)
	Profit before tax	**7,332**	**6,710**	**5,753**	**26,274**	**13,476**
	Income Tax expenses					
	Current tax	674	1,586	2,344	6,213	6,634
	Deferred tax Asset	1,204	109	(861)	468	(3,272)
	Net Profit	**5,454**	**5,015**	**4,270**	**19,593**	**10,114**
iii.	**Capital Employed**					
	Segment assets					
	Lending business	6,89,210	6,46,939	6,08,127	6,89,210	6,08,127
	BPO Services	1,034	1,839	1,487	1,034	1,487
	Unallocated	10,260	11,520	10,645	10,260	10,645
	Total Assets	**7,00,504**	**6,60,298**	**6,20,259**	**7,00,504**	**6,20,259**
	Segment Liabilities					
	Lending business	5,82,165	5,46,786	5,20,093	5,82,165	5,20,093
	BPO Services	1,804	1,450	956	1,804	956
	Unallocated	2,165	3,258	3,813	2,165	3,813
	Total Liabilities	**5,86,134**	**5,51,494**	**5,24,862**	**5,86,134**	**5,24,862**
	Net Segment assets / (liabilities)	**1,14,370**	**1,08,804**	**95,397**	**1,14,370**	**95,397**

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.

HDB Financial Services Limited

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KHARE & Co. Chartered Accountants

HDB Financial Services Limited

Annexure 3

Disclosure pursuant to Chapter XII of SEBI Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021

for the year ended March 31, 2023

Annexure A

S. No.	Particulars	Details
1	Name of the Group	HDB Financial Services Limited
2	CIN	U65993GJ2007PLC051028
3	Outstanding borrowing of Group as on 31st March (Rupees in million)	5,26,045
4	Highest Credit Rating during the previous FY along with name of the Credit Rating Agency	CRISIL AAA/Stable by CRISIL Ratings Limited and CARE AAA/Stable by CARE Ratings Limited
5	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	BSE

We confirm that we are a Large Corporate as per the applicability criteria given under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with Chapter XII of SEBI Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.

Annexure B2

1.	Name of the Group:	HDB Financial Services Limited
2.	CIN:	U65993GJ2007PLC051028
3.	Report filed for FY : T	2022-23
4.	Details of the current block:	2022-23/2023-24

(Rupees in million)

S. No.	Particulars	Details
i.	2-Year block period	FY23 & FY24
ii.	Incremental borrowing done in FY (T) (a)	2,44,192
iii.	Mandatory borrowing to be done through debt securities in FY (T) **(b) = (25% of a)**	61,048
iv.	Actual borrowings done through debt securities in FY (T) **(c)**	1,00,992
v.	Shortfall in the borrowing through debt securities, if any, for FY (T-1) carry forward to FY (T) (d)	Nil
vi.	Quantum of (d), which has met from (c) (e)	Nil
vii.	Shortfall, if any, in the mandatory borrowing through debt securities for FY (T) (f) =b- [(c) - (e)]	Nil

(Rupees in million)

S. No.	**Details of penalty to be paid, if any , in respect of previous block**	**Details**
i.	2-Year block period	FY22 & FY23
ii.	Amount of the fine to be paid for the block, if applicable Fine =0.2% ((d)- (e))	Nil

Dipti Khandelwal
Company Secretary
Membership no: F11340
Tel: +912249116368

Date : April 15, 2023

Jaykumar P. Shah
Chief Financial Officer
Membership no: 106353
Tel: +912249116300

HDB Financial Services Limited

Annexure 4

Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 pertaining to Resolution Framework for COVID-19-related Stress read with RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 pursuant to Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) and Disclosure pursuant to Reserve Bank of India Circular RBI/2021-22/31 DOR.STR.REC. 11/21.04.048 /2021-22 dated 5 May 2021 pertaining to Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses

Format-B For Resolution framework

(Rupees in million)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 30th Sep 2022 (A)	Of (A), aggregate debt that slipped into NPA during six month period ended 31st Mar 2023	Of (A) amount written off during six month ended 31st Mar 2023	Of (A) amount Paid by the borrowers during the six month ended 31st Mar 2023	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 31st March 2023
Personal Loans	1,335	197	48	381	709
Corporate persons	117	-	-	83	35
Of which, MSMEs	117	-	-	83	35
Others	1	0	0	1	0
Total	**1,453**	**197**	**48**	**465**	**744**

HDB Financial Services Limited

Annexure 5

(Rupees in million)

Security cover certificate as per Regulation 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on March 31, 2023.

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	Pari-Passu Charge	Pari-Passu Charge	Pari-Passu Charge	Assets not offered as Security	Elimination (amount in negative)	Total (C to H)	Related to only those items covered by this certificate				
		Debt for which this certificate being issued	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari-passu charge (excluding items covered in column F)		Debt amount considered more than once (due to exclusive plus pari passu charge)		Market Value for Assets charged on Exclusive basis	Carrying/book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Total Value(=K+L+M+N)
		Book Value	Book Value	Yes/No	Book Value	Book Value						Relating to Column F		
ASSETS														
Property, Plan and Equipment	Immovable Property (Note 1)	-	-		1		1,223	-	1,224	-	-	2	-	2
Capital Work-in-Progress		-	-		-	-	-	-	-	-	-	-	-	-
Right of Use Assets		-	-		-	-	2,443	-	2,443	-	-	-	-	-
Goodwill		-	-		-	-		-	-	-	-	-	-	-
Intangible Assets		-	-		-	-	204	-	204	-	-	-	-	-
Intangible Assets under Development		-	-		-	-	-	-	-	-	-	-	-	-
Investments		-	-		-	-	12,433	-	12,433	-	-	-	-	-
Loans	Receivables under financing activities (Note 2)	3,08,599	2,67,083				88,145	-	6,63,827	-	3,08,599	-	-	3,08,599
Inventories		-	-		-	-	-	-	-	-	-	-	-	-
Trade Receivables		-	-		-	-	658	-	658	-	-	-	-	-
Cash and Cash Equivalents		-	-		-	-	3,959	-	3,959	-	-	-	-	-
Bank Balances other than Cash Equivalents		-	-		-	-	2,579	-	2,579	-	-	-	-	-
Others		-	-		-	-	13,177	-	13,177	-	-	-	-	-
Total		3,08,599	2,67,083		1	-	1,24,821	-	7,00,504	-	3,08,599	2	-	3,08,601

Continued...

HDB Financial Services Limited

Annexure 5

(Rupees in million)

Security cover certificate as per Regulation 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on March 31, 2023.

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
		Exclusive Charge	Exclusive Charge	Pari-Passu Charge	Pari-Passu Charge	Pari-Passu Charge	Assets not offered as Security	Elimination (amount in negative)	Total (C to H)	Related to only those items covered by this certificate				
Particulars	Description of asset for which this certificate relate	Debt for which this certificate being issued	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari-passu charge (excluding items covered in column F)		Debt amount considered more than once (due to exclusive plus pari passu charge)		Market Value for Assets charged on Exclusive basis	Carrying/book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Total Value(=K+L+M+N)
		Book Value	Book Value	Yes/No	Book Value	Book Value						Relating to Column F		
LIABILITIES														
Debt securities to which this certificate pertains		2,80,544	-	Yes	-	-	-	-	2,80,544	-	2,80,544	-	-	2,80,544
Other debt sharing pari-passu charge with above debt			-		-	-	-	-	-	-	-	-	-	-
Other Debt(ECB+Sec)		not to be filled	22,665		-	-	-	-	22,665	-	-	-	-	-
Subordinated debt			-				30,224		30,224	-	-	-	-	-
Borrowings			-		-	-	-	-	-	-	-	-	-	-
Bank(TL)			2,20,138		-	-	-	-	2,20,138	-	-	-	-	-
Debt Securities(PDI)			-		-	-	6,807	-	6,807	-	-	-	-	-
Others(CP)		-	-		-	-	-	-	-	-	-	-	-	-
Trade payables		-	-		-	-	2,918	-	2,918	-	-	-	-	-
Lease Liabilities		-	-		-	-	2,790	-	2,790	-	-	-	-	-
Provisions		-	-		-	-	3,689	-	3,689	-	-	-	-	-
Others-Liab		-	-		-	-	16,359	-	16,359	-	-	-	-	-
Total		**2,80,544**	**2,42,803**		-	-	**62,787**	-	**5,86,134**	-	**2,80,544**	-	-	**2,80,544**
Cover on Book Value		1.10			-									
Cover on Market Value		1.10			-									
		Exclusive Security Cover Ratio			Pari-Passu Security Cover Ratio									

Notes:

1) The market value of Rs 2 million of the immovable property is on the basis of certified valuation done on April 12, 2023.

2) Receivable under financing activities consist of large number of small ticket loans. This is part of the non trading book where loans are in the nature of held to maturity and created with a sole objective of collecting principal and interest. Therefore the Group has considered the carrying value (net off allowance) for this certificate.

3) We confirm that the Group has complied with the covenants mentioned in the disclosure documents of the Secured Redeemable Non-convertible Debentures for the period ended March 31, 2023.

HDB Financial Services Limited

KKC & associates llp Chartered Accountants VP

B.K. KHARE & CO. Chartered Accountants

HDB FINANCIAL SERVICES

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Opp. Race Course, Mahalaxmi,
Mumbai - 400034.
Tel : 022 - 4911 6300
Fax : 022 - 4911 6666
Web : www.hdbfs.com
CIN : U65993GJ2007PLC051028
Email ID : compliance@hdbfs.com

April 15, 2023

To,
BSE Limited
P. J. Towers,
Dalal Street, Mumbai – 400 001

K.A.: Listing Compliance Department

Sub.: Statement of utilisation of issue proceeds under Regulation 52(7) and Statement of deviation/ variation under Regulation 52(7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir / Madam,

A. Pursuant to the Regulation 52(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby confirm that, the proceeds of the below Non-Convertible Securities issued by the Company during the quarter ended March 31, 2023, listed on the Stock Exchange, have been utilised for the purpose for which these proceeds were raised in accordance with the respective Offer Documents of the issues:

Name of the issuer: **HDB Financial Services Limited**

ISIN	Mode of Fund Raising (Public issues / Private placement)	Type of instrument	Date of raising funds	Amount Raised (Rs.in Crore)	Fund utilised (Rs.in Crore)	Any deviation (Yes/No)	If Yes, then specify the purpose of for which the funds were utilised	Remarks, if any
INE756I07EK0	Private Placement	NCD	January 16, 2023	510.00	510.00	No	NA	NA
INE756I07EO2	Private Placement	NCD	January 16, 2023	1776.00	1776.00	No	NA	NA
INE756I07EP9	Private Placement	NCD	Thursday, February 23, 2023	244.00	244.00	No	NA	NA
INE756I07ER5	Private Placement	NCD	Monday, March 20, 2023	610.00	610.00	No	NA	NA
INE756I07EQ7	Private Placement	NCD	Monday, March 20, 2023	323.18	323.18	No	NA	NA

HDB FINANCIAL SERVICES

B. Statement of deviation/ variation in use of Issue proceeds for the quarter ended March 31, 2023:

Particulars	Remarks
Name of the listed entity	HDB Financial Services Limited
Mode of fund raising	~~Public issue~~/ Private placement
Type of Instrument	Non-convertible Securities
Date of raising funds	As mentioned in above table
Amount raised	As per mentioned in above table
Report filed for quarter ended	March 31, 2023
Is there a deviation/ variation in use of funds raised?	No
Whether any approval is required to vary the objects of the issue stated in the prospectus/ offer document?	No
If yes, details of the approval so required?	Not Applicable
Date of approval	Not Applicable
Explanation for the deviation/ variation	Not Applicable
Comments of the audit committee after review	None
Comments of the auditors, if any	None
Objects for which funds have been raised and where there has been a deviation/ variation, in the following table:	

Original object	<table><tr><th>Purpose</th><th>Percentage of fund raised (%)</th></tr><tr><td>For disbursements of loans to borrowers</td><td>Upto 100</td></tr><tr><td>For refinancing existing borrowings/ repayment of existing borrowings</td><td>Upto 75</td></tr><tr><td>For general corporate purposes</td><td>Upto 50</td></tr></table> Further, pending utilisation, the issue proceeds may be utilised / invested as may be approved from time to time in the ordinary course of business, in fixed deposits with banks, mutual fund units, etc. In addition to the purpose stated above, in case of NCD series 189, 190 and 191 allotted on January 16, 2023, February 23, 2023 and March 20, 2023 respectively, the following was the additional object of the issue: The proceeds of the issuance shall be in accordance with RBI guidelines applicable for bank finance to NBFCs.

Modified object, if any	Nil
Original allocation	Funds have been allocated as per the objects stated above in compliance with the applicable laws.
Modified allocation, if any	Nil
Funds utilised	Funds have been utilised as per the objects stated above in compliance with the applicable laws.
Amount of deviation/ variation for the quarter according to application object (in Rs. crore and in %)	Not Applicable
Remarks, if any	Nil

Deviation could mean:

a. Deviation in the objects or purposes for which the funds have been raised.

b. Deviation in the amount of funds actually utilised as against what was originally disclosed.

Please take the above on record.

For HDB Financial Services Limited

Jaykumar Shah
Chief Financial Officer

HDB Financial Services Limited
Ground Floor, Zenith House,
Keshavrao Khadye Marg,
Opp. Race Course, Mahalaxmi,
Mumbai - 400034.
Tel : 022 - 4911 6300
Fax : 022 - 4911 6666
Web : www.hdbfs.com
CIN : U65993GJ2007PLC051028
Email ID : compliance@hdbfs.com

HDB/SLC/2023/1094

April 15, 2023

To,

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

Sub.: Disclosure of Related Party Transactions for the half year ended March 31, 2023 under Regulation 23(9) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015

Dear Sir/Madam,

In accordance with the captioned subject, please find enclosed herewith the disclosure of related party transactions for the half year ended March 31, 2023.

You are requested to kindly take the same on your record.

This is for your information and appropriate dissemination.

Thanking you,

For HDB Financial Services Limited

Dipti Khandelwal
(Company Secretary)
Membership No. F11340

HDB Financial Services Ltd

Encl: a/a

HDB FINANCIAL SERVICES LIMITED

Regd. Office: Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad- 380009
CIN: U65993GJ2007PLC051028 | www.hdbfs.com
Tel: +912249116300 | Fax: +912249116666 | Email: compliance@hdbfs.com

Related party transactions for six months ended March 31, 2023

(Rs.in crore)

S. No	Details of the party (listed entity /subsidiary) entering into the transaction	Details of the counterparty		Type of related party transaction	Value of the related party transaction as approved by the audit committee (F.Y. 2022-2023)	Value of transaction during the reporting period	In case monies are due to either party as a result of the transaction	
	Name	Name	Relationship of the counterparty with the listed entity or its subsidiary				Opening balance	Closing balance
1	HDB Financial Services Ltd	HDFC Bank Ltd.	Promoter	Expenses for receiving services	20.00	7.82	0.04	0.04
2	HDB Financial Services Ltd	HDFC Bank Ltd.	Promoter	Expenses for receiving services	35.00	7.02	-	-
3	HDB Financial Services Ltd	HDFC Bank Ltd.	Promoter	Expenses for receiving services	12.00	0.18	0.04	0.02
4	HDB Financial Services Ltd	HDFC Bank Ltd.	Promoter	Expenses for receiving services	7.00	1.36	-	-
5	HDB Financial Services Ltd	HDFC Bank Ltd.	Promoter	Sale of goods or services	2,000.00	470.24	38.41	10.46
6	HDB Financial Services Ltd	HDFC Bank Ltd.	Promoter	Sale of goods or services	2,500.00	903.99	73.49	3.57
7	HDB Financial Services Ltd	HDFC Bank Ltd.	Promoter	Sale of goods or services	400.00	129.60	41.02	2.47
8	HDB Financial Services Ltd	HDFC Bank Ltd.	Promoter	Deposits Placed	2,000.00	-	88.51	47.73
9	HDB Financial Services Ltd	HDFC Bank Ltd.	Promoter	Interest paid	Interest on securities shall be paid as per terms of issue	180.73	-	-
10	HDB Financial Services Ltd	HDFC Bank Ltd.	Promoter	Interest paid	Interest on the loan shall be paid as per the Pricing policy	209.44	-	-
11	HDB Financial Services Ltd	HDFC Bank Ltd.	Promoter	Interest received	Interest shall be as per banks pricing grid prevailing from time to time	1.21	-	-
12	HDB Financial Services Ltd	HDFC Bank Ltd.	Promoter	Securities Issued	15,000.00	-	4,605.00	4,155.00
13	HDB Financial Services Ltd	HDFC Bank Ltd.	Promoter	Loan Securitised	12,000.00	-	228.95	53.71
14	HDB Financial Services Ltd	HDFC Bank Ltd.	Promoter	Borrowings Taken	18,000.00	2,882.37	6,061.87	7,086.61

HDB Financial Services Limited

HDB FINANCIAL SERVICES LIMITED
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Related party transactions for six months ended March 31, 2023

(Rs.in crore)

S. No	Details of the party (listed entity /subsidiary) entering into the transaction	Details of the counterparty		Type of related party transaction	Value of the related party transaction as approved by the audit committee (F.Y. 2022-2023)	Value of transaction during the reporting period	In case monies are due to either party as a result of the transaction	
	Name	Name	Relationship of the counterparty with the listed entity or its subsidiary				Opening balance	Closing balance
15	HDB Financial Services Ltd	HDFC Bank Ltd.	Promoter	Borrowings Repaid	As Per the terms of borrowings	1,857.62	-	-
16	HDB Financial Services Ltd	HDFC Asset Management Company Ltd.	Companies under same group	Securities Issued	Issued basis the application made on electronic bidding platform of BSE exchange	-	100.00	640.00
17	HDB Financial Services Ltd	HDFC Asset Management Company Ltd.	Companies under same group	Interest paid	Interest on securities will be paid as per terms of issue	5.44	-	-
18	HDB Financial Services Ltd	HDFC Ergo General Insurance Company Ltd.	Companies under same group	Sale of goods or services	20.00	7.98	2.17	1.98
19	HDB Financial Services Ltd	HDFC Ergo General Insurance Company Ltd.	Companies under same group	Expenses for receiving services	15.00	0.15	-	-
20	HDB Financial Services Ltd	HDFC Ergo General Insurance Company Ltd.	Companies under same group	Securities Issued	800.00	-	95.00	70.00
21	HDB Financial Services Ltd	HDFC Life Insurance Co. Ltd.	Companies under same group	Sale of goods or services	25.00	4.93	0.41	2.24
22	HDB Financial Services Ltd	HDFC Life Insurance Co. Ltd.	Companies under same group	Expenses for receiving services	1.00	-	0.01	-
23	HDB Financial Services Ltd	HDFC Life Insurance Co. Ltd.	Companies under same group	Securities Issued	800.00	-	823.00	1,156.60
24	HDB Financial Services Ltd	HDFC Life Insurance Co. Ltd.	Companies under same group	Interest paid	Interest on securities shall be paid as per terms of issue	3.94	-	-
25	HDB Financial Services Ltd	HDFC Securities Ltd.	Subsidary of Promoter	Sale of goods or services	1.00	0.05	0.05	0.02
26	HDB Financial Services Ltd	HDFC Securities Ltd.	Subsidiary of Promoter	Sale of goods or services	0.75	0.01		0.01

HDB Financial Services Limited

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Related party transactions for six months ended March 31, 2023

(Rs.in crore)

S. No	Details of the party (listed entity /subsidiary) entering into the transaction	Details of the counterparty		Type of related party transaction	Value of the related party transaction as approved by the audit committee (F.Y. 2022-2023)	Value of transaction during the reporting period	In case monies are due to either party as a result of the transaction	
	Name	Name	Relationship of the counterparty with the listed entity or its subsidiary				Opening balance	Closing balance
27	HDB Financial Services Ltd	A. K. Viswanathan	Independent Director	Director Sitting Fees	As Approved by Board	0.08	-	-
28	HDB Financial Services Ltd	Arijit Basu	Chairman & Non Executive Director	Director Sitting Fees	As Approved by Board	0.06	-	-
29	HDB Financial Services Ltd	Arijit Basu	Chairman & Non Executive Director	Remuneration Paid To Chairman	As Approved by Board and shareholders	0.19	-	-
30	HDB Financial Services Ltd	Arundhati M	Independent Director	Director Sitting Fees	As Approved by Board	0.07	-	-
31	HDB Financial Services Ltd	Dr. Amla Samanta	Independent Director	Director Sitting Fees	As Approved by Board	0.05	-	-
32	HDB Financial Services Ltd	Ramesh Ganesan	Managing Director	Salary Including Perquisites And Allowances	As Approved by Board and shareholders	1.98	-	-
33	HDB Financial Services Ltd	Smita Affinwalla	Independent Director	Director Sitting Fees	As Approved by Board	0.07	-	-
34	HDB Financial Services Ltd	Venkatraman Srinivasan	Independent Director	Director Sitting Fees	As Approved by Board	0.09	-	-
35	HDB Financial Services Ltd	Dipti Khandelwal	Company Secretary	Salary Including Perquisites And Allowances	As Approved by Nomination and Remuneration Committee	0.30	-	-
36	HDB Financial Services Ltd	Jaykumar P. Shah	Chief Financial Officer	Salary Including Perquisites And Allowances	As Approved by Nomination and Remuneration Committee	0.73	-	-

Notes: The company has not given any loan, inter corporate deposit, advances or made any investment to the related parties during the reporting period.

For HDB Financial Services Limited

G. Ramesh
Managing Director & CEO
DIN: 05291597

HDB Financial Services Limited

B. K. Khare & Co.
Chartered Accountants
706-708, Sharda Chambers
New Marine Lines
Mumbai 400020

KKC & Associates LLP
Chartered Accountants
Level-19, Sunshine Tower,
Senapati Bapat Marg,
Elphinstone Road,
Mumbai, Maharashtra 400013

Limited review report on unaudited standalone quarterly financial results of HDB Financial Services Limited under Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

To
The Board of Directors of
HDB Financial Services Limited

Introduction

1. We have reviewed the accompanying statement of unaudited standalone financial results of HDB Financial Services Limited ("the Company") for the quarter ended 30 June 2023 ("the Statement"), being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors of the Company, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard ("Ind AS") 34 "Interim Financial Reporting" specified in section 133 of the Companies Act, 2013, the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time ("RBI guidelines") and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 52 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

Scope of Review

3. We conducted our review in accordance with the Standard on Review Engagements ('SRE') 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

B.K. KHARE & CO. Chartered Accountants

kkc & associates llp VP Chartered Accountants

B. K. Khare & Co.
Chartered Accountants
706-708, Sharda Chambers
New Marine Lines
Mumbai 400020

KKC & Associates LLP
Chartered Accountants
Level-19, Sunshine Tower,
Senapati Bapat Marg,
Elphinstone Road,
Mumbai, Maharashtra 400013

Conclusion

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the applicable Ind AS and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

For B. K. Khare & Co
Chartered Accountants
Firm Registration Number - 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784
UDIN: 23044784BGXWNH9817
Place: Mumbai
Date: 15 July 2023

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number -105146W/W100621

Hasmukh B Dedhia
Partner
Membership No. 033494
UDIN: 23033494BGWSUU3195
Place: Mumbai
Date: 15 July 2023

HDB FINANCIAL SERVICES LIMITED

Regd. Office: Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad- 380009

CIN: U65993GJ2007PLC051028 | www.hdbfs.com

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Statement of Standalone Financial Results

for the quarter ended June 30, 2023

(Rupees in million)

Particulars	Quarter ended			Year ended
	Jun 30, 2023 Reviewed	Mar 31, 2023 Audited	Jun 30, 2022 Reviewed	Mar 31, 2023 Audited
I Revenue from operations				
Interest income	25,732	23,817	21,127	89,278
Sale of services	5,766	6,236	6,721	26,339
Other financial charges	1,969	1,876	1,860	7,564
Net gain on fair value changes	405	276	101	851
Net gain/(loss) on derecognised financial instruments	(4)	(3)	(7)	(3)
Total Revenue from operations	**33,868**	**32,202**	**29,802**	**1,24,029**
II Expenses				
Finance Costs	10,725	9,577	7,864	35,119
Impairment on financial instruments	2,666	2,680	3,983	13,304
Employee benefits expenses	10,288	10,209	10,054	40,576
Depreciation, amortization and impairment	314	315	249	1,118
Others expenses	2,270	2,089	1,738	7,638
Total expenses	**26,263**	**24,870**	**23,888**	**97,755**
III Profit before tax (I-II)	**7,605**	**7,332**	**5,914**	**26,274**
IV Tax expense:				
a. Current tax	2,298	674	1,888	6,213
b. Deferred tax	(363)	1,204	(387)	468
Total tax expense	**1,935**	**1,878**	**1,501**	**6,681**
V Net Profit for the period (III-IV)	**5,670**	**5,454**	**4,413**	**19,593**
VI Other Comprehensive Income (net of tax)	**(140)**	**(94)**	**59**	**106**
VII Total Comprehensive Income (after tax) (V+VI)	**5,530**	**5,360**	**4,472**	**19,699**
VIII Earnings per equity share (Refer Note 6)				
a. Basic (in Rupees)	7.16	6.89	5.58	24.78
b. Diluted (in Rupees)	7.16	6.89	5.58	24.76
Face value per share (in Rupees)	10	10	10	10

HDB Financial Services Limited

kkc & associates llp Chartered Accountants

B K Khare & Co Chartered Accountants

1 HDB Financial Services Limited ('the Company') is a Non-Banking Financial Company registered with the Reserve Bank of India.

2 The standalone financial results for the quarter ended June 30, 2023 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on July 15, 2023, in terms of Regulations 33 and 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3 The standalone financial results have been prepared in accordance with recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ('Ind AS 34') as prescribed 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 accounting principles generally accepted in India.

4 In compliance with Regulation 33 and 52 of the Securities Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015, a 'Limited Review' of standalone financial results for the quarter ended June 30, 2023 have been carried out by the Statutory Auditors of the Company.

5 The figures for the preceding quarter ended March 31, 2023 are the balancing figures between audited figures in respect of the full previous financial year and the unpublished reviewed year-to-date figures upto third quarter of the previous financial year.

6 Earnings per equity share for the quarter ended June 30, 2023, March 31, 2023 and June 30, 2022 have not been annualised.

7 The Secured listed non-convertible debt securities of the Company are secured by first pari passu mortgage on immovable property situated at Heera Panna Commercial Complex, 3rd Floor, Dr. Yagnik Road, Rajkot and/or first and exclusive charge on receivables of the Company by way of hypothecation to the extent of minimum 1.1 times of the outstanding principal and interest thereon.

8 Information as required by Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as Annexure 1.

9 The disclosure in terms of Ind-AS 108 dealing with 'Operating Segment' as specified under Section 133 of the Companies Act, 2013 is attached as Annexure 2.

10 As on June 30, 2023 the security cover available in respect of secured non convertible debt securities is 1.10 and the asset cover available in respect of unsecured non convertible debt securities is 3.84. The security cover certificate as per Regulation 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as Annexure 3.

11 Pursuant to Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Operational Circular dated August 10, 2021, the Company has listed its Commercial Papers on National Stock Exchange of India Limited (NSE).

12 The Reserve Bank of India, under Scale Based Regulations has categorised the Company as Upper Layer (NBFC-UL), vide it's circular dated September 30, 2022. Management has taken necessary steps in terms of formulating an implementation plan and ensuring compliances with norms/ changes suggested as and when they become applicable.

13 Details of loans transferred / acquired during the quarter ended June 30, 2023 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

(i) The company has not transferred any Non-Performing Assets.
(ii) The company has not acquired any Special Mention Account.
(iii) The company has not acquired any stressed loan and loan not in default.

14 Figures for the previous period/year have been regrouped wherever necessary, in order to make them comparable with current period/year.

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

Ramesh G.
Managing Director & CEO
DIN : 05291597

Date : July 15, 2023
Place : Mumbai

HDB Financial Services Limited

Annexure 1

Disclosures in compliance with Regulations 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter ended June 30, 2023.

Sr. No.	Particulars	Quarter ended			Year ended
		Jun 30, 2023	Mar 31, 2023	Jun 30, 2022	Mar 31, 2023
		Reviewed	Audited	Reviewed	Audited
1	Debt-equity ratio (times)[1]	5.38	5.26	5.67	5.26
2	Debt service coverage ratio	NA	NA	NA	NA
3	Interest service coverage ratio	NA	NA	NA	NA
4	Outstanding redeemable preference shares (Quantity)	Nil	Nil	Nil	Nil
5	Outstanding redeemable preference shares (value) (Rs. in millions)	Nil	Nil	Nil	Nil
6	Capital redemption reserve (Rs. in millions)	Nil	Nil	Nil	Nil
7	Debenture redemption reserve (Rs. in millions)	Nil	Nil	Nil	Nil
8	Net worth (Rs. in millions)[2]	1,08,728	1,04,361	88,291	1,04,361
9	Net profit after tax (Rs. in millions)	5,670	5,454	4,413	19,593
10	**Earnings per equity share (Not annualised for the interim periods)**				
	Basic (Rs.)	7.16	6.89	5.58	24.78
	Diluted (Rs.)	7.16	6.89	5.58	24.76
11	Current ratio	1.17	1.17	1.10	1.17
12	Long term debt to working capital	9.33	9.11	13.16	9.11
13	Bad debts to accounts receivable ratio	NA	NA	NA	NA
14	Current liability ratio	38.74%	38.80%	43.38%	38.80%
15	Total debts to total assets	78.75%	78.32%	79.39%	78.32%
16	Debtors turnover	NA	NA	NA	NA
17	Inventory turnover	NA	NA	NA	NA
18	Operating margin (%)	NA	NA	NA	NA
19	Net profit margin (%)	16.74%	16.94%	14.81%	15.80%
20	**Sector specific equivalent ratios**				
	Capital adequacy ratio (%)	19.77%	20.05%	20.29%	20.05%
	Gross Stage 3 ratio (%)	2.48%	2.73%	4.95%	2.73%
	Liquidity coverage ratio (%)	224%	130%	164%	130%
	Stage 3 provision coverage ratio (%)	66.11%	65.10%	56.74%	65.10%

Notes:

1) Debt equity ratio is (Debt securities + Borrowings + Subordinated liabilities) / Net worth.

2) Net worth is equal to paid up equity share capital plus other equity less deferred tax.

HDB Financial Services Limited

KKC & associates llp Chartered Accountants

B. K. KHARE & CO. Chartered Accountants

HDB Financial Services Limited

Annexure 2
Standalone Segment Reporting
for the quarter ended June 30, 2023

(Rupees in million)

Sr. No.	Particulars	Quarter ended			Year ended
		Jun 30, 2023 Reviewed	Mar 31, 2023 Audited	Jun 30, 2022 Reviewed	Mar 31, 2023 Audited
i.	**Segment Revenue**				
	Lending business	28,102	25,966	23,081	97,690
	BPO Services	5,766	6,236	6,721	26,339
	Unallocated		-	-	-
	Income from Operations	**33,868**	**32,202**	**29,802**	**1,24,029**
ii.	**Segment Results**				
	Lending business	7,471	7,093	5,598	25,085
	BPO Services	208	298	368	1,407
	Unallocated	(74)	(59)	(52)	(218)
	Profit before tax	**7,605**	**7,332**	**5,914**	**26,274**
	Income Tax expenses				
	Current tax	2,298	674	1,888	6,213
	Deferred tax Asset	(363)	1,204	(387)	468
	Net Profit	**5,670**	**5,454**	**4,413**	**19,593**
iii.	**Capital Employed**				
	Segment assets				
	Lending business	7,30,847	6,89,210	6,17,330	6,89,210
	BPO Services	861	1,034	2,124	1,034
	Unallocated	10,737	10,260	11,015	10,260
	Total Assets	**7,42,445**	**7,00,504**	**6,30,469**	**7,00,504**
	Segment Liabilities				
	Lending business	6,16,290	5,82,165	5,25,297	5,82,165
	BPO Services	2,040	1,804	2,671	1,804
	Unallocated	4,968	2,165	3,330	2,165
	Total Liabilities	**6,23,298**	**5,86,134**	**5,31,298**	**5,86,134**
	Net Segment assets	**1,19,147**	**1,14,370**	**99,171**	**1,14,370**

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.

HDB Financial Services Limited

KKC & Associates LLP Chartered Accountants

HDB Financial Services Limited

Annexure 3

(Rupees in million)

Security cover certificate as per Regulation 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on June 30, 2023.

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O	Column P
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	Pari-Passu Charge	Pari-Passu Charge	Pari-Passu Charge	Assets not offered as Security	Elimination (amount in negative)	Debt not backed by any assets offered as security (applicable only for liability side)	Total (C to J)	Related to only those items covered by this certificate				
		Debt for which this certificate being issued	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari-passu charge (excluding items covered in column F)		Debt amount considered more than once (due to exclusive plus pari passu charge)			Market Value for Assets charged on Exclusive basis	Carrying/book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Total Value(=L+M+N+O)
		Book Value	Book Value	Yes/No	Book Value	Book Value							Relating to Column F		
ASSETS															
Property, Plant and Equipment	Immovable Property (Note 1)	-	-		1		1,291	-	-	1,292	-	-	2	-	2
Capital Work-in-Progress		-	-		-	-	-	-	-	-	-	-	-	-	-
Right of Use Assets		-	-		-	-	2,522	-	-	2,522	-	-	-	-	-
Goodwill		-	-		-	-		-	-	-	-	-	-	-	-
Intangible Assets		-	-		-	-	188	-	-	188	-	-	-	-	-
Intangible Assets under Development		-	-		-	-	-	-	-	-	-	-	-	-	-
Investments		-	-		-	-	19,033	-	-	19,033	-	-	-	-	-
Loans	Receivables under financing activities (Note 2)	3,46,969	2,52,550				1,00,103	-	-	6,99,622	-	3,46,969	-	-	3,46,969
Inventories		-	-		-	-	-	-	-	-	-	-	-	-	-
Trade Receivables		-	-		-	-	677	-	-	677	-	-	-	-	-
Cash and Cash Equivalents		-	-		-	-	6,088	-	-	6,088	-	-	-	-	-
Bank Balances other than Cash Equivalents		-	-		-	-	974	-	-	974	-	-	-	-	-
Others		-	-		-	-	12,049	-	-	12,049	-	-	-	-	-
Total		**3,46,969**	**2,52,550**		**1**	**-**	**1,42,925**	**-**	**-**	**7,42,445**	**-**	**3,46,969**	**2**	**-**	**3,46,971**

HDB Financial Services Limited

kkc & associates llp Chartered Accountants

KHARE & CO. Chartered Accountants

Continued...

HDB Financial Services Limited

Annexure 3

(Rupees in million)

Security cover certificate as per Regulation 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on June 30, 2023.

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O	Column P
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	Pari-Passu Charge	Pari-Passu Charge	Pari-Passu Charge	Assets not offered as Security	Elimination (amount in negative)	Debt not backed by any assets offered as security (applicable only for liability side)	Total (C to J)	Related to only those items covered by this certificate				
		Debt for which this certificate being issued	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari-passu charge (excluding items covered in column F)		Debt amount considered more than once (due to exclusive plus pari passu charge)			Market Value for Assets charged on Exclusive basis	Carrying/book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Total Value(=L+M+N+O)
		Book Value	Book Value	Yes/No	Book Value	Book Value							Relating to Column F		
LIABILITIES															
Debt securities to which this certificate pertains		3,15,426	-	Yes	-	-	-	-	-	3,15,426	-	3,15,426	-	-	3,15,426
Other debt sharing pari-passu charge with above debt			-		-	-	-	-	-	-	-	-	-	-	-
Other Debt(ECB+Sec)			2,859		-	-	-	-	-	2,859	-	-	-	-	-
Subordinated debt			-				-	-	30,198	30,198	-	-	-	-	-
Borrowings		not to be filled	-		-	-	-	-	-	-	-	-	-	-	-
Bank(TL)			2,26,732		-	-	-	-	-	2,26,732	-	-	-	-	-
Debt Securities(PDI)			-		-	-	-	-	6,948	6,948	-	-	-	-	-
Others(CP)		-	-		-	-	-	-	17,000	17,000	-	-	-	-	-
Trade payables		-	-		-	-	2,506	-	-	2,506	-	-	-	-	-
Lease Liabilities		-	-		-	-	2,863	-	-	2,863	-	-	-	-	-
Provisions		-	-		-	-	3,939	-	-	3,939	-	-	-	-	-
Others-Liab		-	-		-	-	14,827	-	-	14,827	-	-	-	-	-
Total		**3,15,426**	**2,29,591**		**-**	**-**	**24,135**	**-**	**54,146**	**6,23,298**	**-**	**3,15,426**	**-**	**-**	**3,15,426**
Cover on Book Value		1.10			-										
Cover on Market Value		1.10			-										
		Exclusive Security Cover Ratio			Pari-Passu Security Cover Ratio										

Notes:

1) The market value of Rs 2 million of the immovable property is on the basis of certified valuation done on April 12, 2023.

2) Receivable under financing activities consist of large number of small ticket loans. This is part of the non trading book where loans are in the nature of held to maturity and created with a sole objective of collecting principal and interest. Therefore company has considered the carrying value (net off allowance) for this certificate.

3) We confirm that the Company has complied with the covenants mentioned in the disclosure documents of the Secured Redeemable Non-convertible Debentures for the period ended June 30, 2023.

HDB Financial Services Limited

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Limited review report on unaudited consolidated quarterly financial results of HDB Financial Services Limited under Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

To
The Board of Directors of
HDB Financial Services Limited

Introduction

1. We have reviewed the accompanying statement of unaudited consolidated financial results of HDB Financial Services Limited ("the Parent") and its Controlled Structured Entities (the Parent and its controlled structured entities together referred to as "the Group") for the quarter ended 30 June 2023 ("the Statement"), being submitted by the Parent pursuant to the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors of the Company, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard ("Ind AS") 34 "Interim Financial Reporting" prescribed under section 133 of the Companies Act, 2013, the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time ("RBI guidelines") and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 52 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

Scope of Review

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular Issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

4. The Statement includes the result of the following entities:

#	Name of the entity (Controlled Structure Entity)	Relationship
1	HDB Financial Services Limited	Parent
2	Venus Trust September 2020	Controlled Structured Entities
3	Venus Trust March 2021	Controlled Structured Entities
4	Venus Trust March 2022	Controlled Structured Entities

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Mumbai 400020

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Chartered Accountants
Level-19, Sunshine Tower,
Senapati Bapat Marg,
Elphinstone Road,
Mumbai, Maharashtra 400013

Conclusion

5. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the applicable Ind AS and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

Other Matters

6. The Statement includes the interim financial information of three controlled structured entities which have not been reviewed/audited by their auditors, whose interim financial information reflects total revenue of Rs. Nil and total net profit after tax of Rs. Nil and total comprehensive income of Rs. Nil for the quarter ended 30 June 2023, as considered in the Statement. According to the information and explanations given to us by the Management, this interim financial information are not material to the Group. Our conclusion on the Statement is not modified in respect of the above matter.

For B. K. Khare & Co
Chartered Accountants
Firm Registration Number - 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784
UDIN: 23044784BGXWNI5611
Place: Mumbai
Date: 15 July 2023

For KKC & Associates LLP
Chartered Accountants
(Formerly Khimji Kunverji & Co LLP)
Firm Registration Number -105146W/W100621

Hasmukh B Dedhia
Partner
Membership No. 033494
UDIN: 23033494BGWSUV1261
Place: Mumbai
Date: 15 July 2023

HDB FINANCIAL SERVICES LIMITED

Regd. Office: Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad- 380009

CIN: U65993GJ2007PLC051028 | www.hdbfs.com

Tel: +912249116300 | Fax: +912249116666 | Email: compliance@hdbfs.com

Statement of Consolidated Financial Results

for the quarter ended June 30, 2023

(Rupees in million)

Particulars	Quarter ended			Year ended
	Jun 30, 2023 Reviewed	Mar 31, 2023 Audited	Jun 30, 2022 Reviewed	Mar 31, 2023 Audited
I Revenue from operations				
Interest income	25,732	23,817	21,127	89,278
Sale of services	5,766	6,236	6,721	26,339
Other financial charges	1,969	1,876	1,860	7,564
Net gain on fair value changes	405	276	101	851
Net gain/(loss) on derecognised financial instruments	(4)	(3)	(7)	(3)
Total Revenue from operations	**33,868**	**32,202**	**29,802**	**1,24,029**
II Expenses				
Finance Costs	10,725	9,577	7,864	35,119
Impairment on financial instruments	2,666	2,680	3,983	13,304
Employee benefits expenses	10,288	10,209	10,054	40,576
Depreciation, amortization and impairment	314	315	249	1,118
Others expenses	2,270	2,089	1,738	7,638
Total expenses	**26,263**	**24,870**	**23,888**	**97,755**
III Profit before tax (I-II)	**7,605**	**7,332**	**5,914**	**26,274**
IV Tax expense:				
a. Current tax	2,298	674	1,888	6,213
b. Deferred tax	(363)	1,204	(387)	468
Total tax expense	**1,935**	**1,878**	**1,501**	**6,681**
V Net Profit for the period (III-IV)	**5,670**	**5,454**	**4,413**	**19,593**
VI Other Comprehensive Income (net of tax)	**(140)**	**(94)**	**59**	**106**
VII Total Comprehensive Income (after tax) (V+VI)	**5,530**	**5,360**	**4,472**	**19,699**
VIII Earnings per equity share (Refer Note 6)				
a. Basic (in Rupees)	7.16	6.89	5.58	24.78
b. Diluted (in Rupees)	7.16	6.89	5.58	24.76
Face value per share (in Rupees)	10	10	10	10

HDB Financial Services Limited

kkc & associates llp Chartered Accountants

1 HDB Financial Services Limited ('the Group') is a Non-Banking Financial Company registered with the Reserve Bank of India.

2 The consolidated financial results for the quarter ended June 30, 2023 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on July 15, 2023, in terms of Regulations 33 and 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3 The consolidated financial results have been prepared in accordance with recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ('Ind AS 34') as prescribed 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 accounting principles generally accepted in India.

4 In compliance with Regulation 33 and 52 of the Securities Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015, a 'Limited Review' of consolidated financial results for the quarter ended June 30, 2023 have been carried out by the Statutory Auditors of the Group.

5 The figures for the preceding quarter ended March 31, 2023 are the balancing figures between audited figures in respect of the full previous financial year and the unpublished reviewed year-to-date figures upto third quarter of the previous financial year.

6 Earnings per equity share for the quarter ended June 30, 2023, March 31, 2023 and June 30, 2022 have not been annualised.

7 The Secured listed non-convertible debt securities of the Group are secured by first pari passu mortgage on immovable property situated at Heera Panna Commercial Complex, 3rd Floor, Dr. Yagnik Road, Rajkot and/or first and exclusive charge on receivables of the Group by way of hypothecation to the extent of minimum 1.1 times of the outstanding principal and interest thereon.

8 Information as required by Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as Annexure 1.

9 The disclosure in terms of Ind-AS 108 dealing with 'Operating Segment' as specified under Section 133 of the Companies Act, 2013 is attached as Annexure 2.

10 As on June 30, 2023 the security cover available in respect of secured non convertible debt securities is 1.10 and the asset cover available in respect of unsecured non convertible debt securities is 3.84. The security cover certificate as per Regulation 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as Annexure 3.

11 Pursuant to Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Operational Circular dated August 10, 2021, the Group has listed its Commercial Papers on National Stock Exchange of India Limited (NSE).

12 The Reserve Bank of India, under Scale Based Regulations has categorised the Group as Upper Layer (NBFC-UL), vide it's circular dated September 30, 2022. Management has taken necessary steps in terms of formulating an implementation plan and ensuring compliances with norms/ changes suggested as and when they become applicable.

13 Details of loans transferred / acquired during the quarter ended June 30, 2023 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

(i) The group has not transferred any Non-Performing Assets.
(ii) The group has not acquired any Special Mention Account.
(iii) The group has not acquired any stressed loan and loan not in default.

14 Figures for the previous period/year have been regrouped wherever necessary, in order to make them comparable with current period/year.

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

Ramesh G.
Managing Director & CEO
DIN : 05291597

Date : July 15, 2023
Place : Mumbai

HDB Financial Services Limited

Annexure 1

Disclosures in compliance with Regulations 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter ended June 30, 2023.

Sr. No.	Particulars	Quarter ended			Year ended
		Jun 30, 2023	Mar 31, 2023	Jun 30, 2022	Mar 31, 2023
		Reviewed	Audited	Reviewed	Audited
1	Debt-equity ratio (times)[1]	5.38	5.26	5.67	5.26
2	Debt service coverage ratio	NA	NA	NA	NA
3	Interest service coverage ratio	NA	NA	NA	NA
4	Outstanding redeemable preference shares (Quantity)	Nil	Nil	Nil	Nil
5	Outstanding redeemable preference shares (value) (Rs. in millions)	Nil	Nil	Nil	Nil
6	Capital redemption reserve (Rs. in millions)	Nil	Nil	Nil	Nil
7	Debenture redemption reserve (Rs. in millions)	Nil	Nil	Nil	Nil
8	Net worth (Rs. in millions)[2]	1,08,728	1,04,361	88,291	1,04,361
9	Net profit after tax (Rs. in millions)	5,670	5,454	4,413	19,593
10	**Earnings per equity share (Not annualised for the interim periods)**				
	Basic (Rs.)	7.16	6.89	5.58	24.78
	Diluted (Rs.)	7.16	6.89	5.58	24.76
11	Current ratio	1.17	1.17	1.10	1.17
12	Long term debt to working capital	9.33	9.11	13.16	9.11
13	Bad debts to accounts receivable ratio	NA	NA	NA	NA
14	Current liability ratio	38.74%	38.80%	43.38%	38.80%
15	Total debts to total assets	78.75%	78.32%	79.39%	78.32%
16	Debtors turnover	NA	NA	NA	NA
17	Inventory turnover	NA	NA	NA	NA
18	Operating margin (%)	NA	NA	NA	NA
19	Net profit margin (%)	16.74%	16.94%	14.81%	15.80%
20	**Sector specific equivalent ratios**				
	Capital adequacy ratio (%)	19.77%	20.05%	20.29%	20.05%
	Gross Stage 3 ratio (%)	2.48%	2.73%	4.95%	2.73%
	Liquidity coverage ratio (%)	224%	130%	164%	130%
	Stage 3 provision coverage ratio (%)	66.11%	65.10%	56.74%	65.10%

Notes:

1) Debt equity ratio is (Debt securities + Borrowings + Subordinated liabilities) / Net worth.

2) Net worth is equal to paid up equity share capital plus other equity less deferred tax.

HDB Financial Services Limited

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HDB Financial Services Limited

Annexure 2
Consolidated Segment Reporting
for the quarter ended June 30, 2023

(Rupees in million)

Sr. No.	Particulars	Quarter ended			Year ended
		Jun 30, 2023 Reviewed	Mar 31, 2023 Audited	Jun 30, 2022 Reviewed	Mar 31, 2023 Audited
i.	**Segment Revenue**				
	Lending business	28,102	25,966	23,081	97,690
	BPO Services	5,766	6,236	6,721	26,339
	Unallocated		-	-	-
	Income from Operations	**33,868**	**32,202**	**29,802**	**1,24,029**
ii.	**Segment Results**				
	Lending business	7,471	7,093	5,598	25,085
	BPO Services	208	298	368	1,407
	Unallocated	(74)	(59)	(52)	(218)
	Profit before tax	**7,605**	**7,332**	**5,914**	**26,274**
	Income Tax expenses				
	Current tax	2,298	674	1,888	6,213
	Deferred tax Asset	(363)	1,204	(387)	468
	Net Profit	**5,670**	**5,454**	**4,413**	**19,593**
iii.	**Capital Employed**				
	Segment assets				
	Lending business	7,30,847	6,89,210	6,17,330	6,89,210
	BPO Services	861	1,034	2,124	1,034
	Unallocated	10,737	10,260	11,015	10,260
	Total Assets	**7,42,445**	**7,00,504**	**6,30,469**	**7,00,504**
	Segment Liabilities				
	Lending business	6,16,290	5,82,165	5,25,297	5,82,165
	BPO Services	2,040	1,804	2,671	1,804
	Unallocated	4,968	2,165	3,330	2,165
	Total Liabilities	**6,23,298**	**5,86,134**	**5,31,298**	**5,86,134**
	Net Segment assets	**1,19,147**	**1,14,370**	**99,171**	**1,14,370**

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.

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Annexure 3

(Rupees in million)

Security cover certificate as per Regulation 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on June 30, 2023.

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		Debt for which this certificate being issued	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari-passu charge (excluding items covered in column F)		Debt amount considered more than once (due to exclusive plus pari passu charge)			Market Value for Assets charged on Exclusive basis	Carrying/book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Total Value(=L+M+N+O)
		Book Value	Book Value	Yes/No	Book Value	Book Value							Relating to Column F		
ASSETS															
Property, Plant and Equipment	Immovable Property (Note 1)	-	-		1		1,291	-	-	1,292	-	-	2	-	2
Capital Work-in-Progress		-	-		-	-	-	-	-	-	-	-	-	-	-
Right of Use Assets		-	-		-	-	2,522	-	-	2,522	-	-	-	-	-
Goodwill		-	-		-	-		-	-	-	-	-	-	-	-
Intangible Assets		-	-		-	-	188	-	-	188	-	-	-	-	-
Intangible Assets under Development		-	-		-	-	-	-	-	-	-	-	-	-	-
Investments		-	-		-	-	19,033	-	-	19,033	-	-	-	-	-
Loans	Receivables under financing activities (Note 2)	3,46,969	2,52,550				1,00,103	-	-	6,99,622	-	3,46,969	-	-	3,46,969
Inventories		-	-		-	-	-	-	-	-	-	-	-	-	-
Trade Receivables		-	-		-	-	677	-	-	677	-	-	-	-	-
Cash and Cash Equivalents		-	-		-	-	6,088	-	-	6,088	-	-	-	-	-
Bank Balances other than Cash Equivalents		-	-		-	-	974	-	-	974	-	-	-	-	-
Others		-	-		-	-	12,049	-	-	12,049	-	-	-	-	-
Total		**3,46,969**	**2,52,550**		**1**	**-**	**1,42,925**	**-**	**-**	**7,42,445**	**-**	**3,46,969**	**2**	**-**	**3,46,971**

HDB Financial Services Limited

kkc & associates llp Chartered Accountants

B.K. KHARE & CO. Chartered Accountants

Continued...

HDB Financial Services Limited

Annexure 3

(Rupees in million)

Security cover certificate as per Regulation 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on June 30, 2023.

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O	Column P
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	Pari-Passu Charge	Pari-Passu Charge	Pari-Passu Charge	Assets not offered as Security	Elimination (amount in negative)	Debt not backed by any assets offered as security (applicable only for liability side)	Total (C to J)	Related to only those items covered by this certificate				
		Debt for which this certificate being issued	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari-passu charge (excluding items covered in column F)		Debt amount considered more than once (due to exclusive plus pari passu charge)			Market Value for Assets charged on Exclusive basis	Carrying/book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Total Value(=L+M+N+O)
		Book Value	Book Value	Yes/No	Book Value	Book Value							Relating to Column F		
LIABILITIES															
Debt securities to which this certificate pertains		3,15,426	-	Yes	-	-	-	-	-	3,15,426	-	3,15,426	-	-	3,15,426
Other debt sharing pari-passu charge with above debt			-		-	-	-	-	-	-	-	-	-	-	-
Other Debt(ECB+Sec)			2,859		-	-	-	-	-	2,859	-	-	-	-	-
Subordinated debt			-				-	-	30,198	30,198	-	-	-	-	-
Borrowings		not to be filled	-		-	-	-	-	-	-	-	-	-	-	-
Bank(TL)			2,26,732		-	-	-	-	-	2,26,732	-	-	-	-	-
Debt Securities(PDI)			-		-	-	-	-	6,948	6,948	-	-	-	-	-
Others(CP)		-	-		-	-	-	-	17,000	17,000	-	-	-	-	-
Trade payables		-	-		-	-	2,506	-	-	2,506	-	-	-	-	-
Lease Liabilities		-	-		-	-	2,863	-	-	2,863	-	-	-	-	-
Provisions		-	-		-	-	3,939	-	-	3,939	-	-	-	-	-
Others-Liab		-	-		-	-	14,827	-	-	14,827	-	-	-	-	-
Total		**3,15,426**	**2,29,591**		**-**	**-**	**24,135**	**-**	**54,146**	**6,23,298**	**-**	**3,15,426**	**-**	**-**	**3,15,426**
Cover on Book Value		1.10			-										
Cover on Market Value		1.10			-										
		Exclusive Security Cover Ratio			Pari-Passu Security Cover Ratio										

Notes:

1) The market value of Rs 2 million of the immovable property is on the basis of certified valuation done on April 12, 2023.

2) Receivable under financing activities consist of large number of small ticket loans. This is part of the non trading book where loans are in the nature of held to maturity and created with a sole objective of collecting principal and interest. Therefore group has considered the carrying value (net off allowance) for this certificate.

3) We confirm that the Group has complied with the covenants mentioned in the disclosure documents of the Secured Redeemable Non-convertible Debentures for the period ended June 30, 2023.

HDB Financial Services Limited

kkc & associates llp Chartered Accountants

B.K. KHARE & Co. Chartered Accountants

HDB FINANCIAL SERVICES

HDB Financial Services Limited
Ground Floor, Zenith House,
Keshavrao Khadye Marg,
Opp. Race Course, Mahalaxmi,
Mumbai - 400034.
Tel : 022 - 4911 6300
Fax : 022 - 4911 6666
Web : www.hdbfs.com
CIN : U65993GJ2007PLC051028
Email ID : compliance@hdbfs.com

July 15, 2023

To,
BSE Limited
P. J. Towers,
Dalal Street, Mumbai – 400 001

K.A.: Listing Compliance Department

Sub.: Statement of utilisation of issue proceeds under Regulation 52(7) and Statement of deviation/ variation under Regulation 52(7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir / Madam,

A. Pursuant to the Regulation 52(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby confirm that, the proceeds of the below Non-Convertible Securities issued by the Company during the quarter ended June 30, 2023, listed on the Stock Exchange, have been utilised for the purpose for which these proceeds were raised in accordance with the respective Offer Documents of the issues:

Name of the issuer: **HDB Financial Services Limited**

ISIN	Mode of Fund Raising (Public issues / Private placement)	Type of instrument	Date of raising funds	Amount Raised (Rs.in Crore)	Fund utilised (Rs.in Crore)	Any deviation (Yes/No)	If Yes, then specify the purpose of for which the funds were utilised	Remarks, if any
INE756I07EE3	Private Placement	NCD	April 17, 2023	1,300.00	1,300.00	No	NA	NA
INE756I07ES3	Private Placement	NCD	April 17, 2023	1,500.00	1,500.00	No	NA	NA
INE756I07EG8	Private Placement	NCD	May 11, 2023	585.00	585.00	No	NA	NA
INE756I07ED5	Private Placement	NCD	May 30, 2023	600.00	600.00	No	NA	NA
INE756I07ER5	Private Placement	NCD	May 30, 2023	400.00	400.00	No	NA	NA

HDB Financial Services Limited

HDB FINANCIAL SERVICES

ISIN	Mode of Fund Raising (Public issues / Private placement)	Type of instrument	Date of raising funds	Amount Raised (Rs.in Crore)	Fund utilised (Rs.in Crore)	Any deviation (Yes/No)	If Yes, then specify the purpose of for which the funds were utilised	Remarks, if any
INE756I07EB9	Private Placement	NCD	June 23, 2023	615.00	615.00	No	NA	NA
INE756I07DX5	Private Placement	NCD	June 30, 2023	595.00	595.00	No	NA	NA
INE756I07ET1	Private Placement	NCD	June 30, 2023	400.00	400.00	No	NA	NA

B. Statement of deviation/ variation in use of Issue proceeds for the quarter ended June 30, 2023:

Particulars	Remarks
Name of the listed entity	HDB Financial Services Limited
Mode of fund raising	~~Public issue~~/ Private placement
Type of Instrument	Non-convertible Securities
Date of raising funds	As mentioned in above table
Amount raised	As per mentioned in above table
Report filed for quarter ended	June 30, 2023
Is there a deviation/ variation in use of funds raised?	No
Whether any approval is required to vary the objects of the issue stated in the prospectus/ offer document?	No
If yes, details of the approval so required?	Not Applicable
Date of approval	Not Applicable
Explanation for the deviation/ variation	Not Applicable
Comments of the audit committee after review	None
Comments of the auditors, if any	None
Objects for which funds have been raised and where there has been a deviation/ variation, in the following table:	

HDB Financial Services Limited

HDB FINANCIAL SERVICES

Original object	<table><tr><th>Purpose</th><th>Percentage of fund raised (%)</th></tr><tr><td>For disbursements of loans to borrowers</td><td>Upto 100</td></tr><tr><td>For refinancing existing borrowings/ repayment of existing borrowings</td><td>Upto 75</td></tr><tr><td>For general corporate purposes</td><td>Upto 50</td></tr></table> Further, pending utilisation, the issue proceeds may be utilised / invested as may be approved from time to time in the ordinary course of business, in fixed deposits with banks, mutual fund units, etc. Additionally the proceeds of the issuance shall be in accordance with RBI guidelines applicable for bank finance to NBFCs.
Modified object, if any	Nil
Original allocation	Funds have been allocated as per the objects stated above in compliance with the applicable laws.
Modified allocation, if any	Nil
Funds utilised	Funds have been utilised as per the objects stated above in compliance with the applicable laws.
Amount of deviation/ variation for the quarter according to application object (in Rs. crore and in %)	Not Applicable
Remarks, if any	Nil

Deviation could mean:

a. Deviation in the objects or purposes for which the funds have been raised.
b. Deviation in the amount of funds actually utilised as against what was originally disclosed.

Please take the above on record.

For HDB Financial Services Limited

Jaykumar Shah
Chief Financial Officer

HDB Financial Services Limited

भारतीय गैर न्यायिक

एक सौ रुपये

Rs. 100

ONE HUNDRED RUPEES

रु. 100

सत्यमेव जयते

भारत INDIA

INDIA NON JUDICIAL

महाराष्ट्र MAHARASHTRA ◑ 2021 ◑ YU 672967

प्रधान मुद्रांक कार्यालय, मुंबई
प.मु.वि.क. 200000
11 MAY 2021
सक्षम अधिकारी

आंबेकर

THIS STAMP PAPER FORMS A PART & PARCEL OF TRUSTEE AGREEMENT EXECUTED BETWEEN HDB FINANCIAL SERVICES LTD & IDBI TRUSTEESHIP SERVICES LIMITED, DATED MAY 24, 2021

HDB Financial Services Limited

IDBI Trusteeship Services Ltd.

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जोडपत्र- १ Annexure

फक्त प्रतिज्ञापत्रासाठी Only for Affidavit

मुद्रांक विकत घेणाऱ्याचे नाव

मुद्रांक विकत घेणाऱ्याचे राहण्याची जागा

मुद्रांक विक्रेत्याच्या नोंद वही अनु. क्रमांक दिनांक

HDB Financial Services Limited
Ground Floor, Zenith House,
Keshavrao Khare Marg,
Opp. Mahalaxmi Race Course,
Mahalaxmi, Mumbai - 400034

21 MAY 2021

मुद्रांक विकत घेणाऱ्याची सही परवानाधारक मुद्रांक विक्रेत्याची सही

परवाना क्रमांक ८००००९

मुद्रांक विक्रेत्याचे नाव/पत्ता ज्योती पी. दुआ

६, कोंडाजी बिल्डिंग नं. ३, टाटा हॉस्पिटल, परेल, मुंबई - ४०००१२

संबंधित कार्यालय/दस्तऐवज/न्यायालय/प्राधिकरण यांचेकडे सादर करणेचा नाही. मुद्रांक कायद्याची आवश्यकता नाही. (शासन आदेश दि. ०१/०७/२००४) नुसार

ज्या कारणासाठी ज्यांनी मुद्रांक खरेदी केला त्यांनी त्याच कारणासाठी मुद्रांक खरेदी केल्यापासून ६ महिन्यात वापरणे बंधनकारक आहे.

भारतीय गैर न्यायिक

भारत INDIA

रु. 500

FIVE HUNDRED RUPEES

पाँच सौ रुपये

Rs. 500

INDIA NON JUDICIAL

महाराष्ट्र MAHARASHTRA ◑ 2021 ◑ BE 019471

11 MAY 2021

THIS STAMP PAPER FORMS A PART & PARCEL OF TRUSTEE AGREEMENT EXECUTED BETWEEN HDB FINANCIAL SERVICES LTD & IDBI TRUSTEESHIP SERVICES LIMITED, DATED MAY 24, 2021

HDB Financial Services Limited

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21 MAY 2021

ANNEXURE - II

AGREEMENT

HDB Financial Services Limited
Ground Floor, Zenith House,
Kasturchand Khand Marg,
Opp. Mahalaxmi Race Course,
Mahalaxmi, Mumbai - 400034

IDBI Trusteeship Services Ltd

DOOA

3000009

Bldg. No. 3, Nr. Tata

Parel, Mumbai - 400 012.

TRUSTEE AGREEMENT

This **Trustee Agreement** (**"Agreement"**) made at Mumbai, Maharashtra on this 24th day of May Two Thousand and Twenty One between:-

HDB FINANCIAL SERVICES LIMITED, a company incorporated and registered under the Companies Act, 1956 and registered with the Reserve Bank of India as a systematically important non-deposit taking non-banking financial company and having its Registered Office at Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad - 380009, Gujarat and Corporate Office at Ground Floor, Zenith House, Opp. Race Course, Gate No-6, KK Marg, Mahalaxmi, Mumbai- 400034, Maharashtra (hereinafter called the **"Company"** which expression shall, unless excluded by or repugnant to the context or meaning thereof, include its successors in office and assigns) of **ONE PART;**

AND

IDBI TRUSTEESHIP SERVICES LIMITED, a company within the meaning of the Companies Act, 2013 (1 of 2013) and having its Registered Office Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001 (hereinafter called the **"Trustee"** which expression shall, unless excluded by or repugnant to the context or meaning thereof, include its successors in office and assigns) of the **OTHER PART.**

The Company and the Trustee shall be individually referred to as a **"Party"** and collectively as **"Parties"**.

WHEREAS:

A. With a view to raising debt and to augment the resources of the Company for regular business activities including its financing / lending activities, working capital and general corporate purposes in compliance with the provisions of Applicable Laws or as may be specified in the relevant Disclosure Document, the Company proposes to issue up to 75000 (Seventy Five Thousand) Rated, Listed, Secured, Redeemable Non-Convertible Debentures each having a face value of Rs.10,00,000/- (Rupees Ten Lakhs only) of the aggregate nominal value of up to Rs.7500,00,00,000/- (Rupees Seven Thousand and Five Hundred Crore only) in one or more Tranches/Series (hereinafter referred to as the **"Debentures"**) on cash at par on private placement basis in accordance with the provisions of the Act and the regulations applicable to issue of debentures notified by Securities Exchange Board of India (**"SEBI"**), from time to time to certain identified investors (**"Issue"**).

B. The Company has, vide the resolution of the Board of Directors passed at its meeting held on May 13, 2020 and resolution of the shareholders passed on June 30, 2020, authorised the issuance of the Debentures. Accordingly, the Company pursuant to the aforesaid resolution and the resolution of the shareholders passed on June 30, 2020 under Section 180(1)(c) of the Act, proposes to issue the Debentures for cash at par on private placement basis on the terms and conditions as set out in the Trust Deed (as defined hereinafter) and the Disclosure Document;

C. The Company shall have the Debentures listed on the Stock Exchange, in accordance with the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (as amended from time to time) as soon as possible and in no event later than 4 (Four) trading days from the relevant Issue Closure Date;

D. Pursuant to the Act, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and the Securities and Exchange Board of India (Debenture Trustees) Regulations 1993 as amended, varied or modified from time to time the Company is required to appoint a trustee to act in trust for the benefit of the holders of the Debentures from time to time (**"Debenture Holders"**).

E. The Company has approached the Trustee to act as the trustee for the Debenture Holders and the Trustee has vide letter no.23738/ITSL/OPR/CL/2021-22/DEB/U-188, dated May 24, 2021 (**"Trustee Consent Letter"**), agreed to act as the trustee for the benefit of the Debenture Holders of the proposed issue of the Debentures. The copy of the Trustee Consent Letter is annexed hereto as the **Annexure A**.

F. The Trustee is registered with the SEBI as a trustee under the Securities and Exchange Board of India (Debenture Trustees) Regulations 1993.

G. Accordingly, the Company and the Trustee have agreed to execute this Agreement being these presents on the terms and conditions agreed upon and hereinafter set out.

NOW IT IS AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

Capitalised words and expressions used herein and defined in the Trust Deed shall have the meaning respectively assigned to such words and expressions in the Trust Deed.

1. General Terms

1.1. The Company hereby appoints the Trustee as the trustee for the Debenture Holders of all the Tranches/ Series of the Debentures aggregating up to Rs. 7500,00,00,000/- (Rupees Seven Thousand and Five Hundred Crore Only) to be issued by the Company from time to time and the Trustee hereby agrees to act as the trustee for the Debenture Holders. The Trustee and the Company shall on or around the date hereof also enter into a trust deed (hereinafter referred to as the **"Trust Deed"**) and such other documents as may be required from time to time in relation to the Debentures.

1.2. The Trust Deed shall be finalized by the Parties and consist of two parts: Part A containing statutory/standard information pertaining to the Issue *inter alia* consisting of clauses pertaining to Form SH-12 in terms of Rule 18(5) of the Companies (Share Capital and Debentures) Rules, 2014; and Part B containing details specific to the Issue.

1.3. The Company shall pay to the Trustees so long as they hold the office of the Trustee, remuneration for their services as the Trustee (**"Trustee Fees"**) in addition to all legal, travelling and other costs, charges and expenses which the Trustee or their officers, employees or agents may incur in relation to execution of the Trust Deed and all other documents executed/to be executed to give effect to the issue of Debentures. The remuneration of the Trustee shall be as per the Trustee Consent Letter as may be amended/modified from time to time. In case the payment of Trustee Fees is not received within a period of 30 (Thirty) days from the date of the bill, the Trustee reserves the right to charge "delayed payment charges" at the rate of 12% (Twelve Percent) per annum on the outstanding amount of Trustee Fees.

2. SECURITY

2.1. The Company herein covenants with the Trustee that the following security shall be created in favour of the Trustee within timelines stipulated as per Applicable Law for the benefit of the Debenture Holders to secure the principal amounts, interest amounts, default interest and all other amounts outstanding with respect to the Debentures (**"Security"**):

(i) A first ranking exclusive charge by way of hypothecation over Hypothecated Assets of the Company in favour of the Trustee (acting for and on behalf of the Debenture Holders) in terms as detailed in the Deed of Hypothecation to be executed between the Company and Trustee; and

(ii) Such other security as may be mutually agreed between the Company and the Trustee (acting on the instructions of the majority Debenture Holders).

2.2. Further, the terms and conditions of creation and perfection of Security shall be as per the terms which shall be disclosed in the Shelf Disclosure Document (read with the relevant Supplemental Disclosure Document) and as set out in detail in the Deed of Hypothecation. The Company shall ensure that the Trust Deed, the Deed of Hypothecation and other necessary security documents are executed prior to filing the application for listing of the Debentures in respect of any Series/ Tranche, in accordance with the applicable SEBI regulations, including, but not limited to, the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI (Debenture Trustees) Regulations, 1993, Uniform Listing Agreement as prescribed in SEBI's circular no. CFD/CMD/6/2015 dated October 13, 2015, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and the circulars, notifications and guidelines issued by SEBI from time to time (as amended from time to time) (**"Relevant Laws"**).

2.3. The Company shall register and perfect the Security over the Hypothecated Assets by filing Form CHG-9 with the relevant registrar of companies in relation thereto within 30 (Thirty) calendar days from the date of creation of charge in respect of any Tranche/ Series or any other timelines prescribed under Applicable Law. The Company shall cooperate with the Trustee to enable it to make necessary filings in connection with the creation of Security over the Hypothecated Assets with the CERSAI, within the

timelines prescribed under Applicable Law. The Company hereby agrees that, in the event the Security is not registered as prescribed under Applicable Law within the timelines set out herein, then the same shall be considered to be a breach of the terms of the Transaction Documents by the Company.

3. DOCUMENTS REQUIRED TO BE SUBMITTED PRIOR TO OR SIMULTANEOUSLY WITH EXECUTION OF THIS AGREEMENT.

3.1. The terms of this Agreement shall be effective only upon the submission by the Company of the requisite information and documents to the satisfaction of the Trustee for carrying out the requisite due diligence as required in terms of the Relevant Laws including in connection with verification of the security or requisite clauses in the relevant contract as per Applicable Laws and the required Asset Cover for the Debentures, which is undertaken by the Company to be submitted simultaneously with or prior to the execution of this Agreement. Without prejudice to the aforesaid, the Company shall provide all the information and documents as set out in **Annexure B** hereto.

3.2. The Company undertakes to promptly furnish all and any information as may be required by the Trustee in terms of Applicable Laws and the Transaction Documents on a regular basis till the redemption of the Debentures, including without limitation the following documents, as may be applicable:

a. Memorandum and Articles of Association;
b. Disclosure Document / Private Placement Offer cum Application Letter in relation to the issue of Debentures / Supplemental Disclosure Document;
c. The necessary corporate authorisations by way of board resolution and/or shareholder resolution necessary for the Issue and the creation of security thereunder;
d. This Agreement;
e. Letters from credit rating agencies about ratings;
f. Proof of credit of the Debentures in favour of the Debenture Holders.
g. Depository details with whom Debentures are held in dematerialised form;
h. Latest annual report;
i. Trust Deed;
j. Certified true copy of the resolution for allotment of Debentures;
k. Confirmation/proofs of payment of interest and principal made to the Debenture Holders on due dates as per the terms of the Trust Deed and Statutory auditor's certificate for utilization of funds/issue proceeds;
l. Periodical reports / information on quarterly/ half yearly / annual basis as required to be submitted to Stock Exchanges under the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (as amended from time to time), Uniform Listing Agreement as prescribed in SEBI's circular no. CFD/CMD/6/2015 dated October 13, 2015, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (as amended from time to time);
m. Beneficiary position reports as provided by the registrar;
n. In-principle approval for listing of the Debentures on the Stock Exchange;
o. Acknowledgement of filing Disclosure Document/ Private Placement Offer cum Application Letter with the Stock Exchange/ Registrar of Companies;
p. Listing & trading permission from the Stock Exchange;
q. Certificate issued by the Registrar of Companies in relation to the charge created to secure the Debentures;
r. Executed Deed of Hypothecation;
s. Statutory auditor's certificate for utilization of funds/issue proceeds;
t. Information to enable the Trustee to carry out the necessary due diligence and monitor the asset cover on a quarterly basis and to ensure the implementation of the conditions regarding creation of security for the debentures, if any, debenture redemption reserve (if applicable) and recovery expense fund;
u. Bank account details of the Company along with a copy of the pre-authorisation letter issued by Company to its banker in relation to the payment of Redemption Amount;
v. An undertaking from the Company that the assets on which charge is proposed to be created are free from any encumbrances;
w. Such other documents as may be reasonably required by the Trustee.

4. TERMS OF CONDUCTING DUE DILIGENCE

4.1. The Trustee, either through itself or its agents/advisors/consultants (**"Trustee Agents"**), shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the Security whether under the Transaction Documents or under Applicable Laws, have been obtained. For the purpose of carrying out the due diligence as required in terms of the Relevant Laws, the Trustee, either through itself or its agents/advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors/valuers/consultants/lawyers/technical experts/management consultants appointed by the Trustee. Prior to appointment of any agents/advisors/consultants, the Trustee shall obtain necessary confirmation from the said agents/advisors/ consultants that they do not have any conflict-of-interest in conducting the diligence under the transaction.

4.2. The Trustee Agents shall be deemed to be the agents of the Trustee for the purposes of performing all actions in terms of Clause 3.1 herein above and the Trustee shall be liable for the acts and omissions of the Trustee Agents during the course thereof.

4.3. The Company shall provide all assistance to the Trustee to enable verification from the Registrar of Companies, Sub-registrar of Assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be required, where the assets and/or prior encumbrances in relation to the assets of the Company for securing the Debentures, are registered/disclosed.

4.4. Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the Relevant Laws.

4.5. The Trustee shall be entitled to either independently appoint or direct the Company (after consultation with the Trustee) to appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Trustee.

5. AUTHORIZATION AND CONSENTS

5.1. All actions (including corporate actions), conditions and things required to be taken, fulfilled and done (including the obtaining of any consents, if applicable) by the Company in order (a) to enable it to lawfully enter into, exercise its rights and perform and comply with its obligations under this Agreement, (b) to ensure that those obligations are legally binding and enforceable, and (c) to make this Agreement admissible in evidence in the courts of India have been taken, fulfilled and done in strict compliance with all Applicable Laws.

5.2. Any payment in respect of the Debentures required to be made by the Trustee to a Debenture Holder (who is a foreign institutional investor or a qualified foreign investor or foreign portfolio investor) at the time of enforcement would, if required by Applicable Law, be subject to the prior approval of Reserve Bank of India for such remittance through an authorized dealer. The Company/ relevant Debenture Holder shall obtain all such approvals, if required, to ensure prompt and timely payments to the said Debenture Holder.

5.3. The Company hereby declares and confirms that the Company or the person in control of the Company, or its promoter has not been restrained or prohibited or debarred by the SEBI from accessing the securities market or dealing in securities.

6. BENEFIT OF AGREEMENT

6.1. This Agreement shall enure to the benefit of and be binding on the Parties and their respective successors and permitted assigns of each Party.

6.2. The Trustee, *"ipso facto"* does not have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid/invested by the Debenture Holders.

6.3. The Company hereby declares and confirms that it has given an undertaking in the offer document that the assets on which the charge is created are free from encumbrances.

6.4. The Company confirms that all necessary disclosures required under Applicable Law shall be made in the Disclosure Documents.

6.5. The Company shall on or prior to the date of execution of Debenture Trust Deed, provide to the Debenture Trustee, the bank account details from which the Company proposes to make the payment of redemption amount due to the Debenture Holders. Further, the Company hereby undertakes that it shall preauthorize the Debenture Trustee to seek the Rredemption Aamount payment related information from such bank.The Company further confirms that:

(i) All covenants proposed to be included in Trust Deed (including any side letter, accelerated payment clause, fees charged by the debenture trustee, etc.) are disclosed inthe Disclosure Documents; and

(ii) Terms and conditions of this Agreement including fees charged by the Trustee and process of due diligence carried out by Trustee shall be disclosed in the Disclosure Documents.

6.6. The Company agrees and undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993 to the extent the same is required to be complied with by the Trustee or is required in order to enable the Trustee to comply with the same, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time, SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015 and the listing agreement pursuant thereto to be executed with the Stock Exchange, the Companies Act, 2013 and guidelines of other regulatory authorities as may be applicable from time to time in respect of issuance and allotment of Debentures till redemption and agrees to furnish to the Trustee such information in terms of the same on regular basis and as may be requested by the Trustee in accordance with Applicable Law.

7. EXPENSES

7.1. The Company shall, pay on demand, all actual costs and expenses (including legal fees) incurred by the Trustee in connection with the preparation, negotiation of or entry into this Agreement and/or any amendment of, supplement to or waiver in respect of this Agreement, against submission of the requisite supporting documents.

7.2. All reasonable and actual costs, charges, fees and expenses that are incurred in relation to the diligence by the Trustee or the Trustee Agents as well as preparation of the reports/certificates/documentation, and all reasonable and actual out of pocket expenses towards legal or inspection costs and travelling costs, shall be borne solely by the Company. Provided however, that apart from the Trustee Fees, the Company shall, from time to time, make payment to/ reimburse the Trustee or the Trustee Agents in respect of the expenses and out-of-pocket costs incurred by the Trustee or the Trustee Agents as mutually agreed by the Company, Trustee and Trustee Agents..

8. STAMP DUTY

The Company shall promptly pay, and in any event before any interest or penalty becomes payable, any stamp, documentary, registration or similar tax payable in connection with the entry into, registration, performance, enforcement or admissibility in evidence of this Agreement and/or any such amendment, supplement or waiver.

9. CONFIDENTIALITY

9.1. The information received by any of the Parties to this Agreement relating to the other Party (hereinafter referred to as **"Confidential Information"**) shall be kept in the strictest confidence and shall not be divulged or disclosed to any person, other than such of the directors, officers, employees, advisors and accountants of the recipient Party on a need to know basis in accordance with the intent and purpose of this Agreement, provided always that each such person to whom Confidential Information is disclosed shall have been made aware of its confidential nature prior to such disclosure by the disclosing Party expressly marking or stating as confidential such Confidential Information and each such person to whom the Confidential Information is disclosed shall also keep the same in the strictest confidence and shall not divulge or disclose the same to any other person.

9.2. The restriction set forth above shall not apply to any part of the Confidential Information, which:

(i) is known at the time of disclosure to the recipient Party, or thereafter, becomes part of the public domain, other than as a result of the acts or omissions of the recipient Party, its directors, officers or employees; or

(ii) is required to be disclosed by judicial, administrative or stock exchange process, any enquiry, investigation, action, suit, proceeding or claim or otherwise by applicable law or by any other regulatory authority; or

(iii) is required to be disclosed by the Company or the Trustee to the Debenture Holders or to a rating agency or any other third party pursuant to the terms of the Trust Deed or other documents executed pursuant thereto.

10. GOVERNING LAW AND JURISDICTION

10.1. The validity, interpretation, implementation and resolution of disputes arising out of or in connection with this Agreement shall be governed by the laws of India.

10.2. The Parties agrees that the courts and tribunals in Mumbai shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with this Agreement may be brought in such courts or the tribunals and the Company irrevocably submits to and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of those courts or tribunals.

10.3. Nothing contained in this Clause 10, shall limit any right of the Trustee to take Proceedings in any other court or tribunal of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction whether concurrently or not and the Company irrevocably submits to and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of such court or tribunal, and the Company irrevocably waives any objection it may have now or in the future to the laying of the venue of any Proceedings and any claim that any such Proceedings have been brought in an inconvenient forum.

10.4. The provisions of this Clause 10 shall survive the termination of this Agreement.

11. WAIVER

No failure by any Party to exercise, nor any delay by any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy, prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by and available under the Applicable Law or the Trust Deed or the other documents executed pursuant thereto. No notice to or demand on any Party in any case shall entitle that Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the other Party to any other or further action in any circumstances without notice or demand.

12. COMMUNICATIONS

12.1. Any notice, demand, communication or other request (individually, a "**Notice**") to be given or made under this Agreement shall be in writing. Such Notice shall be delivered by hand, registered mail/speed post (postage prepaid) or recognized overnight courier service or e-mail or facsimile to the Party to which it is addressed at such Party's address specified below or at such other address as such Party shall from time to time have designated by 5 (Five) days' prior written Notice. Provided however, that in case of a Notice delivered by facsimile or e-mail, the Party delivering such Notice shall also deliver a copy of the same by hand, registered mail/speed post (postage prepaid) or through a recognized overnight courier service. It is clarified that the time of delivery or deemed delivery of any such Notice delivered by facsimile or email and followed by the delivery of a physical copy as aforesaid shall be determined based on the original facsimile or email as opposed to the delivery of the physical copy as aforesaid.

12.2. Notice by the Parties to each other and the Debenture Holder(s) shall be deemed effectively given and received upon delivery in person, or 1 (One) Business Day after delivery by recognised overnight courier service, if sent for next business day delivery or on receipt by the sender of a transmission report showing successful transmission if sent by facsimile transmission or 5 (Five) Business Days after deposit via certified or registered mail, return receipt requested, or in case of e-mail at the time

of the sending thereof (provided no delivery failure notification is received by the sender within 24 hours of sending such email) in each case addressed as below:

(i) Company

HDB Financial Services Limited

Address: Ground Floor, Zenith House,
Opp. Race Course, Gate No-6,
K K Marg, Mahalaxmi,
Mumbai- 400034

Attention: Ms. Dipti Khandelwal - Company Secretary

Email: compliance@hdbfs.com

Tel. No.: 022-49116368

Fax No. (H.O.): 022 – 49116666

(ii) Trustee

IDBI Trusteeship Services Limited

Address: Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai – 400 001

Attention: Mr. Aditya Kapil

Email: itsl@idbitrustee.com

Tel. No.: +91 022 4080 7012

Fax No.: +91 22 6631 1776

12.3. All information exchanged/ to be exchanged between the Parties may, notwithstanding anything contained in this Clause 12 (*Communications*), be exchanged in the manner mentioned herein below:

(i) Company to the Trustee: Either by facsimile or courier. However, an email can be sent as an initial communication followed by either facsimile or courier.

(ii) Debenture Holder(s) to the Trustee: Written communication by means of email(s) received from the Majority Debenture Holder(s) or Super Majority Debenture Holders (as the case may be).

12.4. This Clause 12 (*Communications*) shall survive the termination or expiry of this Agreement.

13. COUNTERPARTS

This Agreement may be signed in any number of counterparts, all of which taken together and when delivered to the Trustee shall constitute one and the same instrument.

14. PARTIAL INVALIDITY

The illegality, invalidity or unenforceability of any provision of this Agreement under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

15. FURTHER ASSURANCES

The Parties hereby agree to execute and do such further documents, assurances, deeds, acts or things as may be necessary to give full effect to the provisions herein contained.

[redacted]

[redacted]

Annexure A

CONSENT LETTER OF THE TRUSTEE

[redacted]
May 24, [redacted]

To,
[redacted]

Dear [redacted],

[redacted]

[redacted]

[redacted]

[redacted]	[redacted]
[redacted]	[redacted]
Delay Payment Charges	[redacted]
Out of Pocket Expenses & Statutory Dues	[redacted]
Enhancement Charges	[redacted]

[redacted]

Yours [redacted],
For [redacted]

[redacted]

[redacted]
[redacted]
[redacted]

[redacted]

[redacted]

[redacted]

No.[redacted]
May 24, 2021

To,
[redacted]

Dear Madam,

[redacted]

This is with reference to the email dated [redacted] regarding [redacted] Debentures [redacted] in tranches [redacted]

In this connection, [redacted] conditions [redacted]

We are also [redacted] application / any other [redacted] / Rating [redacted]

[redacted]

Thanking you,

Yours faithfully,
For [redacted]

Aditya Kapil
Vice President

[redacted]

IDBI Trusteeship Services Ltd.
CIN : [redacted]

[redacted]

Annexure-A

1. The Company agrees unconditionally to assign the receivables, whether [redacted] and movable properties and [redacted] Debenture Security and security [redacted] debentures as approved by the Debenture Trustee, [redacted] Disclosure Documents [redacted] or

2. The Company agrees [redacted] or remuneration as shall [redacted] Debenture Trustee, and expenses which the Debenture Trustee or their agents [redacted] legal fees and other costs, charges Debenture Trust Deed [redacted] of the paid-off [redacted] have been duly

3. The Company agrees [redacted] (form and [redacted] Regulations, 2015, [redacted] 1956, SEBI other applicable [redacted] and rules as regards [redacted] of the

For IDBI [redacted]

Aditya Kapil
Vice President

[redacted]
Tel. : [redacted] Website : [redacted]

IDBI Financial Services Limited Pune

IDBI Trusteeship Services Ltd. ITSL

Annexure B

Information/ documents to be provided by the Company, prior to entering into the Agreement:

S.No.	Information/ Documents
i.	Details of/ information in relation to the assets on which charge is proposed to be created including: (a) Details of movable properties; (b) Copies of the relevant agreements/ memorandum of understanding which pertains to the security interest proposed to be created for securing the Debentures; and (c) Copy of evidence of registration with Registrar of Companies and Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI) etc.
ii.	For unencumbered assets, on which charge is proposed to be created: An undertaking that the assets on which charge is proposed to be created are free from any encumbrances.
iii.	Any other information, documents or records required by Trustee with regard to creation of security and perfection of security as per Applicable Law.

IN WITNESS WHEREOF the Parties have caused these presents to be executed the day and year first hereinabove written in the manner hereinafter appearing.

SIGNED AND DELIVERED for HDB Financial Services Limited by G. RAMESH, MANAGING DIRECTOR & CEO its Authorised Representative pursuant to Board Resolution dated May 13, 2020

For HDB Financial Services Limited

Authorized Signatory

in the presence of :-

1. RUTUJA MANDAVKAR Rutuja

2. KAMLESH GURAV KGurav

SIGNED AND DELIVERED by the within named **IDBI TRUSTEESHIP SERVICES LIMITED** in its capacity as Trustee by the hands of ADITYA KAPIL

_an authorized official of the IDBI Trusteeship Services Limited

For IDBI TRUSTEESHIP SERVICES LTD.

AUTHORISED SIGNATORY

1.

2.

भारतीय गैर न्यायिक

भारत INDIA

रु. 500 FIVE HUNDRED RUPEES

पाँच सौ रुपये Rs. 500

INDIA NON JUDICIAL

महाराष्ट्र MAHARASHTRA ◑ 2021 ◑ BF 382026

प्रधान मुद्रांक कार्यालय, मुंबई
प.मु.वि.क्र. ८०००००९
10 AUG 2021
सक्षम अधिकारी

श्री. दि. क. गवई

This Stamp Paper forms an Integral Part of the Amendment Deed, executed between IDBI Trusteeship Services Ltd & HDB Financial Services Ltd on August 18, 2021.

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जोडपत्र-२/ANNEXURE - II

18 AUG 2021

AGREEMENT

HDB Financial Services Limited
Ground Floor, Zenith House,
Keshavrao Khade Marg,
Opp. Mahalaxmi Race Course,
Mahalaxmi, Mumbai - 400034

HDB Financial Services Ltd

Bldg. No. 3, Nr. Tata
Parel, Mumbai - 400 012.

AMENDMENT DEED

This **AMENDMENT DEED** to the Trustee Agreement (**"Amendment Deed"**) is made at Mumbai on this 18th day of August, 2021

BETWEEN

HDB FINANCIAL SERVICES LIMITED, a company incorporated and registered under the Companies Act, 1956 and registered with the Reserve Bank of India as a systemically important non-deposit taking non-banking financial company and having its registered office at Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad – 380009 and corporate office at Ground Floor, Zenith House, Opp. Race Course, Gate No-6, KK Marg, Mahalaxmi, Mumbai- 400034, Maharashtra, hereinafter called **"the Company"** (which expression shall, unless excluded by or repugnant to the context or meaning thereof, include its successors in office and assigns) of the **ONE PART**;

IN FAVOUR OF

IDBI TRUSTEESHIP SERVICES LIMITED, a company within the meaning of the Companies Act, 1956 and having its registered office at Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001, hereinafter called the **"Trustee"** (which expression shall, unless excluded by or repugnant to the context or meaning thereof, include its successors in office and permitted assigns) of the **OTHER PART.**

The Company and the Trustee are hereinafter collectively referred to as the **"Parties"** and individually as a **"Party"**.

WHEREAS:

A. We refer to the issuance of secured, rated, listed, redeemable, non-convertible debentures, aggregating up to Rs. 7500,00,00,000/- (Rupees Seven Thousand and Five Hundred Crores only) by the Company (**"Debentures"**), in dematerialised form on a private placement basis in one or more Series/Tranches. Capitalised terms used in this letter but not defined herein shall have the meaning assigned to such terms in the Trust Deed.

B. The Trustee has, at the request of the Company, agreed to act as the debenture trustee for the benefit of the Debenture Holders from time to time and the Parties entered into a trustee agreement dated May 24, 2021 (**"Trustee Agreement"**) *inter alia* setting out the terms and conditions upon which the Trustee has been appointed.

C. The Company has requested the Trustee for amending certain provisions of the Trust Deed vide their letter dated August 18, 2021. Pursuant thereto, the Trustee has agreed to amend certain provisions of the Trust Deed vide their letter dated August 18, 2021 and in the manner hereinafter appearing.

D. Accordingly, the Parties are desirous of executing an Amendment Deed in the manner hereinafter appearing.

NOW THIS AMENDMENT DEED WITNESSETH and it is hereby agreed and declared by and between the Parties hereto as follows:

1. The recitals set forth hereinabove shall form an integral part of this Amendment Deed.

2. Any capitalised term used in this Amendment Deed unless otherwise defined or appearing contrary to the intention of the Parties, shall have the meaning set out in the Trustee Agreement.

3. The Parties agree to amend the Trustee Agreement as set out in the **Annexure I** hereto which amendments shall be an integral part of the Trustee Agreement and shall be construed as a single agreement.

4. This Amendment Deed shall form an integral part of the Trustee Agreement and shall be read along with the Trustee Agreement. All references in the Trustee Agreement to "this Agreement" or "this Trustee Agreement" shall include a reference to this Amendment Deed, wherever the context so requires. Further, reference to the Trustee Agreement in any other document shall be deemed to be reference to the Trustee Agreement as amended and modified by this Amendment Deed.

5. This Amendment Deed shall modify the agreement and the understanding set out in the Trustee Agreement, as applicable, only to the limited extent set out herein. Save and except as specifically and expressly amended by this Amendment Deed, all other provisions of the Trustee Agreement shall remain unchanged and in full force and effect and shall continue to remain applicable and binding on the Parties.

6. In the event of conflict between the terms of this Amendment Deed and the provisions of the Trustee Agreement, the provisions of this Amendment Deed shall prevail in relation to the matters set out herein.

7. The amendments set out in this Amendment Deed shall be effective from the date of execution of this Amendment Deed.

8. Applicable Law and Jurisdiction

8.1 This Amendment Deed and any matters relating to this Amendment Deed shall be governed by and construed in accordance with Clause 10 (*Disputes and Governing Law*) of the Trustee Agreement.

IN WITNESS WHEREOF the signature of the Authorised Signatory of the Company has been hereunto affixed and the Trustee have caused these presents to be executed the day and year first hereinabove written in the manner hereinafter appearing.

SIGNED AND DELIVERED by **HDB FINANCIAL SERVICES LIMITED**, has been hereunto affixed in the presence of Haren Parekh, Authorised Signatory of the Company who has subscribed his signature hereto in token thereof

For HDB Financial Services Limited

Authorized Signatory

SIGNED AND DELIVERED by **IDBI TRUSTEESHIP SERVICES LIMITED** the within named Trustee by the hand of Mr./Ms. ADITYA KAPIL, Authorised Signatory who has subscribed his signature hereto in token thereof

IDBI Trusteeship Services Ltd. ITSL

ANNEXURE I

1.1 Clauses of the Trustee Agreement set out in the first column (*Clause Reference*) of the table set out hereinafter (which currently reads as set out in the second column (*Existing Provision*) of the table set out hereinafter) shall be amended to read as set out in the third column (*Amended Provision*) of the table set out hereinafter:

Clause Reference	Existing Provision	Amended Provision
2.2.	Further, the terms and conditions of creation and perfection of Security shall be as per the terms which shall be disclosed in the Shelf Disclosure Document (read with the relevant Supplemental Disclosure Document) and as set out in detail in the Deed of Hypothecation. The Company shall ensure that the Trust Deed, the Deed of Hypothecation and other necessary security documents are executed prior to filing the application for listing of the Debentures in respect of any Series/ Tranche, in accordance with the applicable SEBI regulations, including, but not limited to, the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI (Debenture Trustees) Regulations, 1993, Uniform Listing Agreement as prescribed in SEBI's circular no. CFD/CMD/6/2015 dated October 13, 2015, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and the circulars, notifications and guidelines issued by SEBI from time to time (as amended from time to time) (**"Relevant Laws"**).	Further, the terms and conditions of creation and perfection of Security shall be as per the terms which shall be disclosed in the Shelf Disclosure Document or Shelf Placement Memorandum (as the context may require) (read with the relevant Supplemental Disclosure Document or the Tranche Placement Memorandum, as the context may require) and as set out in the Deed of Hypothecation. The Company shall ensure that the Trust Deed, the Deed of Hypothecation and other necessary security documents are executed prior to filing the application for listing of the Debentures in respect of any Series/ Tranche, in accordance with the applicable SEBI regulations, including, but not limited to, the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, SEBI (Debenture Trustees) Regulations, 1993, issued by SEBI, Securities and Exchange Board of India's Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated August 10, 2021 (bearing reference no. SEBI/HO/DDHS/P/CIR/ 2021/613 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (**"Relevant Laws"**).
6.5	The Company shall on or prior to the date of execution of Debenture Trust Deed, provide to the Debenture Trustee, the bank account details from which the Company proposes to make the payment of redemption amount due to the Debenture Holders. Further, the Company hereby undertakes that it shall preauthorize the Debenture Trustee to seek the Redemption Amount payment related information from such bank. The Company	The Company shall on or prior to the date of execution of Debenture Trust Deed, provide to the Debenture Trustee, the bank account details from which the Company proposes to make the payment of redemption amount due to the Debenture Holders. Further, the Company hereby undertakes that it shall preauthorize the Debenture Trustee to seek the information pertaining to Coupon payments and Redemption Amount payable to the

IIDB Financial Services Limited

IDBI Trusteeship Services Ltd. ITSL

	further confirms that: i. All covenants proposed to be included in Trust Deed (including any side letter, accelerated payment clause, fees charged by the debenture trustee, etc.) are disclosed in the Disclosure Documents; and ii. Terms and conditions of this Agreement including fees charged by the Trustee and process of due diligence carried out by Trustee shall be disclosed in the Disclosure Documents.	Debenture Holders from such bank. The Company further confirms that: i. All covenants proposed to be included in Trust Deed (including any side letter, accelerated payment clause, fees charged by the debenture trustee, etc.) are disclosed in the Disclosure Documents; and ii. Terms and conditions of this Agreement including fees charged by the Trustee and process of due diligence carried out by Trustee shall be disclosed in the Disclosure Documents.

1.2 On and from the date of this Deed, references to the term "Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008" in the Trustee Agreement shall be deemed to include "Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021" and the "Securities and Exchange Board of India's Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated August 10, 2021 (bearing reference no. SEBI/HO/DDHS/P/CIR/2021/613, as the context may require, and as may be amended or supplemented from time to time.

HDB Financial Services Limited

IDBI Trusteeship Services Ltd. ITSL

भारतीय गैर न्यायिक

एक सौ रुपये Rs. 100

रु. 100 ONE HUNDRED RUPEES

भारत INDIA

INDIA NON JUDICIAL

महाराष्ट्र MAHARASHTRA ◑ 2021 ◑ ZC 803680

THIS STAMP PAPER FORMS A PART & PARCEL OF TRUSTEE AGREEMENT EXECUTED BETWEEN HDB FINANCIAL SERVICES LIMITED & IDBI TRUSTEESHIP SERVICES LIMITED, DATED 23RD NOVEMBER, 2021

प्रधान मुद्रांक कार्यालय, मुंबई
म.मु.वि.क. ८०००२०
26 OCT 2021
सक्षम अधिकारी

श्री. दि. क. गवळे

HDB Financial Services Limited

IDBI Trusteeship Services Ltd

जोडपत्र - २ Annexure - II

दुय्यम निबंधक यांचे कार्यालय (Serial No /Date)	111
दस्ताचा प्रकार (Nature of document)	AGREEMENT
(Whether it is a Transfer document)	YES/NO

HDB Financial Services Limited
Ground Floor, Zenith House,
Keshavrao Khade Marg,
Opp. Mahalaxmi Race Course,
Mahalaxmi, Mumbai - 400034

18 NOV 2021

TDB 7 trustee of HDB Services Ltd

18 NOV 2021

आरती [illegible] वाघमारे

दुय्यम निबंधक [illegible] सॉलिट स्टेट [illegible] सोसायटी लि.

हाई कोर्ट, एयरपोर्ट लाल विमानतळ, [illegible] मुंबई क्र. [illegible]

पनवेल, मुंबई - ४०० ०२९.

[illegible] सोसायटी [illegible] ६ महिन्यात [illegible] बंधनकारक आहे

भारतीय गैर न्यायिक

भारत INDIA

रु. 500 FIVE HUNDRED RUPEES

पाँच सौ रुपये Rs. 500

सत्यमेव जयते

INDIA NON JUDICIAL

महाराष्ट्र MAHARASHTRA ◑ 2021 ◑ BF 774298

THIS STAMP PAPER FORMS A PART & PARCEL OF TRUSTEE AGREEMENT EXECUTED BETWEEN HDB FINANCIAL SERVICES LIMITED & IDBI TRUSTEESHIP SERVICES LIMITED, DATED 23RD NOVEMBER, 2021

प्रधान मुद्रांक कार्यालय, मुंबई
प.मु.वि.क्र. 1000008
27 AUG 2021
सक्षम अधिकारी

श्री. सी. टि. आंबेकर

HDB Financial Services Limited

IDBI Trusteeship Services Ltd

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जोडपत्र-२/ANNEXURE - II

- 8 SEP 2021

पट्टाकार लिहून देणारे यांचे नाव / अनुक्रमांक / दिनांक
Series No. / Date

दस्ताचा प्रकार / अनुच्छेद क्रमांक
(Nature of Document) AGREEMENT

हा दस्त नोंदणी करावा आहेत का?
(Whether it is to be Registered)

मालमत्तेचे थोडक्यात वर्णन
(Property Description in brief)

HDB Financial Services Limited
Ground Floor, Zenith House,
Keshavrao Khade Marg,
Opp. Mahalaxmi Race Course,
Mahalaxmi, Mumbai - 400034

पक्षकाराचे नाव व सही
(Name of Party/Signature)

X. KBuray

दुसऱ्या पक्षकाराचे नाव व पत्ता
(If Through other person then Name, Add. & Signature)

दुसऱ्या पक्षकाराचे नाव
(Name of the other Party) IDBI Trusteeship Services Ltd

पक्षकाराचे नाव व पत्ता
(Name, Address of Party)

सह दुय्यम निबंधक, वर्ग-२ यांची सही
JYOTI V. DHOLA
LSI No. 8004009
G. Kondaji Bldg. No. 3, Nr. Tata
Hospital, Parel, Mumbai - 400 012.

बाजारमूल्याचे मुद्रांक शुल्क सोडविले किंवा सवलत मिळण्याबाबत
पुस्तक क्रमांक १ मधील अनुच्छेद ६ अन्वये सवलत आहे

TRUSTEE AGREEMENT

This **Trustee Agreement** ("**Agreement**") made at Mumbai, Maharashtra on this 23rd day of November, 2021 between:-

HDB FINANCIAL SERVICES LIMITED, a company incorporated and registered under the Companies Act, 1956 and registered with the Reserve Bank of India as a systematically important non-deposit taking non-banking financial company and having its Registered Office at Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad - 380009, Gujarat and Corporate Office at Ground Floor, Zenith House, Opp. Race Course, Gate No-6, KK Marg, Mahalaxmi, Mumbai- 400034, Maharashtra (hereinafter called the "**Company**" which expression shall, unless excluded by or repugnant to the context or meaning thereof, include its successors in office and assigns) of **ONE PART;**

AND

IDBI TRUSTEESHIP SERVICES LIMITED, a company within the meaning of the Companies Act, 2013 (1 of 2013) and having its Registered Office Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001 (hereinafter called the "**Trustee**" which expression shall, unless excluded by or repugnant to the context or meaning thereof, include its successors in office and assigns) of the **OTHER PART**.

The Company and the Trustee shall be individually referred to as a "**Party**" and collectively as "**Parties**".

WHEREAS:

A. With a view to raising debt and to augment the resources of the Company for regular business activities including its financing / lending activities, working capital and general corporate purposes in compliance with the provisions of Applicable Laws or as may be specified in the relevant Disclosure Document, the Company proposes to issue Rated, Listed, Secured, Redeemable Non-Convertible Debentures each having a face value as identified in the relevant Tranche Placement Memorandum, of the aggregate nominal value of up to Rs.1,00,00,00,00,000/- (Rupees Ten Thousand Crores only) in one or more Tranches/Series (hereinafter referred to as the "**Debentures**") on cash at par, in dematerialised form, on a private placement basis in accordance with the provisions of the Act and the regulations applicable to issue of debentures notified by Securities Exchange Board of India ("**SEBI**"), from time to time to certain identified investors ("**Issue**").

B. The Company has, vide the resolution of the Board of Directors passed at its meeting held on July 16, 2021, and resolution of the shareholders passed on September 18, 2021, authorised the issuance of the Debentures. Accordingly, the Company pursuant to the aforesaid resolution and the resolution of the shareholders passed on June 30, 2020, under Section 180(1)(c) of the Act, proposes to issue the Debentures for cash at par, in dematerialised form, on private placement basis on the terms and conditions as set out in the Trust Deed (as defined hereinafter) and the relevant Disclosure Documents;

C. The Company shall have the Debentures listed on the Stock Exchange, in accordance with the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (as amended from time to time), Securities and Exchange Board of India's Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated August 10, 2021 (bearing reference no. SEBI/HO/DDHS/P/CIR/2021/613) (as amended from time to time) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (as amended from time to time) (hereinafter collectively referred to as "**SEBI Debt Listing Regulations**") as soon as possible and in no event later than 4 (Four) trading days from the relevant Issue Closure Date;

D. Pursuant to the Act, SEBI Debt Listing Regulations and the Securities and Exchange Board of India (Debenture Trustees) Regulations 1993 as amended, varied or modified from time to time the Company is required to appoint a trustee to act in trust for the benefit of the holders of the Debentures from time to time ("**Debenture Holders**").

E. The Company has approached the Trustee to act as the trustee for the Debenture Holders and the Trustee has vide letter no. 23738/ITSL/OPR/CL/2021-22/DEB/U-814, dated October 05, 2021 ("**Trustee Consent Letter**"), agreed to act as the trustee for the benefit of the Debenture Holders of the proposed issue of the Debentures. The copy of the Trustee Consent Letter is annexed hereto as the **Annexure A**.

F. The Trustee is registered with the SEBI as a trustee under the Securities and Exchange Board of India (Debenture Trustees) Regulations 1993.

G. Accordingly, the Company and the Trustee have agreed to execute this Agreement being these presents on the terms and conditions agreed upon and hereinafter set out.

NOW IT IS AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

Capitalised words and expressions used herein and defined in the Trust Deed shall have the meaning respectively assigned to such words and expressions in the Trust Deed.

1. **General Terms**

1.1. The Company hereby appoints the Trustee as the trustee for the Debenture Holders of all the Tranches/Series of the Debentures aggregating up to Rs. 1,00,00,00,00,000/- (Rupees Ten Thousand Crores Only) to be issued by the Company from time to time and the Trustee hereby agrees to act as the trustee for the Debenture Holders. The Trustee and the Company shall on or around the date hereof also enter into a trust deed (hereinafter referred to as the "**Trust Deed**") and such other documents as may be required from time to time in relation to the Debentures.

1.2. The Trust Deed shall be finalized by the Parties and consist of two parts: Part A containing statutory/standard information pertaining to the Issue *inter alia* consisting of clauses pertaining to Form SH-12 (to the extent applicable), in terms of Rule 18(5) of the Companies (Share Capital and Debentures) Rules, 2014; and Part B containing details specific to the Issue.

1.3. The Company shall pay to the Trustee so long as it holds the office of the Trustee, remuneration for its services as the Trustee ("**Trustee Fees**") in addition to all legal, travelling and other costs, charges and expenses which the Trustee or its officers, employees or agents may incur in relation to execution of the Trust Deed and all other documents executed/to be executed to give effect to the issue of Debentures. The remuneration of the Trustee shall be as per the Trustee Consent Letter as may be amended/modified from time to time. In case the payment of Trustee Fees is not received within a period of 30 (Thirty) days from the date of the invoice, the Trustee reserves the right to charge "delayed payment charges" at the rate of 12% (Twelve Percent) per annum on the outstanding amount of Trustee Fees.

2. **SECURITY**

2.1. The Company herein covenants with the Trustee that the following security shall be created in favour of the Trustee within timelines stipulated as per Applicable Law for the benefit of the Debenture Holders to secure the principal amounts, interest amounts, default interest and all other amounts outstanding with respect to the Debentures ("**Security**"):

(i) A first ranking exclusive charge by way of hypothecation over Hypothecated Assets of the Company in favour of the Trustee (acting for and on behalf of the Debenture Holders) in terms as detailed in the Deed of Hypothecation to be executed between the Company and Trustee; and

(ii) Such other security as may be mutually agreed between the Company and the Trustee (acting on the instructions of the majority Debenture Holders).

2.2. Further, the terms and conditions of creation and perfection of Security shall be as per the terms which shall be disclosed in the Shelf Placement Memorandum (read with the relevant Tranche Placement Memorandum) and as set out in detail in the Deed of Hypothecation. The Company shall ensure that the Trust Deed, the Deed of Hypothecation and other necessary security documents are executed prior to filing the application for listing of the Debentures in respect of any Series/ Tranche, in accordance with the SEBI Debt Listing Regulations, the Uniform Listing Agreement as prescribed in SEBI's circular no. CFD/CMD/6/2015 dated October 13, 2015, and the circulars, notifications and guidelines issued as amended by SEBI from time to time ("**Relevant Laws**").

2.3. The Company shall register and perfect the Security over the Hypothecated Assets by filing Form CHG-9 with the relevant registrar of companies in relation thereto within 30 (Thirty) calendar days from the date of creation of charge in respect of any Tranche/ Series or any other timelines prescribed under Applicable Law. The Company shall cooperate with the Trustee to enable it to make necessary filings in connection with the creation of Security over the Hypothecated Assets with the CERSAI, within the timelines prescribed under Applicable Law. The Company hereby agrees that, in the event the Security is not registered as prescribed under Applicable Law within the timelines set out herein, then the same shall be considered to be a breach of the terms of the Transaction Documents by the Company.

3. **DOCUMENTS REQUIRED TO BE SUBMITTED PRIOR TO OR SIMULTANEOUSLY WITH EXECUTION OF THIS AGREEMENT.**

3.1. The terms of this Agreement shall be effective only upon the submission by the Company of the requisite information and documents to the satisfaction of the Trustee for carrying out the requisite due diligence as required in terms of the Relevant Laws including in connection with verification of the security or requisite clauses in the relevant contract as per Applicable Laws and the required Asset Cover for the Debentures, which is undertaken by the Company to be submitted simultaneously with or prior to the execution of this Agreement. Without prejudice to the aforesaid, the Company shall provide all the information and documents as set out in **Annexure B** hereto.

3.2. The Company undertakes to promptly furnish all and any information as may be required by the Trustee in terms of Applicable Laws and the Transaction Documents on a regular basis till the redemption of the Debentures, including without limitation the following documents, as may be applicable:

a. Memorandum and Articles of Association;
b. Disclosure Document / Private Placement Offer cum Application Letter in relation to the issue of Debentures / Tranche Placement Memorandum;
c. The necessary corporate authorisations by way of board resolution and/or shareholder resolution necessary for the Issue and the creation of security thereunder;
d. This Agreement;
e. Letters from credit rating agencies about ratings;
f. Proof of credit of the Debentures in favour of the Debenture Holders.
g. Depository details with whom Debentures are held in dematerialised form;
h. Latest annual report;
i. Debenture Trust Deed;
j. Certified true copy of the resolution for allotment of Debentures;
k. Confirmation/proofs of payment of interest and principal made to the Debenture Holders on due dates as per the terms of the Trust Deed and Statutory auditor's certificate for utilization of funds/issue proceeds;
l. Periodical reports / information on quarterly/ half yearly / annual basis as required to be submitted to Stock Exchanges under the SEBI Debt Listing Regulations;
m. Beneficiary position reports as provided by the registrar;
n. In-principle approval for listing of the Debentures on the Stock Exchange;
o. Acknowledgement of filing Disclosure Document/ Private Placement Offer cum Application Letter with the Stock Exchange/ Registrar of Companies;
p. Listing & trading permission from the Stock Exchange;
q. Certificate issued by the Registrar of Companies in relation to the charge created to secure the Debentures;
r. Executed Deed of Hypothecation;
s. Statutory auditor's certificate for utilization of funds/issue proceeds annually;
t. Information to enable the Trustee to carry out the necessary due diligence and monitor the asset cover on a quarterly basis and to ensure the implementation of the conditions regarding creation of security for the debentures, if any, debenture redemption reserve (if applicable) and recovery expense fund;
u. Bank account details of the Company along with a copy of the pre-authorisation letter issued by Company to its banker in relation to the payment of Coupon and Redemption Amount;
v. An undertaking from the Company that the assets on which charge is proposed to be created are free from any encumbrances;
w. Such other documents as may be reasonably required by the Trustee.

4. TERMS OF CONDUCTING DUE DILIGENCE

4.1. The Trustee, either through itself or its agents/advisors/consultants ("**Trustee Agents**"), shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the Security whether under the Transaction Documents or under Applicable Laws, have been obtained. For the purpose of carrying out the due diligence as required in terms of the Relevant Laws, the Trustee, either through itself or its agents/advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors/valuers/consultants/lawyers/technical experts/management consultants appointed by the Trustee. Prior to appointment of any agents/advisors/consultants, the Trustee shall obtain necessary confirmation from the said agents/advisors/ consultants that they do not have any conflict-of-interest in conducting the diligence under the transaction.

4.2. The Trustee Agents shall be deemed to be the agents of the Trustee for the purposes of performing all actions in terms of Clause 3.1 herein above and the Trustee shall be liable for the acts and omissions of the Trustee Agents during the course thereof.

4.3. The Company shall provide all assistance to the Trustee to enable verification from the Registrar of Companies, CERSAI, depositories, information utility or any other authority, as may be required, where the assets and/or prior encumbrances in relation to the assets of the Company for securing the Debentures, are registered/disclosed.

4.4. Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the Relevant Laws.

4.5. The Trustee shall be entitled to either independently appoint or direct the Company (after consultation with the Trustee) to appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Trustee.

5. AUTHORIZATION AND CONSENTS

5.1. All actions (including corporate actions), conditions and things required to be taken, fulfilled and done (including the obtaining of any consents, if applicable) by the Company in order (a) to enable it to lawfully enter into, exercise its rights and perform and comply with its obligations under this Agreement, (b) to ensure that those obligations are legally binding and enforceable, and (c) to make this Agreement admissible in evidence in the courts of India have been taken, fulfilled and done in strict compliance with all Applicable Laws.

5.2. Any payment in respect of the Debentures required to be made by the Trustee to a Debenture Holder (who is a foreign institutional investor or a qualified foreign investor or foreign portfolio investor) at the time of enforcement would, if required by Applicable Law, be subject to the prior approval of Reserve Bank of India for such remittance through an authorized dealer. The Company/ relevant Debenture Holder shall obtain all such approvals, if required, to ensure prompt and timely payments to the said Debenture Holder.

5.3. The Company hereby declares and confirms that the Company or the person in control of the Company, or its promoter has not been restrained or prohibited or debarred by the SEBI from accessing the securities market or dealing in securities.

6. BENEFIT OF AGREEMENT

6.1. This Agreement shall enure to the benefit of and be binding on the Parties and their respective successors and permitted assigns of each Party.

6.2. The Trustee, "*ipso facto*" does not have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid/invested by the Debenture Holders.

6.3. The Company hereby declares and confirms that it has given an undertaking in the offer document that the assets on which the charge is created are free from encumbrances.

6.4. The Company hereby declares and confirms that, as on the date of this Agreement, and the date of filing the Offer Document/Placement Memorandum, it is an 'eligible issuer' in accordance with Regulation 5 (1) of the SEBI (Issue and Listing of Non-convertible Securities) Regulation, 2021.

6.5. The Company confirms that all necessary disclosures required under Applicable Law shall be made in the Disclosure Documents.

6.6. The Company shall on or prior to the date of execution of Debenture Trust Deed, provide to the Debenture Trustee, the bank account details from which the Company proposes to make the payment of Coupon and redemption amounts due to the Debenture Holders. Further, the Company hereby undertakes that it shall preauthorize the Debenture Trustee to seek the information pertaining to Coupon payments and Redemption Amount payable to the Debenture Holders from such bank. The Company further confirms that:

(i) All covenants proposed to be included in Trust Deed (including any side letter, accelerated payment clause, fees charged by the debenture trustee, etc.) shall be disclosed in the Disclosure Documents; and

(ii) Terms and conditions of this Agreement including fees charged by the Trustee and process of due diligence carried out by Trustee shall be disclosed in the Disclosure Documents.

6.7. The Company agrees and undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993 to the extent the same is required to be complied with by the Trustee or is required in order to enable the Trustee to comply with the same, the SEBI Debt Listing Regulations and the listing agreement pursuant thereto to be executed with the Stock Exchange, the Companies Act, 2013 and guidelines of other regulatory authorities as may be applicable from time to time in respect of issuance and allotment of Debentures till redemption and agrees to furnish to the Trustee such information in terms of the same on regular basis and as may be requested by the Trustee in accordance with Applicable Law.

7. EXPENSES

7.1. The Company shall, pay on demand, all actual costs and expenses (including legal fees) incurred by the Trustee in connection with the preparation, negotiation of or entry into this Agreement and/or any amendment of, supplement to or waiver in respect of this Agreement, against submission of the requisite supporting documents.

7.2. All reasonable and actual costs, charges, fees and expenses that are incurred in relation to the diligence by the Trustee or the Trustee Agents as well as preparation of the reports/certificates/documentation, and all reasonable

and actual out of pocket expenses towards legal or inspection costs and travelling costs, shall be borne solely by the Company. Provided however, that apart from the Trustee Fees, the Company shall, from time to time, make payment to/ reimburse the Trustee or the Trustee Agents in respect of the expenses and out-of-pocket costs incurred by the Trustee or the Trustee Agents as mutually agreed by the Company, Trustee and Trustee Agents.

8. STAMP DUTY

The Company shall promptly pay, and in any event before any interest or penalty becomes payable, any stamp, documentary, registration or similar tax payable in connection with the entry into, registration, performance, enforcement or admissibility in evidence of this Agreement and/or any such amendment, supplement or waiver.

9. CONFIDENTIALITY

9.1. The information received by any of the Parties to this Agreement relating to the other Party (hereinafter referred to as "**Confidential Information**") shall be kept in the strictest confidence and shall not be divulged or disclosed to any person, other than such of the directors, officers, employees, advisors and accountants of the recipient Party on a need to know basis in accordance with the intent and purpose of this Agreement, provided always that each such person to whom Confidential Information is disclosed shall have been made aware of its confidential nature prior to such disclosure by the disclosing Party expressly marking or stating as confidential such Confidential Information and each such person to whom the Confidential Information is disclosed shall also keep the same in the strictest confidence and shall not divulge or disclose the same to any other person.

9.2. The restriction set forth above shall not apply to any part of the Confidential Information, which:

(i) is known at the time of disclosure to the recipient Party, or thereafter, becomes part of the public domain, other than as a result of the acts or omissions of the recipient Party, its directors, officers or employees; or
(ii) is required to be disclosed by judicial, administrative or stock exchange process, any enquiry, investigation, action, suit, proceeding or claim or otherwise by applicable law or by any other regulatory authority; or
(iii) is required to be disclosed by the Company or the Trustee to the Debenture Holders or to a rating agency or any other third party pursuant to the terms of the Trust Deed or other documents executed pursuant thereto.

10. GOVERNING LAW AND JURISDICTION

10.1. The validity, interpretation, implementation and resolution of disputes arising out of or in connection with this Agreement shall be governed by the laws of India.

10.2. The Parties agrees that the courts and tribunals in Mumbai shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with this Agreement may be brought in such courts or the tribunals and the Company irrevocably submits to and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of those courts or tribunals.

10.3. The provisions of this Clause 10 shall survive the termination of this Agreement.

11. WAIVER

No failure by any Party to exercise, nor any delay by any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy, prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by and available under the Applicable Law or the Trust Deed or the other documents executed pursuant thereto. No notice to or demand on any Party in any case shall entitle that Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the other Party to any other or further action in any circumstances without notice or demand.

12. COMMUNICATIONS

12.1. Any notice, demand, communication or other request (individually, a "**Notice**") to be given or made under this Agreement shall be in writing. Such Notice shall be delivered by hand, registered mail/speed post (postage prepaid) or recognized overnight courier service or e-mail or facsimile to the Party to which it is addressed at such Party's address specified below or at such other address as such Party shall from time to time have designated by 5 (Five) days' prior written Notice. Provided however, that in case of a Notice delivered by facsimile or e-mail, the Party delivering such Notice shall also deliver a copy of the same by hand, registered mail/speed post (postage prepaid) or through a recognized overnight courier service. It is clarified that the time of delivery or deemed delivery of any such Notice delivered by facsimile or email and followed by the delivery of a physical copy as aforesaid shall be determined based on the original facsimile or email as opposed to the delivery of the physical copy as aforesaid.

12.2. Notice by the Parties to each other and the Debenture Holder(s) shall be deemed effectively given and received upon delivery in person, or 1 (One) Business Day after delivery by recognised overnight courier service, if sent for next business day delivery or on receipt by the sender of a transmission report showing successful transmission if sent by facsimile transmission or 5 (Five) Business Days after deposit via certified or registered mail, return receipt requested, or in case of e-mail at the time of the sending thereof (provided no delivery failure notification is received by the sender within 24 hours of sending such email) in each case addressed as below:

(i) **Company**

HDB Financial Services Limited

Address: Ground Floor, Zenith House,
Opp. Race Course, Gate No-6,
K K Marg, Mahalaxmi,
Mumbai- 400034
Attention: Ms. Dipti Khandelwal - Company Secretary
Email: compliance@hdbfs.com
Tel. No.: 022-49116368
Fax No.: 022 – 49116666

(ii) **Trustee**

IDBI Trusteeship Services Limited

Address: Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai – 400 001
Attention: Mr. Aditya Kapil
Email: itsl@idbitrustee.com
Tel. No.: 022 4080 7012
Fax No.: 022 6631 1776

12.3. All information exchanged/ to be exchanged between the Parties may, notwithstanding anything contained in this Clause 12 (*Communications*), be exchanged in the manner mentioned herein below:

(i) Company to the Trustee: Either by facsimile or courier. However, an email can be sent as an initial communication followed by either facsimile or courier.

(ii) Debenture Holder(s) to the Trustee: Written communication by means of email(s) received from the Majority Debenture Holder(s) or Super Majority Debenture Holders (as the case may be).

12.4. This Clause 12 (*Communications*) shall survive the termination or expiry of this Agreement.

13. COUNTERPARTS

This Agreement may be signed in any number of counterparts, all of which taken together and when delivered to the Trustee shall constitute one and the same instrument.

14. PARTIAL INVALIDITY

The illegality, invalidity or unenforceability of any provision of this Agreement under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

15. FURTHER ASSURANCES

The Parties hereby agree to execute and do such further documents, assurances, deeds, acts or things as may be necessary to give full effect to the provisions herein contained.

Annexure A

CONSENT LETTER OF THE TRUSTEE

IDBI Trusteeship Services Ltd.
CIN : U65991MH2001GOI131154

IDBI trustee

No.2773/ITSL/OPR/CL/2021-22/DEB/U-814
October 05, 2021

To,
Ms. Amruta Gurugi – Manager Treasury
IIDB Financial Services Limited
Ground Floor, Zenith House, Kashinath Khadye Marg, Opposite Race Course,
Mahalaxmi, Mumbai – 400034

Dear Madam,

Umbrella Consent to act as Debenture Trustee for Secured Listed Non - Convertible Debentures (NCDs) of Rs.10,000 crore to be issued through one or more tranches

This is with reference to the email dated 05.10.2021 regarding appointment of IDBI Trusteeship Services Limited (ITSL) as Debenture Trustee for Secured Listed Non - Convertible Debentures (NCDs) of Rs.10,000 crore to be issued through one or more tranches within 30 months from date of Umbrella Consent Letter.

It would indeed be our pleasure to be associated with your esteemed organization as Debenture Trustee for the NCD issuances on trusteeship remuneration as under.

Acceptance fees	Rs.15,00,000/- (plus applicable taxes) one time payment payable upfront
Service Charges	Rs.22,50,000/- (plus applicable taxes) one time payment payable upfront
Delay Payment Charges	In case the payment of service charges not received within a period of 30 days from the date of the bill, ITSL reserves the right to charge "delayed payment charges" @ 12% p.a. on the outstanding amount
Out of Pocket Expenses & Statutory Dues	Would be reimbursable on actual basis within 30 days of the claim
Enforcement Charges	Minimum Rs.5,00,000/- plus taxes excluding litigation/ other expenses which will be on actual basis

Assure you of our best services at all times.

Yours faithfully,
For IDBI Trusteeship Services Limited

(Authorized Signatory)
NAME: ABITYA KAPIL
DESIGNATION: VICE PRESIDENT

We accept the above terms
for IIDB Financial Services Limited

(Authorised Signatory)
NAME: PAREN PAREKH
DESIGNATION: CHIEF FINANCIAL OFFICER

NOTE: As per current GST guidelines, ITSL would be required to pay the applicable GST on the amounts / charges payable to us as indicated above. Please note that the Company would be liable to pay all such charges even in the event of cancellation of the aforesaid transaction. Therefore, no refund of any monies then already paid would be made.

IDBI Trusteeship Services Ltd.
CIN : U65991MH2001GOI131154

IDBI trustee

No.21730/ITSL/OPR/CL/2021-22/DEBA/-814
October 05, 2021

To,
Ms. Amrata Gawaji – Manager Treasury
IIDB Financial Services Limited
Ground Floor, Zenith House, Keshavrao Khadye Marg, Opposite Race Course,
Mahalaxmi, Mumbai - 400034

Dear Madam,

Umbrella Consent to act as Debenture Trustee for Secured Listed Non - Convertible Debentures (NCDs) of Rs.10,000 crore to be issued through one or more tranches

This is with reference to the email dated 05.10.2021 regarding appointment of IDBI Trusteeship Services Limited (ITSL) as Debenture Trustee for Secured Listed Non - Convertible Debentures (NCDs) of Rs.10,000 crore to be issued through one or more tranches within 30 months from date of Umbrella Consent Letter.

In this connection, we confirm our acceptance to act as Debenture Trustee for the same, subject to the company agreeing the conditions as set out in annexure A.

We are also agreeable for inclusion of our name as trustees in the Company's offer document / disclosure document / listing application / any other document to be filed with SEBI / ROC / the Stock Exchange(s) or any other authority as required.

IIDB Financial Services Limited shall enter into Debenture Trustee Agreement for the said issue of the NCDs.

Thanking you,

Yours faithfully,
For IDBI Trusteeship Services Limited

Aditya Kapil
Vice President

Regd. Office : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001.
Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : itsl@idbitrustee.com • response@idbitrustee.com
Website : www.idbitrustee.com

Annexure A

1. The Company agrees and undertakes to create the securities wherever applicable over such of its immovable and movable properties and on such terms and conditions as agreed by the Debenture holders and disclose in the Information Memorandum or Disclosure Document and execute, the Debenture Trust Deed and other necessary security documents for each series of debentures as approved by the Debenture Trustee, within a period as agreed by us in the Information Memorandum or Disclosure Document in any case not exceeding 3 months from the date of closure of the issuance.

2. The Company agrees & undertakes to pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee remuneration as stand above for their services as Debenture Trustee in addition to all legal, travelling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other Documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the corporate formalities for satisfaction of charge in all respects have been complied with.

3. The Company agrees & undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 1956 to the extent not repealed and The Companies Act, 2013 to the extent notified and other applicable provisions as amended from time to time and agrees to furnish to Trustees such information in terms of the same on regular basis.

For **IDBI Trusteeship Services Limited**

Aditya Kapil
Vice President

Annexure B

Information/ documents to be provided by the Company, prior to entering into the Agreement:

S.No.	Information/ Documents
i.	Details of/ information in relation to the assets on which charge is proposed to be created including: (a) Details of movable properties; (b) Copies of the relevant agreements/ memorandum of understanding which pertains to the security interest proposed to be created for securing the Debentures; and (c) Copy of evidence of registration with Registrar of Companies and Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI) etc.
ii.	For unencumbered assets, on which charge is proposed to be created: An undertaking that the assets on which charge is proposed to be created are free from any encumbrances.
iii.	Any other information, documents or records required by Trustee with regard to creation of security and perfection of security as per Applicable Law.

IN WITNESS WHEREOF the Parties have caused these presents to be executed the day and year first hereinabove written in the manner hereinafter appearing.

SIGNED AND DELIVERED for HDB Financial Services Limited by HAREN PAREKH CHIEF FINANCIAL OFFICER, its Authorised Representative pursuant to Board Resolution dated July 16, 2021

For HDB Financial Services Limited

Authorized Signatory

in the presence of:-

1. RUTUJA MANDAVKAR

2. KRUPALI MOHITE

SIGNED AND DELIVERED by the within named **IDBI TRUSTEESHIP SERVICES LIMITED** in its capacity as Trustee by the hands of Pradeep Mande an authorized official of the IDBI Trusteeship Services Limited

FOR IDBI TRUSTEESHIP SERVICES LTD.

AUTHORISED SIGNATORY

1. Gaurav Rane

2. Priyanka Tembe

भारतीय गैर न्यायिक

एक सौ रुपये Rs. 100

रु. 100 ONE HUNDRED RUPEES

सत्यमेव जयते

भारत INDIA

INDIA NON JUDICIAL

महाराष्ट्र MAHARASHTRA ◐ 2022 ◐ 43AA 484716

प्रधान मुद्रांक कार्यालय, मुंबई
प.मु.वि.क्र. ८०००२२
23 FEB 2023
सक्षम अधिकारी

THIS STAMP PAPER FORMS A PART & PARCEL OF TRUSTEE AGREEMENT EXECUTED BETWEEN HDB FINANCIAL SERVICES LIMITED AND IDBI TRUSTEESHIP SERVICES LIMITED,
DATED - 16th MARCH, 2023

श्रीमती एस. एस. सांगळे

HDB Financial Services Limited

IDBI Trusteeship Services Ltd.

भारतीय गैर न्यायिक

भारत INDIA

रु. 500 FIVE HUNDRED RUPEES

पाँच सौ रुपये Rs. 500

सत्यमेव जयते

INDIA NON JUDICIAL

महाराष्ट्र MAHARASHTRA ◐ 2022 ◐ BX 611621

THIS STAMP PAPER FORMS A PART AND PARCEL OF TRUSTEE AGREEMENT EXECUTED BETWEEN HDB FINANCIAL SERVICES LIMITED AND IDBI TRUSTEESHIP SERVICES LIMITED.

DATED - 16th MARCH, 2023

प्रधान मुद्रांक कार्यालय, मुंबई
प.मु.वि.क्र. ८००००२२
28 FEB 2023
सक्षम अधिकारी

श्रीमती एल. एस. सांगळे

DEBENTURE TRUSTEE AGREEMENT

This Debenture **Trustee Agreement** ("**Agreement**") made at Mumbai, Maharashtra on this 16th day of March, 2023 between: -

HDB FINANCIAL SERVICES LIMITED, a company incorporated and registered under the Companies Act, 1956 and registered with the Reserve Bank of India as a systematically important non-deposit taking non-banking financial company and having its registered office at Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad - 380009, Gujarat and Corporate Office at Ground Floor, Zenith House, Opp. Race Course, Gate No-6, KK Marg, Mahalaxmi, Mumbai- 400034, Maharashtra (hereinafter called the "**Company**" which expression shall, unless excluded by or repugnant to the context or meaning thereof, include its successors in office and assigns) of **ONE PART;**

AND

IDBI TRUSTEESHIP SERVICES LIMITED, a company within the meaning of the Companies Act, 2013 (1 of 2013) and having its registered office at Universal Insurance Building, Ground Floor, Sir P.M. Road, Fort, Mumbai - 400001(hereinafter called the "**Trustee**" which expression shall, unless excluded by or repugnant to the context or meaning thereof, include its successors in office and assigns) of the **OTHER PART**.

The Company and the Trustee shall be individually referred to as a "**Party**" and collectively as "**Parties**".

WHEREAS:

A. With a view to raising debt and to augment the resources of the Company for regular business activities including its financing / lending activities, refinancing existing borrowings / repayment of existing borrowings and general corporate purposes in compliance with the provisions of Applicable Laws or as may be specified in the relevant Disclosure Document, the Company proposes to issue Rated, Listed, Secured, Redeemable Non-Convertible Debentures each having a face value as identified in the relevant Tranche Placement Memorandum, of the aggregate nominal value of up to Rs.5000,00,00,000/- (Rupees Five Thousand Crores only) in one or more Tranches/Series (hereinafter referred to as the "**Debentures**") on cash at par, in dematerialised form, on a private placement basis in accordance with the provisions of the Act and the regulations applicable to issue of debentures notified by Securities Exchange Board of India ("**SEBI**"), from time to time to certain identified investors ("**Issue**").

B. The Company has, vide the resolution of the Board of Directors passed at its meeting held on April 16, 2022, and resolution of the shareholders passed on June 23, 2022, authorised the issuance of the Debentures. Accordingly, the Company pursuant to the aforesaid resolution and the resolution of the shareholders passed on June 30, 2020, under Section 180(1)(c) of the Act, proposes to issue the Debentures for cash at par, in dematerialised form, on private placement basis on the terms and conditions as set out in the Debenture Trust Deed (as defined hereinafter) and the relevant Disclosure Documents;

C. The Company shall have the Debentures listed on the Stock Exchange, in accordance with the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (as amended from time to time), Securities and Exchange Board of India's Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated August 10, 2021 (bearing reference no. SEBI/HO/DDHS/P/CIR/2021/613) (as amended from time to time) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (as amended from time to time) (hereinafter collectively referred to as "**SEBI Debt Listing Regulations**") as soon as possible and within such timelines as prescribed under Applicable Law.

D. Pursuant to the Act, SEBI Debt Listing Regulations and the Securities and Exchange Board of India (Debenture Trustees) Regulations 1993 as amended, varied or modified from time to time the Company is required to appoint a trustee to act in trust for the benefit of the holders of the Debentures from time to time (hereinafter referred to as the "**Debenture Holders**").

E. The Trustee is registered with the SEBI as a trustee under the Securities and Exchange Board of India (Debenture Trustees) Regulations 1993.

F. Accordingly, the Company and the Trustee have agreed to execute this Agreement being these presents on the terms and conditions agreed upon and hereinafter set out.

NOW IT IS AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

Capitalised words and expressions used herein and defined in the Debenture Trust Deed (as defined hereinafter) shall have the meaning respectively assigned to such words and expressions in the Debenture Trust Deed.

HDB Financial Services Limited

IDBI Trusteeship Services Ltd. ITSL

1. **General Terms**

1.1. The Company hereby appoints the Trustee as the trustee for the Debenture Holders of all the Tranches/Series of the Debentures aggregating up to Rs. 50,00,00,00,000/- (Rupees Five Thousand Crores Only) to be issued by the Company from time to time and the Trustee hereby agrees to act as the Trustee in trust for, on behalf of and for the benefit of the Debenture Holders and for purposes related thereto in accordance with the provisions of the Transaction Documents. The Trustee and the Company shall on or around the date hereof also enter into a trust deed (hereinafter referred to as the "**Debenture Trust Deed**") and such other documents as may be required from time to time in relation to the Debentures.

1.2. The Trust Deed shall be finalized by the Parties and consist of two parts: Part A containing statutory/standard information pertaining to the Issue inter alia consisting of clauses pertaining to Form SH-12 (to the extent applicable), in terms of Rule 18(5) of the Companies (Share Capital and Debentures) Rules, 2014; and Part B containing details specific to the Issue. The Company shall execute the Trust Deed prior to the listing of Debentures. Where the Company fails to execute the Trust Deed within the period specified by SEBI, then without prejudice to any liability arising on account of violation of the provisions of the Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Company shall also pay interest of at least 2% (Two Percent) per annum or such other rate, as specified by SEBI to the Debenture Holders, over and above the Coupon Rate, till the execution of the Debenture Trust Deed

1.3. The Company shall pay to the Trustee so long as it holds the office of the Trustee, remuneration for its services as the Trustee ("**Trustee Fees**") in addition to all legal, travelling and other costs, charges and expenses which the Trustee or its officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other documents executed/to be executed to give effect to the issue of Debentures. The remuneration of the Trustee shall be as per the consent letter of the Trustee as may be amended/modified from time to time.

2. **SECURITY**

2.1. The Company herein covenants with the Trustee that the following security shall be created in favour of the Trustee within timelines stipulated as per Applicable Law for the benefit of the Debenture Holders to secure the principal amounts, interest amounts, default interest and all other amounts outstanding with respect to the Debentures ("**Security**"):

(i) A first ranking exclusive charge by way of hypothecation over Hypothecated Assets of the Company in favour of the Trustee (acting for and on behalf of the Debenture Holders) in terms as detailed in the Deed of Hypothecation to be executed between the Company and Trustee; and

(ii) Such other security as may be mutually agreed between the Company and the Trustee (acting on the instructions of the majority Debenture Holders).

2.2. Further, the terms and conditions of creation and perfection of Security shall be as per the terms which shall be disclosed in the Shelf Placement Memorandum (read with the relevant Tranche Placement Memorandum) and as set out in detail in the Deed of Hypothecation. The Company shall ensure that the Debenture Trust Deed, the Deed of Hypothecation and other necessary security documents are executed prior to filing the application for listing of the Debentures in respect of any Series/ Tranche, in accordance with the SEBI Debt Listing Regulations, the Uniform Listing Agreement as prescribed in SEBI's circular no. CFD/CMD/6/2015 dated October 13, 2015, and the circulars, notifications and guidelines issued as amended by SEBI from time to time ("**Relevant Laws**").

2.3. The Company shall register and perfect the Security over the Hypothecated Assets by filing Form CHG-9 with the relevant registrar of companies in relation thereto within 30 (Thirty) calendar days from the date of creation of charge in respect of any Tranche/ Series or any other timelines prescribed under Applicable Law. The Company shall cooperate with the Trustee to enable it to make necessary filings in connection with the creation of Security over the Hypothecated Assets with the CERSAI, within the timelines prescribed under Applicable Law. The Company hereby agrees that, in the event the Security is not registered as prescribed under Applicable Law within the timelines set out herein, then the same shall be considered to be a breach of the terms of the Transaction Documents by the Company.

3. **DOCUMENTS REQUIRED TO BE SUBMITTED PRIOR TO OR SIMULTANEOUSLY WITH EXECUTION OF THIS AGREEMENT.**

3.1. The terms of this Agreement shall be effective only upon the submission by the Company of the requisite information and documents to the satisfaction of the Trustee for carrying out the requisite due diligence as required in terms of the Relevant Laws including in connection with verification of the security or requisite clauses in the relevant contract as per Applicable Laws and the required Security Cover for the Debentures, which is undertaken by the Company to be submitted simultaneously with or prior to the execution of this Agreement. Without prejudice to the aforesaid, the Company shall provide all the information and documents as set out in **Annexure A** hereto.

3.2. The Company undertakes to promptly furnish all and any information as may be required by the Trustee in terms of Applicable Laws and the Transaction Documents on a regular basis till the redemption of the Debentures, including without limitation the following documents, as may be applicable:

a. Memorandum and Articles of Association;
b. Disclosure Document / Private Placement Offer cum Application Letter in relation to the issue of Debentures / Tranche Placement Memorandum;
c. The necessary corporate authorisations by way of board resolution and/or shareholder resolution necessary for the Issue and the creation of security thereunder;
d. This Agreement;
e. Letters from credit rating agencies about ratings;
f. Proof of credit of the Debentures in favour of the Debenture Holders.
g. Depository details with whom Debentures are held in dematerialised form;
h. Latest annual report;
i. Debenture Trust Deed;
j. Certified true copy of the resolution for allotment of Debentures;
k. Return of allotment filed with the registrar of companies (Form PAS 3) within 15 (fifteen) days from the deemed date of allotment;
l. Complete record of the private placement offers made by the Company (Form PAS 5);
m. Confirmation/proofs of payment of interest and principal made to the Debenture Holders on due dates as per the terms of the Debenture Trust Deed;
n. Periodical reports / information on quarterly/ half yearly / annual basis as required to be submitted to Stock Exchanges under the SEBI Debt Listing Regulations;
o. Beneficiary position reports as provided by the registrar;
p. In-principle approval for listing of the Debentures on the Stock Exchange;
q. Acknowledgement of filing Disclosure Document/ Private Placement Offer cum Application Letter with the Stock Exchange/ Registrar of Companies;
r. Listing & trading permission from the Stock Exchange;
s. Certificate issued by the Registrar of Companies in relation to the charge created to secure the Debentures;
t. Executed Deed of Hypothecation;
u. Statutory auditor's certificate for utilization of funds/issue proceeds annually;
v. Information to enable the Trustee to carry out the necessary due diligence and monitor the security cover and to ensure the implementation of the conditions regarding creation of security for the debentures, if any, debenture redemption reserve (if applicable) and recovery expense fund;
w. Bank account details of the Company along with a copy of the pre-authorisation letter issued by Company to its banker in relation to the payment of Coupon and Redemption Amount;
x. An undertaking from the Company that the assets on which charge is proposed to be created are free from any encumbrances;
y. Such other documents as may be reasonably required by the Trustee as per Applicable Law.

4. TERMS OF CONDUCTING DUE DILIGENCE

4.1. The Trustee, either through itself or its agents/advisors/consultants ("**Trustee Agents**"), shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the Security whether under the Transaction Documents or under Applicable Laws, have been obtained. For the purpose of carrying out the due diligence as required in terms of the Relevant Laws, the Trustee, either through itself or its agents/advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors/valuers/consultants/lawyers/technical experts/management consultants appointed by the Trustee. Prior to appointment of any agents/advisors/consultants, the Trustee shall obtain necessary confirmation from the said agents/advisors/ consultants that they do not have any conflict-of-interest in conducting the diligence under the transaction.

4.2. The Company shall provide all assistance to the Trustee to enable verification from the Registrar of Companies, CERSAI, depositories, information utility or any other authority, as may be required, where the assets and/or prior encumbrances in relation to the assets of the Company for securing the Debentures, are registered/disclosed.

4.3. Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the Relevant Laws.

5. AUTHORIZATION AND CONSENTS

5.1. All actions (including corporate actions), conditions and things required to be taken, fulfilled and done (including the obtaining of any consents, if applicable) by the Company in order (a) to enable it to lawfully enter into, exercise its

HLB Financial Services Limited

IDBI Trusteeship Services Ltd. ITSL

rights and perform and comply with its obligations under this Agreement, (b) to ensure that those obligations are legally binding and enforceable, and (c) to make this Agreement admissible in evidence in the courts of India have been taken, fulfilled and done in strict compliance with all Applicable Laws.

5.2. Any payment in respect of the Debentures required to be made by the Trustee to a Debenture Holder (who is a foreign institutional investor or a qualified foreign investor or foreign portfolio investor) at the time of enforcement would, if required by Applicable Law, be subject to the prior approval of Reserve Bank of India for such remittance through an authorized dealer. The Company/ relevant Debenture Holder shall obtain all such approvals, if required, to ensure prompt and timely payments to the said Debenture Holder.

5.3. The Company hereby declares and confirms that the Company or the person in control of the Company, or its promoter has not been restrained or prohibited or debarred by the SEBI from accessing the securities market or dealing in securities.

6. BENEFIT OF AGREEMENT

6.1. This Agreement shall enure to the benefit of and be binding on the Parties and their respective successors and permitted assigns of each Party.

6.2. The Trustee, "*ipso facto*" does not have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid/invested by the Debenture Holders.

6.3. The Company hereby declares and confirms that it has given an undertaking in the offer document that the assets on which the charge is created are free from encumbrances.

6.4. The Company hereby declares and confirms that, as on the date of this Agreement, and the date of filing the Placement Memorandum, it is an 'eligible issuer' in accordance with Regulation 5 (1) of the SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021.

6.5. The Company confirms that all necessary statutory and regulatory disclosures required under Applicable Law shall be made in the Disclosure Documents in respect of the Debentures.

6.6. Any factual information provided by the Company to the Trustee in relation to this issuance is true and accurate in all material respects as at the date such information was provided or as at the date (if any) on which such information is stated, to the best of the Company's knowledge.

6.7. The Company shall on or prior to the date of execution of Debenture Trust Deed, provide to the Debenture Trustee, the bank account details from which the Company proposes to make the payment of Coupon and redemption amounts due to the Debenture Holder(s). Further, the Company hereby undertakes that it shall preauthorize the Debenture Trustee to seek the information pertaining to Coupon payments and Redemption Amount payable to the Debenture Holders from such bank.

6.8. The Company further confirms that:

(i) All covenants in the Debenture Trust Deed (including any side letter, accelerated payment clause, fees charged by the debenture trustee, etc.) shall be disclosed in the Disclosure Documents; and

(ii) Terms and conditions of this Agreement including fees charged by the Trustee and process of due diligence carried out by Trustee shall be disclosed in the Disclosure Documents.

6.9. The Company agrees and undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993 (to the extent the same is required to be complied with by the Company) or is required in order to enable the Trustee to comply with the same, the SEBI Debt Listing Regulations and the listing agreement pursuant thereto to be executed with the Stock Exchange, the Companies Act, 2013 and guidelines of other regulatory authorities as may be applicable from time to time in respect of issuance and allotment of Debentures till redemption and agrees to furnish to the Trustee such information in terms of the same on regular basis and as may be requested by the Trustee in accordance with Applicable Law.

7. EXPENSES

7.1. The Company shall, pay on demand, all actual costs and expenses (including legal fees) incurred by the Trustee in connection with the preparation, negotiation of or entry into this Agreement and/or any amendment of, supplement to or waiver in respect of this Agreement, against submission of the requisite supporting documents.

7.2. All reasonable and actual costs, charges, fees and expenses that are incurred in relation to the diligence by the Trustee or the Trustee Agents as well as preparation of the reports/certificates/documentation, and all reasonable and actual out of pocket expenses towards legal or inspection costs and travelling costs, shall be borne solely by the Company. Provided however, that apart from the Trustee Fees, the Company shall, from time to time, make

HDB Financial Services Limited

Trusteeship Services LLP. ITSL

payment to/ reimburse the Trustee or the Trustee Agents in respect of the expenses and out-of-pocket costs incurred by the Trustee or the Trustee Agents as mutually agreed by the Company, Trustee and Trustee Agents.

8. STAMP DUTY

The Company shall promptly pay, and in any event before any interest or penalty becomes payable, any stamp, documentary, registration or similar tax payable in connection with the entry into, registration, performance, enforcement or admissibility in evidence of this Agreement and/or any such amendment, supplement or waiver.

9. CONFIDENTIALITY

9.1. The information received by any of the Parties to this Agreement relating to the other Party (hereinafter referred to as "**Confidential Information**") shall be kept in the strictest confidence and shall not be divulged or disclosed to any person, other than such of the directors, officers, employees, advisors and accountants of the recipient Party on a need to know basis in accordance with the intent and purpose of this Agreement, provided always that each such person to whom Confidential Information is disclosed shall have been made aware of its confidential nature prior to such disclosure by the disclosing Party expressly marking or stating as confidential such Confidential Information and each such person to whom the Confidential Information is disclosed shall also keep the same in the strictest confidence and shall not divulge or disclose the same to any other person.

9.2. The restriction set forth above shall not apply to any part of the Confidential Information, which:

(i) is known at the time of disclosure to the recipient Party, or thereafter, becomes part of the public domain, other than as a result of the acts or omissions of the recipient Party, its directors, officers or employees; or
(ii) is required to be disclosed by judicial, administrative or stock exchange process, any enquiry, investigation, action, suit, proceeding or claim or otherwise by applicable law or by any other regulatory authority; or
(iii) is required to be disclosed by the Company or the Trustee to the Debenture Holders or to a rating agency or any other third party pursuant to the terms of the Debenture Trust Deed or other documents executed pursuant thereto.

10. GOVERNING LAW AND JURISDICTION

10.1. The validity, interpretation, implementation and resolution of disputes arising out of or in connection with this Agreement shall be governed by the laws of India.

10.2. The Parties agree that the courts and tribunals in Mumbai shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with this Agreement may be brought in such courts or the tribunals and the Company irrevocably submits to and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of those courts or tribunals.

10.3. The provisions of this Clause 10 (*Governing Law and Jurisdiction*) shall survive the termination of this Agreement.

11. WAIVER

No failure by any Party to exercise, nor any delay by any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy, prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by and available under the Applicable Law or the Debenture Trust Deed or the other documents executed pursuant thereto. No notice to or demand on any Party in any case shall entitle that Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the other Party to any other or further action in any circumstances without notice or demand.

12. COMMUNICATIONS

12.1. Any notice, demand, communication or other request (individually, a "**Notice**") to be given or made under this Agreement shall be in writing. Such Notice shall be delivered by hand, registered mail/speed post (postage prepaid) or recognized overnight courier service or e-mail or facsimile to the Party to which it is addressed at such Party's address specified below or at such other address as such Party shall from time to time have designated by 5 (Five) days' prior written Notice. Provided however, that in case of a Notice delivered by facsimile or e-mail, the Party delivering such Notice shall also deliver a copy of the same by hand, registered mail/speed post (postage prepaid) or through a recognized overnight courier service. It is clarified that the time of delivery or deemed delivery of any such Notice delivered by facsimile or email and followed by the delivery of a physical copy as aforesaid shall be determined based on the original facsimile or email as opposed to the delivery of the physical copy as aforesaid.

HDB Financial Services Limited

IDBI Trusteeship Services Ltd.

12.2. Notice by the Parties to each other and the Debenture Holder(s) shall be deemed effectively given and received upon delivery in person, or 1 (One) Business Day after delivery by recognised overnight courier service, if sent for next business day delivery or on receipt by the sender of a transmission report showing successful transmission if sent by facsimile transmission or 5 (Five) Business Days after deposit via certified or registered mail, return receipt requested, or in case of e-mail at the time of the sending thereof (provided no delivery failure notification is received by the sender within 24 hours of sending such email) in each case addressed as below:

(i) **Company**
HDB Financial Services Limited
Address: Ground Floor, Zenith House,
Opp. Race Course, Gate No-6,
K K Marg, Mahalaxmi,
Mumbai- 400034
Attention: Ms. Dipti Khandelwal - Company Secretary
Email: compliance@hdbfs.com / dipti.khandelwal@hdbfs.com
Tel. No.: 022-49116368
Fax No.: 022-49116666

(ii) **Trustee**

IDBI Trusteeship Services Limited
Address: Universal Insurance Building,
Ground Floor, Sir P.M. Road,
Fort, Mumbai - 400001
Attention: Compliance officer
Email: itsl@idbitrustee.com
Tel. No.: 022 4080 7000
Fax No.: 022 6631 1776

12.3. All information exchanged/ to be exchanged between the Parties may, notwithstanding anything contained in this Clause 12 (*Communications*), be exchanged in the manner mentioned herein below:

(i) Company to the Trustee: Either by facsimile or courier. However, an email can be sent as an initial communication followed by either facsimile or courier.

(ii) Debenture Holder(s) to the Trustee: Written communication by means of email(s) received from the Majority Debenture Holder(s) or Super Majority Debenture Holders (as the case may be).

12.4. This Clause 12 (*Communications*) shall survive the termination or expiry of this Agreement.

13. COUNTERPARTS

This Agreement may be signed in any number of counterparts, all of which taken together and when delivered to the Trustee shall constitute one and the same instrument.

14. PARTIAL INVALIDITY

The illegality, invalidity or unenforceability of any provision of this Agreement under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

15. FURTHER ASSURANCES

The Parties hereby agree to execute and do such further documents, assurances, deeds, acts or things as may be necessary to give full effect to the provisions herein contained.

HDB Financial Services Limited

IDBI Trusteeship Services Ltd. ITSL

Annexure A

CONSENT LETTER OF TRUSTEE

This is with reference to the email dated 24.01.2023 regarding appointment of IDBI Trusteeship Services Limited (ITSL) as Debenture Trustee for Secured Listed Non - Convertible Debentures (NCDs) of Rs 5000 crore to be issued under one or more tranches within 30 months from date of the consent letter.

It would indeed be our pleasure to be associated with your esteemed organization as Debenture Trustee for the NCD issuances.

Annexure A

Information/ documents to be provided by the Company, prior to entering into the Agreement:

S.No.	Information/ Documents
i.	Details of/ information in relation to the assets on which charge is proposed to be created including: (a) Details of movable properties; (b) Copies of the relevant agreements/ memorandum of understanding which pertains to the security interest proposed to be created for securing the Debentures; and (c) Copy of evidence of registration with Registrar of Companies and Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI) etc.
ii.	For unencumbered assets, on which charge is proposed to be created: An undertaking that the assets on which charge is proposed to be created are free from any encumbrances.
iii.	Any other information, documents or records required by Trustee with regard to creation of security and perfection of security as per Applicable Law.

IN WITNESS WHEREOF the Parties have caused these presents to be executed the day and year first hereinabove written in the manner hereinafter appearing.

SIGNED AND DELIVERED for HDB Financial Services Limited by JAYKUMAR SHAH, CHIEF FINANCIAL OFFICER its Authorised Representative pursuant to Board Resolution dated April 16, 2022

For HDB Financial Services Limited

Authorized Signatory

in the presence of: -

1. KRUPALI MOHITE

2. SACHIN PARAB

SIGNED AND DELIVERED by the within named **IDBI TRUSTEESHIP SERVICES LIMITED** in its capacity as Trustee by the hands of Pradeep Hande an authorized official of the IDBI Trusteeship Services Limited

IDBI Trusteeship Services Ltd. ITSL

1.

2.

भारतीय गैर न्यायिक

एक सौ रुपये Rs. 100

रु. 100 ONE HUNDRED RUPEES

सत्यमेव जयते

भारत INDIA

INDIA NON JUDICIAL

महाराष्ट्र MAHARASHTRA ◐ 2022 ◐ 52AA 713197

प्रधान मुद्रांक कार्यालय, मुंबई
पे.म.वि.क. ८०००००९
25 APR 2023
सक्षम अधिकारी

श्रीमती लता सांगळे

THIS STAMP PAPER FORMS A PART AND PARCEL OF TRUSTEE AGREEMENT EXECUTED BETWEEN HDB FINANCIAL SERVICES LIMITED AND IDBI TRUSTEESHIP SERVICES LIMITED DATED - MAY 17th 2023

भारतीय गैर न्यायिक

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महाराष्ट्र MAHARASHTRA ◑ 2023 ◑ BX 875037

प्रधान मुद्रांक कार्यालय, मुंबई
पे.मु.वि.क. ८०००००९
- 4 MAY 2023
सक्षम अधिकारी

श्री. के. सी. मेश्राम

THIS STAMP PAPER FORMS A PART AND PARCEL OF TRUSTEE AGREEMENT EXECUTED BETWEEN HDB FINANCIAL SERVICES LIMITED AND IDBI TRUSTEESHIP SERVICES LIMITED

DATED - MAY 17th 2023

HDB Financial Services Limited

IDBI Trusteeship Services Limited ITSL

DEBENTURE TRUSTEE AGREEMENT

This **Debenture Trustee Agreement** ("**Agreement**") made at Mumbai, Maharashtra on this 17th day of May 2023 between:

HDB FINANCIAL SERVICES LIMITED, a company incorporated and registered under the Companies Act, 1956 and registered with the Reserve Bank of India as a systematically important non-deposit taking non-banking financial company and having its registered office at Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad - 380009, Gujarat and Corporate Office at Ground Floor, Zenith House, Opp. Race Course, Gate No-6, KK Marg, Mahalaxmi, Mumbai- 400034, Maharashtra (hereinafter called the "**Company**" which expression shall, unless excluded by or repugnant to the context or meaning thereof, include its successors in office and assigns) of **ONE PART;**

AND

IDBI TRUSTEESHIP SERVICES LIMITED, a company within the meaning of the Companies Act, 2013 (1 of 2013) and having its registered office at Universal Insurance Building, Ground Floor, Sir P.M. Road, Fort, Mumbai - 400001(hereinafter called the "**Trustee**" which expression shall, unless excluded by or repugnant to the context or meaning thereof, include its successors in office and assigns) of the **OTHER PART**.

The Company and the Trustee shall be individually referred to as a "**Party**" and collectively as "**Parties**".

WHEREAS:

A. With a view to raising debt and to augment the resources of the Company for regular business activities including its financing / lending activities, refinancing existing borrowings / repayment of existing borrowings and general corporate purposes in compliance with the provisions of Applicable Laws or as may be specified in the relevant Disclosure Document, the Company proposes to issue Secured, Rated, Listed, Redeemable Non-Convertible Debentures each having a face value as identified in the relevant Tranche Placement Memorandum, of the aggregate nominal value of up to Rs.5000,00,00,000/- (Rupees Five Thousand Crores only) in one or more Tranches/Series (hereinafter referred to as the "**Debentures**") on cash at par, in dematerialised form, on a private placement basis in accordance with the provisions of the Act and the regulations applicable to issue of debentures notified by Securities Exchange Board of India ("**SEBI**"), from time to time to certain identified investors ("**Issue**").

B. The Company has, *vide* the resolution of the Board of Directors passed at its meeting held on January 14, 2023 and resolution of the shareholders passed on March 26, 2023, authorised the issuance of the Debentures. Accordingly, the Company pursuant to the aforesaid resolution and the resolution of the shareholders passed on June 30, 2020, under Section 180(1)(c) of the Act, proposes to issue the Debentures for cash at par, in dematerialised form, on private placement basis on the terms and conditions as set out in the Debenture Trust Deed (as defined hereinafter) and the relevant Disclosure Documents;

C. The Company shall have the Debentures listed on the Stock Exchange, in accordance with the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (as amended from time to time), Securities and Exchange Board of India's Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated August 10, 2021 (bearing reference no. SEBI/HO/DDHS/P/CIR/2021/613) (as amended from time to time) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (as amended from time to time) (hereinafter collectively referred to as "**SEBI Debt Listing Regulations**") as soon as possible and within such timelines as prescribed under Applicable Law.

D. Pursuant to the Act, SEBI Debt Listing Regulations and the Securities and Exchange Board of India (Debenture Trustees) Regulations 1993 as amended, varied or modified from time to time read along with the SEBI operational circular no. SEBI/HO/DDHS/P/CIR/2023/50 dated March 31, 2023 as amended or updated from time to time ("**DT Operational Circular**") the Company is required to appoint a trustee to act in trust for the benefit of the holders of the Debentures from time to time (hereinafter referred to as the "**Debenture Holders**").

E. The Trustee is registered with the SEBI as a trustee under the Securities and Exchange Board of India (Debenture Trustees) Regulations 1993.

F. Accordingly, the Company and the Trustee have agreed to execute this Agreement being these presents on the terms and conditions agreed upon and hereinafter set out.

NOW IT IS AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

Capitalised words and expressions used herein and defined in the Debenture Trust Deed (as defined hereinafter) shall have the meaning respectively assigned to such words and expressions in the Debenture Trust Deed.

1. General Terms

1.1. The Company hereby appoints the Trustee as the trustee for the Debenture Holders of all the Tranches/Series of the Debentures aggregating up to Rs. 5000,00,00,000/- (Rupees Five Thousand Crores Only) to be issued by the Company from time to time and the Trustee hereby agrees to act as the Trustee in trust for, on behalf of and for the benefit of the Debenture Holders and for purposes related thereto in accordance with the provisions of the Transaction Documents. The Trustee and the Company shall on or around the date hereof also enter into a trust deed (hereinafter referred to as the "**Debenture Trust Deed**") and such other documents as may be required from time to time in relation to the Debentures.

1.2. The Trust Deed shall be finalized by the Parties and consists of two parts: Part A containing statutory/standard information pertaining to the Issue *inter alia* consisting of clauses pertaining to Form SH-12 (to the extent applicable), in terms of Rule 18(5) of the Companies (Share Capital and Debentures) Rules, 2014; and Part B containing details specific to the Issue. The Company shall execute the Trust Deed prior to the listing of Debentures. Where the Company fails to execute the Trust Deed within the period specified by SEBI, then without prejudice to any liability arising on account of violation of the provisions of the Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Company shall also pay interest of at least 2% (Two Percent) per annum or such other rate, as specified by SEBI to the Debenture Holders, over and above the Coupon Rate, till the execution of the Debenture Trust Deed

1.3. The Company shall pay to the Trustee so long as it holds the office of the Trustee, remuneration for its services as the Trustee ("**Trustee Fees**") in addition to all legal, travelling and other costs, charges and expenses which the Trustee or its officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other documents executed/to be executed to give effect to the issue of Debentures. The remuneration of the Trustee shall be as per the consent letter of the Trustee bearing reference no. 1601/ITSL/OPR/CL/2023-24/DEB/144 dated 17th May 2023 as may be amended/modified from time to time.

2. SECURITY

2.1. The Company herein covenants with the Trustee that the following security shall be created in favour of the Trustee within timelines stipulated as per Applicable Law for the benefit of the Debenture Holders to secure the principal amounts, interest amounts, default interest and all other amounts outstanding with respect to the Debentures ("**Security**"):

(i) A first ranking and exclusive charge by way of hypothecation over the Hypothecated Assets of the Company in favour of the Trustee (acting for and on behalf of the Debenture Holders) in terms as detailed in the Deed of Hypothecation to be executed between the Company and the Trustee; and

(ii) Such other security as may be mutually agreed between the Company and the Trustee (acting on the instructions of the majority Debenture Holders).

2.2. Further, the terms and conditions of creation and perfection of Security shall be as per the terms which shall be disclosed in the Shelf Placement Memorandum (read with the relevant Tranche Placement Memorandum) and as set out in detail in the Deed of Hypothecation. The Company shall ensure that the Debenture Trust Deed, the Deed of Hypothecation and other necessary security documents are executed prior to filing the application for listing of the Debentures in respect of any Series/ Tranche, in accordance with the SEBI Debt Listing Regulations, the Uniform Listing Agreement as prescribed in SEBI's circular no. CFD/CMD/6/2015 dated October 13, 2015, and the circulars, notifications and guidelines issued as amended by SEBI from time to time ("**Relevant Laws**").

2.3. The Company shall register and perfect the Security over the Hypothecated Assets by filing Form CHG-9 with the relevant registrar of companies in relation thereto within 30 (Thirty) calendar days from the date of creation of charge in respect of any Tranche/ Series or any other timelines prescribed under Applicable Law. The Company shall, immediately upon receipt of a signed copy of the certificate of registration of charge from the concerned registrar of companies, submit a copy of the same to the Trustee. The Company shall cooperate with the Trustee to enable it to make necessary filings in connection with the creation of Security over the Hypothecated Assets with the CERSAI, within the timelines prescribed under Applicable Law. The Company hereby agrees that, in the event the Security is not registered as prescribed under Applicable Law within the timelines set out herein, then the same shall be considered to be a breach of the terms of the Transaction Documents by the Company.

3. DOCUMENTS REQUIRED TO BE SUBMITTED PRIOR TO OR SIMULTANEOUSLY WITH EXECUTION OF THIS AGREEMENT

3.1. The terms of this Agreement shall be effective only upon the submission by the Company of the requisite information and documents to the satisfaction of the Trustee for carrying out the requisite due diligence as required in terms of the Relevant Laws and the DT Operational Circular including in connection with verification of the security or requisite clauses in the relevant contract as per Applicable Laws and the required Security Cover for the Debentures, which is undertaken by the Company to be submitted simultaneously with or prior to the execution of this Agreement. Without prejudice to the aforesaid, the Company shall provide all the information and documents as set out in **Annexure B** hereto.

3.2. The Company undertakes to promptly furnish all and any information as may be required by the Trustee in terms of Applicable Laws and the Transaction Documents on a regular basis till the redemption of the Debentures, including without limitation the following documents, as may be applicable:

a. Memorandum and Articles of Association;
b. Disclosure Document / Private Placement Offer cum Application Letter in relation to the issue of Debentures / Tranche Placement Memorandum;
c. The necessary corporate authorisations by way of board resolution and/or shareholder resolution necessary for the Issue and the creation of security thereunder;
d. This Agreement;
e. Letters from credit rating agencies about ratings;
f. Proof of credit of the Debentures in favour of the Debenture Holders.
g. Depository details with whom Debentures are held in dematerialised form;
h. Latest annual report;
i. Debenture Trust Deed;
j. Certified true copy of the resolution for allotment of Debentures;
k. Return of allotment filed with the registrar of companies (Form PAS 3) within 15 (fifteen) days from the deemed date of allotment;
l. Complete record of the private placement offers made by the Company (Form PAS 5);
m. Confirmation/proofs of payment of interest and principal made to the Debenture Holders on due dates as per the terms of the Debenture Trust Deed;
n. Periodical reports / information on quarterly/ half yearly / annual basis as required to be submitted to Stock Exchanges under the SEBI Debt Listing Regulations and the DT Operational Circular;
o. Beneficiary position reports as provided by the registrar;
p. In-principle approval for listing of the Debentures on the Stock Exchange;
q. Acknowledgement of filing Disclosure Document/ Private Placement Offer cum Application Letter with the Stock Exchange/ Registrar of Companies;
r. Listing & trading permission from the Stock Exchange;
s. Certificate issued by the Registrar of Companies in relation to the charge created to secure the Debentures;
t. Executed Deed of Hypothecation;
u. Statutory auditor's certificate for utilization of funds/issue proceeds annually;
v. Information to enable the Trustee to carry out the necessary due diligence and monitor the security cover on a quarterly basis, as applicable, including within the timelines set out under the DT Operational Circular, and to ensure the implementation of the conditions regarding creation of security for the debentures, if any, debenture redemption reserve (if applicable) and recovery expense fund;
w. Bank account details of the Company along with a copy of the pre-authorisation letter issued by Company to its banker in relation to the payment of Coupon and Redemption Amount;
x. An undertaking from the Company that the assets on which charge is proposed to be created are free from any encumbrances;
y. Such other documents as may be reasonably required by the Trustee as per Applicable Law.

4. TERMS OF CONDUCTING DUE DILIGENCE

4.1. The Trustee, either through itself or through professionals who have been appointed and compensated/ remunerated by the Trustee which may include practicing chartered accountants, practicing company secretaries, registered valuers or legal counsel ("**Trustee Agents**"), shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the Security whether under the Transaction Documents or under Applicable Laws, have been obtained. For the purpose of carrying out the due diligence as required in terms of the Relevant Laws, the Trustee, either through itself or its Trustee Agents, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external Trustee Agents appointed by the Trustee. Prior to appointment of Trustee Agents, the Trustee shall obtain necessary confirmation from the said Trustee Agents that they do not have any conflict-of-interest in conducting the diligence under the transaction.

4.2. The Company shall provide all assistance to the Trustee to enable verification from the Registrar of Companies, CERSAI, depositories, information utility or any other authority, as may be required, where the assets and/or prior encumbrances in relation to the assets of the Company for securing the Debentures, are registered/disclosed.

4.3. Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the Relevant Laws and the DT Operational Circular.

5. AUTHORIZATION AND CONSENTS

5.1. All actions (including corporate actions), conditions and things required to be taken, fulfilled and done (including the obtaining of any consents, if applicable) by the Company in order (a) to enable it to lawfully enter into, exercise its rights and perform and comply with its obligations under this Agreement, (b) to ensure that those obligations are legally binding and enforceable, and (c) to make this Agreement admissible in evidence in the courts of India have been taken, fulfilled and done in strict compliance with all Applicable Laws.

5.2. Any payment in respect of the Debentures required to be made by the Trustee to a Debenture Holder (who is a foreign institutional investor or a qualified foreign investor or foreign portfolio investor) at the time of enforcement would, if required by Applicable Law, be subject to the prior approval of Reserve Bank of India for such remittance through an authorized dealer. The Company/ relevant Debenture Holder shall obtain all such approvals, if required, to ensure prompt and timely payments to the said Debenture Holder.

5.3. The Company hereby declares and confirms that the Company or the person in control of the Company, or its promoter has not been restrained or prohibited or debarred by the SEBI from accessing the securities market or dealing in securities.

6. BENEFIT OF AGREEMENT

6.1. This Agreement shall enure to the benefit of and be binding on the Parties and their respective successors and permitted assigns of each Party.

6.2. The Trustee, "*ipso facto*" does not have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid/invested by the Debenture Holders.

6.3. The Company hereby declares and confirms that it has given an undertaking in the offer document that the assets on which the charge is created are free from encumbrances.

6.4. The Company hereby declares and confirms that, as on the date of this Agreement, and the date of filing the Placement Memorandum, it is an 'eligible issuer' in accordance with Regulation 5 (1) of the SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021.

6.5. The Company confirms that all necessary statutory and regulatory disclosures required under Applicable Law shall be made in the Disclosure Documents in respect of the Debentures.

6.6. Any factual information provided by the Company to the Trustee in relation to this issuance is true and accurate in all material respects as at the date such information was provided or as at the date (if any) on which such information is stated, to the best of the Company's knowledge.

6.7. The Company shall on or prior to the date of execution of Debenture Trust Deed, provide to the Debenture Trustee, the bank account details from which the Company proposes to make the payment of Coupon and redemption amounts due to the Debenture Holder(s). Further, the Company hereby undertakes that it shall preauthorize the Debenture Trustee to seek the information pertaining to Coupon payments and Redemption Amount payable to the Debenture Holders from such bank.

6.8. The Company further confirms that:

(i) All covenants in the Debenture Trust Deed (including any side letter, accelerated payment clause, fees charged by the debenture trustee, etc.) shall be disclosed in the Disclosure Documents; and

(ii) Terms and conditions of this Agreement including fees charged by the Trustee and process of due diligence carried out by Trustee shall be disclosed in the Disclosure Documents.

6.9. The Company agrees and undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993 and the DT Operational Circular (to the extent the same is required to be complied with by the Company) or is required in order to enable the Trustee to comply with the same, the SEBI Debt Listing Regulations and the listing agreement pursuant thereto to be executed with the Stock Exchange, the Companies Act, 2013 and guidelines of other regulatory authorities as may be applicable from time to time in respect of issuance and allotment of Debentures till redemption and agrees to furnish to the Trustee such information in terms of the same on regular basis and as may be requested by the Trustee in accordance with Applicable Law.

7. EXPENSES

7.1. The Company shall, pay on demand, all actual costs and expenses (including legal fees) incurred by the Trustee in connection with the preparation, negotiation of or entry into this Agreement and/or any amendment of, supplement to or waiver in respect of this Agreement, against submission of the requisite supporting documents.

7.2. All reasonable and actual costs, charges, fees and expenses that are incurred in relation to the diligence by the Trustee or the Trustee Agents as well as preparation of the reports/certificates/documentation, and all reasonable and actual out of pocket expenses towards legal or inspection costs and travelling costs, shall be borne solely by the Company. Provided however, that apart from the Trustee Fees, the Company shall, from time to time, make payment to/ reimburse the Trustee or the Trustee Agents in respect of the expenses and out-of-pocket costs incurred by the Trustee or the Trustee Agents as mutually agreed by the Company, Trustee and Trustee Agents.

8. STAMP DUTY

The Company shall promptly pay, and in any event before any interest or penalty becomes payable, any stamp, documentary, registration or similar tax payable in connection with the entry into, registration, performance, enforcement or admissibility in evidence of this Agreement and/or any such amendment, supplement or waiver.

9. CONFIDENTIALITY

9.1. The information received by any of the Parties to this Agreement relating to the other Party (hereinafter referred to as "**Confidential Information**") shall be kept in the strictest confidence and shall not be divulged or disclosed to any person, other than such of the directors, officers, employees, advisors and accountants of the recipient Party on a need to know basis in accordance with the intent and purpose of this Agreement, provided always that each such person to whom Confidential Information is disclosed shall have been made aware of its confidential nature prior to such disclosure by the disclosing Party expressly marking or stating as confidential such Confidential Information and each such person to whom the Confidential Information is disclosed shall also keep the same in the strictest confidence and shall not divulge or disclose the same to any other person.

9.2. The restriction set forth above shall not apply to any part of the Confidential Information, which:

(i) is known at the time of disclosure to the recipient Party, or thereafter, becomes part of the public domain, other than as a result of the acts or omissions of the recipient Party, its directors, officers or employees; or
(ii) is required to be disclosed by judicial, administrative or stock exchange process, any enquiry, investigation, action, suit, proceeding or claim or otherwise by applicable law or by any other regulatory authority; or
(iii) is required to be disclosed by the Company or the Trustee to the Debenture Holders or to a rating agency or any other third party pursuant to the terms of the Debenture Trust Deed or other documents executed pursuant thereto.

10. GOVERNING LAW AND JURISDICTION

10.1. The validity, interpretation, implementation and resolution of disputes arising out of or in connection with this Agreement shall be governed by the laws of India.

10.2. The Parties agree that the courts and tribunals in Mumbai shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with this Agreement may be brought in such courts or the tribunals and the Company irrevocably submits to and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of those courts or tribunals.

10.3. The provisions of this Clause 10 (*Governing Law and Jurisdiction*) shall survive the termination of this Agreement.

11. WAIVER

No failure by any Party to exercise, nor any delay by any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy, prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by and available under the Applicable Law or the Debenture Trust Deed or the other documents executed pursuant thereto. No notice to or demand on any Party in any case shall entitle that Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the other Party to any other or further action in any circumstances without notice or demand.

12. COMMUNICATIONS

12.1. Any notice, demand, communication or other request (individually, a "**Notice**") to be given or made under this Agreement shall be in writing. Such Notice shall be delivered by hand, registered mail/speed post (postage prepaid) or recognized overnight courier service or e-mail or facsimile to the Party to which it is addressed at such Party's

address specified below or at such other address as such Party shall from time to time have designated by 5 (Five) days' prior written Notice. Provided however, that in case of a Notice delivered by facsimile or e-mail, the Party delivering such Notice shall also deliver a copy of the same by hand, registered mail/speed post (postage prepaid) or through a recognized overnight courier service. It is clarified that the time of delivery or deemed delivery of any such Notice delivered by facsimile or email and followed by the delivery of a physical copy as aforesaid shall be determined based on the original facsimile or email as opposed to the delivery of the physical copy as aforesaid.

12.2. Notice by the Parties to each other and the Debenture Holder(s) shall be deemed effectively given and received upon delivery in person, or 1 (One) Business Day after delivery by recognised overnight courier service, if sent for next business day delivery or on receipt by the sender of a transmission report showing successful transmission if sent by facsimile transmission or 5 (Five) Business Days after deposit via certified or registered mail, return receipt requested, or in case of e-mail at the time of the sending thereof (provided no delivery failure notification is received by the sender within 24 hours of sending such email) in each case addressed as below:

(i) **Company**

HDB Financial Services Limited

Address:	Ground Floor, Zenith House, Opp. Race Course, Gate No-6, K K Marg, Mahalaxmi, Mumbai- 400034
Attention:	Ms. Dipti Khandelwal - Company Secretary
Email:	compliance@hdbfs.com / dipti.khandelwal@hdbfs.com
Tel. No.:	022-49116368
Fax No.:	022-49116666

(ii) **Trustee**

IDBI Trusteeship Services Limited

Address:	Universal Insurance Building, Ground Floor, Sir P.M. Road, Fort, Mumbai - 400001
Attention:	Compliance officer
Email:	itsl@idbitrustee.com
Tel. No.:	022 4080 7000
Fax No.:	022 6631 1776

12.3. All information exchanged/ to be exchanged between the Parties may, notwithstanding anything contained in this Clause 12 (*Communications*), be exchanged in the manner mentioned herein below:

(i) Company to the Trustee: Either by facsimile or courier. However, an email can be sent as an initial communication followed by either facsimile or courier.

(ii) Debenture Holder(s) to the Trustee: Written communication by means of email(s) received from the Majority Debenture Holder(s) or Super Majority Debenture Holders (as the case may be).

12.4. This Clause 12 (*Communications*) shall survive the termination or expiry of this Agreement.

13. COUNTERPARTS

This Agreement may be signed in any number of counterparts, all of which taken together and when delivered to the Trustee shall constitute one and the same instrument.

14. PARTIAL INVALIDITY

The illegality, invalidity or unenforceability of any provision of this Agreement under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

15. FURTHER ASSURANCES

The Parties hereby agree to execute and do such further documents, assurances, deeds, acts or things as may be necessary to give full effect to the provisions herein contained.

Annexure A

CONSENT LETTER OF TRUSTEE

This is with reference to email dated 26.04.2023 regarding appointment of IDBI Trusteeship Services Limited (ITSL) as Debenture trustee for Secured listed Non-convertible Debentures (NCD) of Rs 5000 crore to be issued under one of more tranches within 30 months from the consent letter.

it would indeed be our pleasure to associated with your esteemed organization as Debenture Trustee for the NCD issuances.

Annexure B

Information/ documents to be provided by the Company, prior to entering into the Agreement:

S.No.	Information/ Documents
i.	Details of/ information in relation to the assets on which charge is proposed to be created including: (a) Details of movable properties; (b) Copies of the relevant agreements/ memorandum of understanding which pertains to the security interest proposed to be created for securing the Debentures; and (c) Copy of evidence of registration with Registrar of Companies and Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI) etc.
ii.	For unencumbered assets, on which charge is proposed to be created: An undertaking that the assets on which charge is proposed to be created are free from any encumbrances.
iii.	Any other information, documents or records required by Trustee with regard to creation of security and perfection of security as per Applicable Law.

IN WITNESS WHEREOF the Parties have caused these presents to be executed the day and year first hereinabove written in the manner hereinafter appearing.

SIGNED AND DELIVERED for **HDB Financial Services Limited** by **G Ramesh, Managing Director and Chief Executive Officer**, its Authorised Representative pursuant to Board Resolution dated January 14, 2023

For HDB Financial Services Limited

Authorised Signatory

in the presence of:-

1. SHRIKANT CHAVAN

2. SACHIN PARAB

SIGNED AND DELIVERED by the within named **IDBI TRUSTEESHIP SERVICES LIMITED** in its capacity as Trustee by the hands of _____an authorized official of the IDBI Trusteeship Services Limited

1.

For IDBI TRUSTEESHIP SERVICES LTD.

AUTHORISED SIGNATORY

2.

भारतीय गैर न्यायिक

भारत INDIA

रु. 500 FIVE HUNDRED RUPEES

पाँच सौ रुपये Rs. 500

सत्यमेव जयते

INDIA NON JUDICIAL

महाराष्ट्र MAHARASHTRA ◐ 2020 ◐ BA 454061

प्रधान मुद्रांक कार्यालय, मुंबई
प.मु.वि.क्र. ८००००९
19 JAN 2021
सक्षम अधिकारी
श्री. दि. क. गवई

THIS STAMP PAPER FORMS A PART & PARCEL OF TRUSTEE AGREEMENT EXECUTED BETWEEN HDB FINANCIAL SERVICES LTD & AXIS TRUSTEE SERVICES LTD, DATED FEBRUARY 05, 2021

HDB Financial Services Limited

Axis Trustee Services Limited

CERTIFIED TRUE COPY

For AXIS TRUSTEE SERVICES LTD.

Authorised Signatory

TRUSTEE AGREEMENT

This **Trustee Agreement** (**"Agreement"**) made at Mumbai, Maharashtra on this 5th day of February Two Thousand and Twenty One between:-

HDB FINANCIAL SERVICES LIMITED, a company incorporated and registered under the Companies Act, 1956 and registered with the Reserve Bank of India as a systematically important non-deposit taking non-banking financial company and having its Registered Office at Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad - 380009, Gujarat and Corporate Office at Ground Floor, Zenith House, Opp. Race Course, Gate No-6, KK Marg, Mahalaxmi, Mumbai- 400034, Maharashtra (hereinafter called the **"Company"** which expression shall, unless excluded by or repugnant to the context or meaning thereof, include its successors in office and assigns) of **ONE PART;**

AND

AXIS TRUSTEE SERVICES LIMITED, a company within the meaning of the Companies Act, 2013 (1 of 2013) and having its Registered Office at Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400025 (hereinafter called the **"Trustee"** which expression shall, unless excluded by or repugnant to the context or meaning thereof, include its successors in office and assigns) of the **OTHER PART.**

The Company and the Trustee shall be individually referred to as a **"Party"** and collectively as **"Parties"**.

WHEREAS:

A. With a view to raising debt and to augment the resources of the Company for regular business activities including its financing / lending activities, working capital and general corporate purposes in compliance with the provisions of Applicable Laws or as may be specified in the relevant Disclosure Document, the Company proposes to issue up to 5000 (Five Thousand) Rated, Listed, Unsecured, Subordinated, Perpetual Debt Instruments in the nature of Non-Convertible Debentures each having a face value of Rs.10,00,000/- (Rupees Ten Lakhs only) of the aggregate nominal value of up to Rs.500,00,00,000/- (Rupees Five Hundred Crore only) in one or more Tranches/Series (hereinafter referred to as the **"PDIs"**) on cash at par on private placement basis in accordance with the provisions of the Act and the regulations applicable to issue of debentures notified by Securities Exchange Board of India (**"SEBI"**), from time to time to certain identified investors (**"Issue"**).

B. The Company has, vide the resolution of the Board of Directors passed at its meeting held on May 13, 2020 and resolution of the shareholders passed on June 30, 2020, authorised the issuance of the PDIs. Accordingly, the Company pursuant to the aforesaid resolution and the resolution of the shareholders passed on June 30, 2020 under Section 180(1)(c) of the Act, proposes to issue the PDIs for cash at par on private placement basis on the terms and conditions as set out in the Trust Deed (as defined hereinafter) and the Disclosure Document;

C. The Company shall have the PDIs listed on the Wholesale Debt Market segment of BSE Limited (**"BSE"**) or any other recognized stock exchange in India, in accordance with the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (as amended from time to time) as soon as possible and in no event later than 4 (Four) trading days from the relevant Issue Closure Date;

D. Pursuant to the Act, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and the Securities and Exchange Board of India (Debenture Trustees) Regulations 1993 as amended, varied or modified from time to time the Company is required to appoint a trustee to act in trust for the benefit of the holders of the PDIs from time to time (**"PDI Holders"**).

E. The Company has approached the Trustee to act as the trustee for the PDI Holders and the Trustee has vide letter no. ATSL/CO/20-21/0137, dated January 14, 2021 (**"Trustee Consent Letter"**), agreed to act as the trustee for the benefit of the PDI Holders of the proposed issue of the PDIs. The copy of the Trustee Consent Letter is annexed hereto as the **Annexure**.

HDB Financial Services Limited

Axis Trustee Services Limited

F. The Trustee is registered with the SEBI as a trustee under the Securities and Exchange Board of India (Debenture Trustees) Regulations 1993.

G. Accordingly, the Company and the Trustee have agreed to execute this Agreement being these presents on the terms and conditions agreed upon and hereinafter set out.

NOW IT IS AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

Capitalised words and expressions used herein and defined in the Trust Deed shall have the meaning respectively assigned to such words and expressions in the Trust Deed.

1. The Company hereby appoints the Trustee as the trustee for the PDI Holders of all the Tranches/Series of the PDIs aggregating up to Rs. 500,00,00,000/- (Rupees Five Hundred Crore Only) to be issued by the Company from time to time and the Trustee hereby agrees to act as the trustee for the PDI Holders. The Trustee and the Company shall on or around the date hereof also enter into a trust deed (hereinafter referred to as the "**Trust Deed**") and such other documents as may be required from time to time in relation to the PDIs.

2. The Company shall pay to the Trustees so long as they hold the office of the Trustee, remuneration for their services as the Trustee ("**Trustee Fees**") in addition to all legal, travelling and other costs, charges and expenses which the Trustee or their officers, employees or agents may incur in relation to execution of the Trust Deed and all other documents executed/to be executed to give effect to the issue of PDIs. The remuneration of the Trustee shall be as per the Trustee Consent Letter as may be amended/modified from time to time. Arrears of Trustee Fees if any, shall carry interest at the rate of 1% (one percent) per month from the date till the actual payment, which shall be payable on the footing of compound interest.

3. Arrears of instalments of Trustee Fees, if any, shall carry interest at the rate as applicable under the Micro, Small and Medium Enterprises Development Act, 2006, as amended from time to time.

4. The Company shall comply with the provisions of Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 (as amended from time to time), Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (as amended from time to time), Uniform Listing Agreement as prescribed in SEBI's circular no. CFD/CMD/6/2015 dated October 13, 2015, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (as amended from time to time), the Act and other applicable provisions. Further the Company undertakes to comply with all regulations/provisions of Act, guidelines of other regulatory authorities in respect of allotment of debentures.

5. The Company undertakes to promptly furnish all and any information as may be required by the Trustee in terms of the Act, applicable SEBI regulations, other Applicable Laws and the Trust Deed on a regular basis till the redemption of the PDIs, including without limitation the following documents, as may be applicable:

   a. Memorandum and Articles of Association;

   b. Disclosure Document / Private Placement Offer cum Application Letter in relation to the issue of PDIs;

   c. The necessary corporate authorisations by way of board resolution and/or shareholder resolution necessary for the issue and the creation of security thereunder;

   d. This Agreement;

   e. Letters from credit rating agencies about ratings;

   f. Proof of credit of the PDIs in favour of the PDI Holders.

   g. Depository details with whom PDIs are held in dematerialised form;

   h. Latest annual report;

   i. Trust Deed;

   Certified true copy of the resolution for allotment of PDIs;

k. Confirmation/proofs of payment of interest and principal made to the PDI Holders on due dates as per the terms of the Trust Deed and Statutory auditor's certificate for utilization of funds/issue proceeds (annually);

l. Periodical reports / information on quarterly/ half yearly / annual basis as required to be submitted to Stock Exchanges under the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (as amended from time to time), Uniform Listing Agreement as prescribed in SEBI's circular no. CFD/CMD/6/2015 dated October 13, 2015, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (as amended from time to time);

m. Beneficiary position reports as provided by the registrar;

n. In-principle approval for listing of the PDI on BSE;

o. Acknowledgement of filing Disclosure Document/ Private Placement Offer cum Application Letter with the BSE/ Registrar of Companies;

p. Listing & trading permission from the BSE;

q. Such other documents as may be reasonably required by the Trustee.

6. **AUTHORIZATION AND CONSENTS**

All actions (including corporate actions), conditions and things required to be taken, fulfilled and done (including the obtaining of any consents, if applicable) by the Company in order (a) to enable it to lawfully enter into, exercise its rights and perform and comply with its obligations under this Agreement, (b) to ensure that those obligations are legally binding and enforceable, and (c) to make this Agreement admissible in evidence in the courts of India have been taken, fulfilled and done in strict compliance with all Applicable Laws.

Any payment in respect of the PDIs required to be made by the Trustee to a PDI Holder (who is a foreign institutional investor or a qualified foreign investor or foreign portfolio investor) at the time of enforcement would, if required by Applicable Law, be subject to the prior approval of Reserve Bank of India for such remittance through an authorized dealer. The Company/ relevant PDI Holder shall obtain all such approvals, if required, to ensure prompt and timely payments to the said PDI Holder.

7. The Company hereby declares and confirms that the Company or the person in control of the Company, or its promoter has not been restrained or prohibited or debarred by the SEBI from accessing the securities market or dealing in securities.

8. **BENEFIT OF AGREEMENT**

This Agreement shall enure to the benefit of and be binding on the Parties and their respective successors and permitted assigns of each Party.

The Trustee, "*ipso facto*" does not have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid/invested by the PDI Holders.

9. **EXPENSES**

The Company shall, pay on demand, all actual costs and expenses (including legal fees) incurred by the Trustee in connection with the preparation, negotiation of or entry into this Agreement and/or any amendment of, supplement to or waiver in respect of this Agreement, against submission of the requisite supporting documents. Apart from the Trustee Fees, the Company shall, from time to time, make payment to/ reimburse the Trustee in respect of all expenses and out-of-pocket costs incurred by the Trustee to the extent of Rs.50,000/- only.

10. **STAMP DUTY**

The Company shall promptly pay, and in any event before any interest or penalty becomes payable, any stamp, documentary, registration or similar tax payable in connection with the entry

into, registration, performance, enforcement or admissibility in evidence of this Agreement and/or any such amendment, supplement or waiver.

11. **CONFIDENTIALITY**

The information received by any of the Parties to this Agreement relating to the other Party (hereinafter referred to as "**Confidential Information**") shall be kept in the strictest confidence and shall not be divulged or disclosed to any person, other than such of the directors, officers, employees, advisors and accountants of the recipient Party on a need to know basis in accordance with the intent and purpose of this Agreement, provided always that each such person to whom Confidential Information is disclosed shall have been made aware of its confidential nature prior to such disclosure by the disclosing Party expressly marking or stating as confidential such Confidential Information and each such person to whom the Confidential Information is disclosed shall also keep the same in the strictest confidence and shall not divulge or disclose the same to any other person.

The restriction set forth above shall not apply to any part of the Confidential Information, which:

(i) is known at the time of disclosure to the recipient Party, or thereafter, becomes part of the public domain, other than as a result of the acts or omissions of the recipient Party, its directors, officers or employees; or
(ii) is required to be disclosed by judicial, administrative or stock exchange process, any enquiry, investigation, action, suit, proceeding or claim or otherwise by applicable law or by any other regulatory authority; or
(iii) is required to be disclosed by the Company or the Trustee to the PDI Holders or to a rating agency or any other third party pursuant to the terms of the Trust Deed or other documents executed pursuant thereto.

12. **GOVERNING LAW AND JURISDICTION**

This Agreement shall be governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof will be subject to the exclusive jurisdiction of the courts at Mumbai, Maharashtra and that accordingly, any suit, action or proceedings arising out of or in connection with this Agreement may be brought before such courts. This Clause shall survive the termination of this Agreement.

13. **WAIVER**

No failure by any Party to exercise, nor any delay by any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy, prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by and available under the Applicable Law or the Trust Deed or the other documents executed pursuant thereto. No notice to or demand on any Party in any case shall entitle that Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the other Party to any other or further action in any circumstances without notice or demand.

14. **COMMUNICATIONS**

Any notice, demand, communication or other request (individually, a "**Notice**") to be given or made under this Agreement shall be in writing. Such Notice shall be delivered by hand, registered mail/speed post (postage prepaid) or recognized overnight courier service or e-mail or facsimile to the Party to which it is addressed at such Party's address specified below or at such other address as such Party shall from time to time have designated by 5 (Five) days' prior written Notice. Provided however, that in case of a Notice delivered by facsimile or e-mail, the Party delivering such Notice shall also deliver a copy of the same by hand, registered mail/speed post (postage prepaid) or through a recognized overnight courier service. It is clarified that the time of delivery or deemed delivery of any such Notice delivered by facsimile or email and followed by

the delivery of a physical copy as aforesaid shall be determined based on the original facsimile or email as opposed to the delivery of the physical copy as aforesaid.

Notice by the Parties to each other and the PDI Holder(s) shall be deemed effectively given and received upon delivery in person, or 1 (One) Business Day after delivery by recognised overnight courier service, if sent for next business day delivery or on receipt by the sender of a transmission report showing successful transmission if sent by facsimile transmission or 5 (Five) Business Days after deposit via certified or registered mail, return receipt requested, or in case of e-mail at the time of the sending thereof (provided no delivery failure notification is received by the sender within 24 hours of sending such email) in each case addressed as below:

(i) **Company**

HDB Financial Services Limited
Address: Ground Floor, Zenith House,
Opp. Race Course, Gate No-6,
K K Marg, Mahalaxmi,
Mumbai- 400034
Attention: Ms. Dipti Khandelwal - Company Secretary
Email: dipti.khandelwal@hdbfs.com
Tel. No.: 022-49116368 / 39586368
Fax No. (H.O.): 022 – 49116666 / 39586666

(ii) **Trustee**

Axis Trustee Services Limited
Address: The Ruby, 2nd floor, Senapati Bapat Marg, Dadar West, Mumbai 400 022
Attention: Head of Operations
Email: debenturetrustee@axistrustee.com
Tel. No.: 022 – 6230 0605
Fax No.: +91 22 6230 0700

All information exchanged/ to be exchanged between the Parties may, notwithstanding anything contained in this Clause 14 (*Communications*), be exchanged in the manner mentioned herein below:

(i) Company to the Trustee: Either by facsimile or courier. However, an email can be sent as an initial communication followed by either facsimile or courier.

(ii) PDI Holder(s) to the Trustee: Written communication by means of email(s) received from the Majority PDI Holder(s) or Super Majority PDI Holders (as the case may be).

This Clause 14 (*Communications*) shall survive the termination or expiry of this Agreement.

15. **COUNTERPARTS**

This Agreement may be signed in any number of counterparts, all of which taken together and when delivered to the Trustee shall constitute one and the same instrument.

16. **PARTIAL INVALIDITY**

The illegality, invalidity or unenforceability of any provision of this Agreement under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

17. **FURTHER ASSURANCES**

The Parties hereby agree to execute and do such further documents, assurances, deeds, acts or things as may be necessary to give full effect to the provisions herein contained.

Annexure

Trustee Consent Letter

ATSL/CO/20-21/0137
January 14, 2021

HDB FINANCIAL SERVICES LIMITED
Ground Floor, Zenith House, Opp. Race Course,
Gate No-6, RK Marg, Mahalaxmi,
Mumbai- 400034

Kind Attn.:- Amruta Gurujl

Dear Sir /Ma'am,

Sub: Consent to act as Debenture Trustee for listed unsecured perpetual non-convertible debentures (NCDs) aggregating up to Rs.500 Crores proposed to be issued by HDB Financial Services Limited ("Issuer Company")

We, Axis Trustee Services Limited, hereby give our consent to act as the Debenture Trustee for the above mentioned issue of Debentures having a tenure of more than one year and are agreeable to the inclusion of our name as Debenture Trustee in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum and/or application to be made to the Stock Exchange for the listing of the said Debentures.

Axis Trustee Services Limited (ATSL) consenting to act as Debenture Trustees is purely its business decision and not an indication on the Issuer Company's standing or on the Debenture issue. By consenting to act as Debenture Trustees, ATSL does not make nor deems to have made any representation on the Issuer Company, its Operations, the details and projections about the Issuer Company or the Debentures under Offer made in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document. Applicants / Investors are advised to read carefully the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document and make their own enquiry, carry out due diligence and analysis about the Issuer Company, its performance and profitability and details in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document before taking their investment decision. ATSL shall not be responsible for the investment decision and its consequence.

We also confirm that we are not disqualified to be appointed as Debentures Trustee within the meaning of Rule 18(2)(c) of the Companies (Share Capital and Debentures) Rules, 2014.

Yours truly,
For Axis Trustee Services Limited
RAHUL RAMCHANDRA VAKSHYA
Digitally signed by RAHUL RAMCHANDRA VAKSHYA
Date: 2021.01.14 19:13:31 +05'30'

Rahul Vakshya
Assistant General Manager

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

HDB/TROPS/2021/41

Date: February 05, 2021

International Finance Corporation
Vibgyor Towers, 6th Floor,
G Block, C-62, Bandra-Kurla Complex,
Bandra East, Mumbai 400 051

Attention: Sandra Fallon, Portfolio Assistant, Financial Institutions Group

Subject: Material Adverse Effect report for quarter ended December 31, 2020

Re: First Loan Agreement dated August 2, 2018, Second Loan Agreement dated August 2, 2018 and Third Loan Agreement dated August 2, 2018, respectively (collectively, the "Loan Agreements")

In accordance with Clause 5.04 (a) of the Loan Agreements, we hereby confirm that, to the best of our knowledge and belief, from the date of the captioned Loan Agreements signed between us, till the quarter ended December 31, 2020, there has not been any factor that has or could reasonably be expected to have a Material Adverse Effect on the facility extended to us by IFC.

Signed on behalf of **HDB Financial Services Limited**

HDB Financial Services Limited

Name: **Haren Parekh**
Title: **Chief Financial Officer**

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

IN WITNESS WHEREOF the Common Seal of the Company has been hereunto affixed and the Trustee has caused these presents to be executed the day and year first hereinabove written in the manner hereinafter appearing.

THE COMMON SEAL of the **HDB Financial Services Limited** pursuant to the resolution of its Board of Directors passed in that behalf on the 13th day of May, 2020 has been hereunto affixed in the presence of Mr. Haren Parekh, Chief Financial Officer, its authorized signatory.

For HDB Financial Services Limited

Authorized Signatory

SIGNED AND DELIVERED by the withinamed **AXIS TRUSTEE SERVICES LIMITED** in its capacity as Trustee by the hands of Swati Bencar, AGM

an authorized official of the Axis Trustee Services Limited

For AXIS TRUSTEE SERVICES LTD.

Authorised Signatory

CERTIFIED TRUE COPY

For AXIS TRUSTEE SERVICES LTD.

Authorised Signatory

भारतीय गैर न्यायिक

भारत INDIA

रु. 500 FIVE HUNDRED RUPEES

पाँच सौ रुपये Rs. 500

सत्यमेव जयते

INDIA NON JUDICIAL

महाराष्ट्र MAHARASHTRA ◑ 2021 ◑ BF 774294

THIS STAMP PAPER FORMS A PART & PARCEL OF AMENDMEND DEED EXECUTED BETWEEN HDB FINANCIAL SERVICES LTD & AXIS TRUSTEE SERVICES LIMITED, DATED OCTOBER 19, 2021

प्रधान मुद्रांक कार्यालय, मुंबई
प.मु.वि.क. 6000009
27 AUG 2021
सक्षम अधिकारी

HDB Financial Services Limited

Axis Trustee Services Limited Mumbai

श्री. सी. टि. आबकर

१९७

जोडपत्र-२/ANNEXURE - II

- 8 SEP 2021

मुद्रांक विक्री नोंद वही अनु. क्रमांक / दिनांक
Serial No. / Date

दस्ताचा प्रकार / अनुच्छेद क्रमांक
(Nature of Document) AGREEMENT

दस्त नोंदणी करणार आहेत का?
Whether it is to be Registered) Yes/No

मिळकतीचे थोडक्यात वर्णन
(Property Description in brief) HDB Financial Services Limited Ground Floor, Zenith House, Keshavrao Khade Marg, Mahalaxmi Race Course, Mahalaxmi, Mumbai - 400034

मुद्रांक विकत घेणाऱ्याचे नाव व सही
(Stamp Purchaser's Name & Signature)

इतर प्रतिनिधीचे नाव व पत्ता व सही
(If through other person then Name, Add. & Signature)

KBulbay

दुसऱ्या पक्षकाराचे नाव
(Name of the other Party) Axis Trustee Services ltd

मुद्रांक शुल्क रक्कम
(Stamp Duty Amount)

परवानाधारक मुद्रांक विक्रेत्याची सही
JYOTI P. DOOA
LSV No. 8000009
6, Kondaji Bldg. No. 3, Nr. Tata Hospital, Parel, Mumbai - 400 012.

ज्या कारणासाठी ज्यांनी मुद्रांक खरेदी केला त्यांनी त्याच कारणासाठी मुद्रांक खरेदी केल्यापासून ६ महिन्यात वापर न झाल्यास अवैध आहे

AMENDMENT DEED

This **AMENDMENT DEED** to the Trustee Agreement ("**Amendment Deed**") is made at Mumbai on this 19th day of October 2021

BETWEEN

HDB FINANCIAL SERVICES LIMITED, a company incorporated and registered under the Companies Act, 1956 and registered with the Reserve Bank of India as a systemically important non-deposit taking non-banking financial company and having its registered office at Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad – 380009 and corporate office at Ground Floor, Zenith House, Opp. Race Course, Gate No-6, KK Marg, Mahalaxmi, Mumbai- 400034, Maharashtra, hereinafter called **"the Company"** (which expression shall, unless excluded by or repugnant to the context or meaning thereof, include its successors in office and assigns) of the **ONE PART**;

IN FAVOUR OF

AXIS TRUSTEE SERVICES LIMITED, a company within the meaning of the Companies Act, 2013 (1 of 2013) and having its registered office at Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400 025, hereinafter called the **"Trustee"** (which expression shall, unless excluded by or repugnant to the context or meaning thereof, include its successors in office and permitted assigns) of the **OTHER PART**.

The Company and the Trustee are hereinafter collectively referred to as the "**Parties**" and individually as a "**Party**".

WHEREAS:

A. We refer to the proposed issuance of unsecured, rated, listed, perpetual debt instruments in the nature of non-convertible debentures, aggregating up to Rs. 500,00,00,000/- (Rupees Five Hundred Crores only) by the Company ("**PDIs**"), in dematerialised form on a private placement basis. Capitalised terms used in this letter but not defined herein shall have the meaning assigned to such terms in the Trustee Agreement.

B. The Trustee has, at the request of the Company, agreed to act as the Trustee for the benefit of the PDI Holders from time to time and the Parties entered into a trustee agreement dated February 05, 2021 ("**Trustee Agreement**") *inter alia* setting out the terms and conditions upon which the PDIs are issued and recording the terms and conditions governing *inter alia* the role, duties, functions and powers of the Trustee.

C. The Company has requested the Trustee for amending certain provisions of the Trustee Agreement. Pursuant thereto, the Trustee has agreed to amend certain provisions of the Trustee Agreement in the manner hereinafter appearing.

D. Accordingly, the Parties are desirous of executing an Amendment Deed in the manner hereinafter appearing.

HDB Financial Services Limited

Axis Trustee Services Limited Mumbai

NOW THIS AMENDMENT DEED WITNESSETH and it is hereby agreed and declared by and between the Parties hereto as follows:

1. The recitals set forth hereinabove shall form an integral part of this Amendment Deed.

2. Any capitalised term used in this Amendment Deed unless otherwise defined or appearing contrary to the intention of the Parties, shall have the meaning set out in the Trustee Agreement.

3. The Parties agree to amend the Trustee Agreement as set out in the **Annexure I** hereto which amendments shall be an integral part of the Trustee Agreement and shall be construed as a single agreement.

4. This Amendment Deed shall form an integral part of the Trustee Agreement and shall be read along with the Trustee Agreement. All references in the Trustee Agreement to "this Agreement" or "this Trustee Agreement" shall include a reference to this Amendment Deed, wherever the context so requires. Further, reference to the Trustee Agreement in any other document shall be deemed to be reference to the Trustee Agreement as amended and modified by this Amendment Deed.

5. This Amendment Deed shall modify the agreement and the understanding set out in the Trustee Agreement, as applicable, only to the limited extent set out herein. Save and except as specifically and expressly amended by this Amendment Deed, all other provisions of the Trustee Agreement shall remain unchanged and in full force and effect and shall continue to remain applicable and binding on the Parties.

6. In the event of conflict between the terms of this Amendment Deed and the provisions of the Trustee Agreement, the provisions of this Amendment Deed shall prevail in relation to the matters set out herein.

7. The amendments set out in this Amendment Deed shall be effective from the date of execution of this Amendment Deed.

8. Applicable Law and Jurisdiction

8.1 This Amendment Deed and any matters relating to this Amendment Deed shall be governed by and construed in accordance with Clause 12 (*Disputes and Governing Law*) of the Trustee Agreement.

HDB Financial Services Limited

HDB Financial Services Limited Mumbai

IN WITNESS WHEREOF the signature of the Authorised Signatory of the Company has been hereunto affixed and the Trustee have caused these presents to be executed the day and year first hereinabove written in the manner hereinafter appearing.

SIGNED AND DELIVERED by **HDB FINANCIAL SERVICES LIMITED**, has been hereunto affixed in the presence of Haren Parekh (Chief Financial Officer), Authorised Signatory of the Company who has subscribed his signature hereto in token thereof

For HDB Financial Services Limited

Authorized Signatory

SIGNED AND DELIVERED by **AXIS TRUSTEE SERVICES LIMITED** the within named Trustee by the hand of Mr./~~Ms.~~ Makarand Kulkarni, Authorised Signatory who has subscribed his signature hereto in token thereof

For Axis Trustee Services Limited

Authorised Signatory

ANNEXURE I

1.1 The Parties hereby agree and confirm that the clauses of the Trustee Agreement set out in the first column (*Clause Reference*) of the table set out hereinafter (which currently reads as set out in the second column (*Existing Provision*) of the table set out hereinafter) shall be amended to read as set out in the third column (*Amended Provision*) of the table set out hereinafter:

Clause Reference	Existing Provision	Amended Provision
Recital A.	With a view to raising debt and to augment the resources of the Company for regular business activities including its financing / lending activities, working capital and general corporate purposes in compliance with the provisions of Applicable Laws or as may be specified in the relevant Disclosure Document, the Company proposes to issue up to 5000 (Five Thousand) Rated, Listed, Unsecured, Subordinated, Perpetual Debt Instruments in the nature of Non-Convertible Debentures each having a face value of Rs.10,00,000/- (Rupees Ten Lakhs only) of the aggregate nominal value of up to Rs.500,00,00,000/- (Rupees Five Hundred Crore only) in one or more Tranches/Series (hereinafter referred to as the "**PDIs**") on cash at par on private placement basis in accordance with the provisions of the Act and the regulations applicable to issue of debentures notified by Securities Exchange Board of India ("**SEBI**"), from time to time to certain identified investors ("**Issue**").	With a view to raising debt and to augment the resources of the Company for regular business activities including its financing / lending activities, working capital and general corporate purposes in compliance with the provisions of Applicable Laws or as may be specified in the relevant Disclosure Document, the Company proposes to issue of Rated, Listed, Unsecured, , Perpetual Debt Instruments in the nature of Non-Convertible Debentures each having a face value as set out in the Disclosure Documents, aggregating up to Rs.500,00,00,000/- (Rupees Five Hundred Crore only) in one or more Tranches/Series (hereinafter referred to as the "**PDIs**") on cash at par on private placement basis in accordance with the provisions of the Act and the regulations applicable to issue of debentures notified by Securities Exchange Board of India ("**SEBI**"), from time to time to certain identified investors ("**Issue**").

1.2 On and from the date hereof, references to the term "Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008" in the Trustee Agreement shall be deemed to include "Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021" and the "Securities and Exchange Board of India's Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated August 10, 2021 (bearing reference no. SEBI/HO/DDHS/P/CIR/2021/613, as the context may require, and as may be amended or supplemented from time to time.

HDB Financial Services Limited

Axis Trustee Services Limited Mumbai

भारतीय गैर न्यायिक

एक सौ रुपये Rs. 100

रु. 100 ONE HUNDRED RUPEES

भारत INDIA

INDIA NON JUDICIAL

महाराष्ट्र MAHARASHTRA ◐ 2020 ◐ YS 667423

प्रधान मुद्रांक कार्यालय, मुंबई
प.मु.वि.क्र. ८०००००९
29 JUN 2021
सक्षम अधिकारी

श्रीमती. एस. व्हि. मसुरकर

THIS STAMP PAPER FORMS A PART & PARCEL OF TRUSTEE AGREEMENT EXECUTED BETWEEN HDB FINANCIAL SERVICES LTD. & IDBI TRUSTEESHIP SERVICES LIMITED, DATED JULY 08, 2021

IDBI Trusteeship Services Ltd. ITSL

HDB Financial Services Limited

भारतीय गैर न्यायिक

भारत INDIA

रु. 500 FIVE HUNDRED RUPEES

पाँच सौ रुपये Rs. 500

सत्यमेव जयते

INDIA NON JUDICIAL

महाराष्ट्र MAHARASHTRA ◑ 2021 ◑ BE 019474

प्रधान मुद्रांक कार्यालय, मुंबई
प.मु.वि.क्र. ८०००००९
11 MAY 2021
सक्षम अधिकारी

श्री. दि. ज. गवई

THIS STAMP PAPER FORMS A PART & PARCEL OF TRUSTEE AGREEMENT EXECUTED BETWEEN HDB FINANCIAL SERVICES LTD & IDBI TRUSTEESHIP SERVICES LIMITED, DATED JULY 08, 2021

IDBI Trusteeship Services Ltd. ITSL

HDB Financial Services Limited

Dated: JULY 08, 2021

TRUSTEE AGREEMENT

BETWEEN

HDB FINANCIAL SERVICES LTD.

AS THE COMPANY (ISSUER)

AND

IDBI TRUSTEESHIP SERVICES LIMITED

AS THE TRUSTEE

TRUSTEE AGREEMENT

This Trustee Agreement (**"Agreement"**) is made at Mumbai, this 08th day of July 2021;

BETWEEN

HDB FINANCIAL SERVICES LIMITED, a company incorporated under the Companies Act, 1956, having its corporate identity number U65993GJ2007PLC051028 and its registered office at Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad – 380009 (hereinafter referred to as the **"Company"**, which expression shall, unless repugnant to the subject or context thereof, be deemed to mean and include its successors and permitted assigns) of the ONE PART;

AND

IDBI TRUSTEESHIP SERVICES LIMITED, a company incorporated under the Companies Act, 1956, having corporate identity number U65991MH2001GOI131154 and its registered office at Asian Building, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400001 and registered with the Securities Exchange Board of India as a Trustee under the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 (hereinafter referred to as the **"Trustee"**, which expression shall, unless repugnant to the subject or context thereof, be deemed to mean and include its successors in office and permitted assigns) of the OTHER PART;

The Company and the Trustee shall be individually referred to as a **"Party"** and collectively as **"Parties"**.

WHEREAS

A. With a view to raising debt, the Company intends to issue up to 5,000 (Five Thousand) Unsecured, Rated, Listed, Redeemable, Non-Convertible Subordinated Bonds each having a face value of Rs.10,00,000/- (Rs. Ten Lakhs Only) of the aggregate nominal value of up to Rs. 500,00,00,000/- (Rupees Five Hundred Crores only) in one or more Tranches/Series (hereinafter referred to as the **"Subordinated Bonds"**) for cash at par, in dematerialized form on a private placement basis in accordance with the provisions of the Act and the regulations applicable to the Issue notified by Securities Exchange Board of India (**"SEBI"**) (computed on a simple interest basis) to certain identified investors in one or more Tranches/Series (hereinafter referred to as the **"Issue"**);

B. The Company has, vide the resolution of the Board of Directors passed at its meeting held on April 17, 2021 and resolution of the shareholders passed on June 25, 2021, authorised the issuance of the Subordinated Bonds. Accordingly, the Company pursuant to the aforesaid resolution and the resolution of the shareholders passed on June 30, 2020 under Section 180(1)(c) of the Act, proposes to issue the Subordinated Bonds for cash at par on private placement basis on the terms and conditions as set out in the Debenture Trust Deed (as defined hereinafter) and the Disclosure Document;

C. The Company shall have the Subordinated Bonds listed on the Stock Exchange, in accordance with the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (as amended from time to time) as soon as possible and in no event later than 4 (Four) trading days from the relevant Issue Closure Date;

D. The proceeds of the issuance of the Subordinated Bonds shall be used by the Company inter-alia, for meeting the Company's Tier II capital adequacy requirements, and disbursements of loans to borrowers, refinancing existing borrowings, augmenting the working capital requirements of the Company, and for the general corporate purposes of the Company.

E. Pursuant to the provisions of the Companies Act, 2013 and the notified rules thereunder (hereinafter referred to as the **"Act"**), the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 as amended, varied or modified from time to time, the Company is required to appoint a debenture trustee to act in trust for the benefit of all the holders of the Subordinated Bonds issued by the Company in one or more Tranches/Series from time to time (hereinafter referred to as the **"Debenture Holders"**);

F. The Trustee is registered with the Securities Exchange Board of India as a Trustee under the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;

G. The Company has approached the Trustee to act as the Trustee for the benefit of the Debenture Holders and the Trustee has vide its letter ref. no. 23738/ITSL/OPR/CL/2021-22/DEB/U-380 dated July 02, 2021 (hereinafter referred to as the **"Trustee Consent Letter"**) agreed to act as the Trustee for the benefit of the Debenture Holders. The copy of the Trustee Consent Letter is annexed hereto as the Annexure A.

H. Accordingly, the Company and the Trustee have agreed to execute this Agreement being these presents on the terms and conditions agreed upon and hereinafter set out.

NOW IT IS AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

Capitalised words and expressions used but not defined herein and defined in the Debenture Trust Deed (as defined hereinafter) shall have the meaning respectively assigned to such words and expressions therein.

1. GENERAL TERMS

(i) The Company hereby appoints the Trustee to act as the Trustee for the Debenture Holders of all the Tranches/Series of the Subordinated Bonds aggregating up to Rs. 500,00,00,000/- (Rupees Five Hundred Crores Only) to be issued by the Company from time to time and the Trustee hereby agrees to act as the Trustee in trust for, on behalf of and for the benefit of the Debenture Holders and for purposes related thereto in accordance with the provisions of the Transaction Documents. The Trustee and the Company shall, on or around the date hereof enter into a Debenture Trust Deed (hereinafter referred to as the **"Debenture Trust Deed"**) and such other documents as may be required from time to time in relation to the Subordinated Bonds.

(ii) The Debenture shall be unsecured in nature.

(iii) The Debenture Trust Deed shall be finalized by the Parties and consist of two parts: Part A containing statutory/standard information pertaining to the Issue inter alia consisting of clauses pertaining to Form SH-12 in terms of Rule 18(5) of the Companies (Share Capital and Debentures) Rules, 2014; and Part B containing details specific to the Issue.

(iv) The Company shall pay to the Trustee, so long as it holds the office of the Trustee, remuneration for their services as the Trustee (**"Trustee Fees"**). The remuneration of the Trustee shall be as per the Trustee Consent Letter as may be amended/modified from time to time. In case the payment of Trustee Fees is not received within a period of 30 (Thirty) days from the date of the bill, the Trustee reserves the right to charge "delayed payment charges" at the rate of 12% (Twelve Percent) per annum on the outstanding amount of Trustee Fees.

(v) The Company shall comply with the provisions of the Act and the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, each as amended, varied or modified from time to time (collectively the **"SEBI Regulations"**), SEBI Circular on Uniform Listing Agreement dated 13th October 2015 and relevant provisions of the Companies Act, 2013 and rules made thereunder, as amended from time to time, and agrees to furnish to the Trustee such information as may be required in terms of the Act and the Debenture Trust Deed on a regular basis.

(vi) This Agreement shall be effective on and from the date first hereinabove written and shall be in force till all the moneys in respect of the Subordinated Bonds have been fully paid-off or until the appointment of the Trustee is terminated in accordance with the Debenture Trust Deed.

2. DOCUMENTS REQUIRED TO BE SUBMITTED PRIOR TO OR SIMULTANEOUSLY WITH EXECUTION OF THIS AGREEMENT

(i) The Company undertakes to promptly furnish all and any information as may be required by the Trustee in terms of Applicable Laws and the Transaction Documents on a regular basis till the redemption of the Subordinated Bonds, including without limitation the following documents, as may be applicable:

a) Memorandum and Articles of Association of the Company;
b) Disclosure Document / Private Placement Offer cum Application Letter in relation to the issue of Subordinated Bonds / Supplemental Disclosure Document;
c) The necessary corporate authorisations by way of board resolution and/or shareholder resolution necessary for the Issue;

IDBI Trusteeship Services Ltd. ITSL

HDB Financial Services Limited

d) This Agreement;
e) Consent letter from the registrar and transfer agent;
f) Proof of credit of the Subordinated Bonds in favour of the Debenture Holders.
g) Depository details with whom Subordinated Bonds are held in dematerialised form;
h) Latest annual report;
i) Debenture Trust Deed;
j) Certified true copy of the resolution for allotment of the Subordinated Bonds;
k) Letters from credit rating agency about the rating for the Issue;
l) Beneficiary position reports as provided by the registrar and transfer agent;
m) Details of allotment of the Subordinated Bonds;
n) In-principle approval for listing of the Subordinated Bonds on the Stock Exchange;
o) Acknowledgement of filing Disclosure Document/ Private Placement Offer cum Application Letter with the Stock Exchange/ Registrar of Companies;
p) Listing & trading permission from the Stock Exchange;
q) Confirmation of payment of interest and principal to the Debenture-holders on the due dates as per the terms of the Trust Deed and Statutory auditor's certificate for utilization of funds/issue proceeds;
r) Details of the recovery expenses fund to be created by the Company in the manner as may be specified by the SEBI from time to time along with duly acknowledged letter / confirmation from stock exchange on the amount of such fund maintained and the mode of maintenance;
s) Bank account details of the Company along with a copy of the pre-authorisation letter issued by Company to its banker in relation to the payment of Redemption Amount;
t) Any other documents required to be submitted to the Trustee by Applicable Law.

3. AUTHORIZATION AND CONSENTS

(i) All actions (including corporate actions), conditions and things required to be taken, fulfilled and done (including the obtaining of any consents (if applicable) by the Company in order (a) to enable it to lawfully enter into, exercise its rights and perform and comply with its obligations under this Agreement, (b) to ensure that those obligations are legally binding and enforceable, and (c) to make this Agreement admissible in evidence in the courts of India, have been taken, fulfilled and done in strict compliance with all applicable laws and regulations.

(ii) Any payment in respect of the Subordinated Bonds required to be made by the Trustee to a Debenture Holder (who is a foreign institutional investor or a qualified foreign investor or foreign portfolio investor, if permitted to invested under Applicable Law) at the time of enforcement would, if required by Applicable Law, be subject to the prior approval of Reserve Bank of India for such remittance through an authorized dealer. The Company/ relevant Debenture Holder shall obtain all such approvals, if required, to ensure prompt and timely payments to the said Debenture Holder.

(iii) The Company hereby declares and confirms that the Company or the person in control of the Company, or its promoter has not been restrained or prohibited or debarred by SEBI from accessing the securities market or dealing in securities.

4. BENEFIT OF AGREEMENT

(i) This Agreement shall ensure to the benefit of and be binding on the Parties and their respective successors and permitted assigns of each Party.

(ii) The Trustee, "ipso facto" does not have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid/invested by the Debenture Holders.

The Company hereby declares and confirms that the Company, any person in control of the Company and its promoter have not been restrained or prohibited or debarred by the SEBI from accessing the securities market or dealing in securities.

(iii) The Company confirms that all necessary disclosures required under Applicable Law shall be made in the Disclosure Documents.

(iv) The Company shall, on or prior to the date of execution of Debenture Trust Deed, provide to the Trustee, the bank account details from which the Company proposes to make the payment of redemption amount due to the Debenture Holders. Further, the Company hereby undertakes that it shall preauthorize the Trustee to seek the Redemption Amount payment related information from such bank. The Company further confirms that:

IDBI Trusteeship Services Pvt. Ltd. ITSL

IDBI Financial Services Limited

(a) All covenants proposed to be included in the Debenture Trust Deed (including any side letter, accelerated payment clause, fees charged by the Trustee, etc.) are disclosed in the Disclosure Documents; and

(b) Terms and conditions of this Agreement including fees charged by the Trustee shall be disclosed in the Disclosure Documents.

(v) The Company agrees and undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993 to the extent the same is required to be complied with by the Trustee or is required in order to enable the Trustee to comply with the same, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time, SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015 and the listing agreement pursuant thereto to be executed with the Stock Exchange, the Companies Act, 2013 and guidelines of other regulatory authorities as may be applicable from time to time in respect of issuance and allotment of Subordinated Bonds till redemption and agrees to furnish to the Trustee such information in terms of the same on regular basis and as may be requested by the Trustee in accordance with Applicable Law.

5. EXPENSES

(i) The Company shall, pay on demand, all actual costs and expenses (including legal fees) incurred by the Trustee in connection with the preparation, negotiation of or entry into this Agreement and/or any amendment of, supplement to or waiver in respect of this Agreement, against submission of the requisite supporting documents.

(ii) All reasonable and actual costs, charges, fees and expenses that are incurred by the Trustee or the Trustee Agents in relation to the preparation of the reports/ certificates/ documentation, and all reasonable and actual out of pocket expenses towards legal or inspection costs and travelling costs, shall be borne solely by the Company. Provided however, that apart from the Trustee Fees, the Company shall, from time to time, make payment to/ reimburse the Trustee or the Trustee Agents in respect of the expenses and out-of-pocket costs incurred by the Trustee or the Trustee Agents as mutually agreed by the Company, Trustee and Trustee Agents.

6. STAMP DUTY

The Company shall promptly pay, and in any event before any interest or penalty becomes payable, any stamp, documentary, registration, or similar tax payable in connection with the entry into, registration, performance, enforcement or admissibility in evidence of this Agreement and/or any such amendment, supplement or waiver.

7. CONFIDENTIALITY

(i) The information received by any of the Parties to this Agreement relating to the other Party and the existence of this Agreement itself (hereinafter referred to as **"Confidential Information"**) shall be kept in the strictest confidence and shall not be divulged or disclosed to any person, other than such of the directors, officers, employees, advisors and accountants of the recipient Party on a need to know basis in accordance with the intent and purpose of this Agreement, provided always that each such person to whom Confidential Information is disclosed shall have been made aware of its confidential nature and of the terms of this Agreement prior to such disclosure by the disclosing Party expressly marking or stating as confidential such Confidential Information and each such person to whom the Confidential Information is disclosed shall also keep the same in the strictest confidence and shall not divulge or disclose the same to any other person.

(ii) The restriction set forth in Sub Clause (i) herein shall not apply to any part of the Confidential Information, which:

(1) is at the time of disclosure to the recipient Party, or thereafter, becomes part of the public domain, other than as a result of the acts or omissions of the recipient Party, its directors, officers or employees; or

(2) is required to be disclosed by judicial, administrative or stock exchange process, any enquiry, investigation, action, suit, proceeding or claim or otherwise by applicable law or by any other regulatory authority; or

(3) is required to be disclosed by the Company or the Trustee to the Debenture Holders or to a rating agency or any other third party pursuant to the terms of the Debenture Trust Deed or other documents executed pursuant thereto.

8. GOVERNING LAW AND JURISDICTION

(i) The validity, interpretation, implementation and resolution of disputes arising out of or in connection with this Agreement shall be governed by the laws of India.

(ii) The Parties agree that the courts at Mumbai shall have exclusive jurisdiction to settle any disputes which may arise out of this Agreement and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with this Agreement may be brought in such courts or the tribunals and the Company irrevocably submits to and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of those courts or tribunals.

(iii) This Clause 8 shall survive the termination of this Agreement.

9. WAIVER

No failure by any Party to exercise, nor any delay by any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy, prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by and available under applicable law or the Debenture Trust Deed or the other documents executed pursuant thereto. No notice to or demand on any Party in any case shall entitle that Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the other Party to any other or further action in any circumstances without notice or demand.

10. COMMUNICATIONS

(i) Any notice, demand, communication or other request (individually, a "**Notice**") to be given or made under this Agreement shall be in writing. Such Notice shall be delivered by hand, registered mail/speed post (postage prepaid), recognized overnight courier service or email or facsimile to the Party to which it is addressed at such Party's address specified below or at such other address as such Party shall from time to time have designated by 5 (Five) days' prior written Notice. Provided however, that in case of a Notice delivered by email or facsimile, the Party delivering such Notice shall also deliver a copy of the same by hand, registered mail/speed post (postage prepaid), recognized overnight courier service. It is clarified that the time of delivery or deemed delivery of any such Notice delivered by facsimile or email and followed by the delivery of a physical copy as aforesaid shall be determined based on the original facsimile or email as opposed to the delivery of the physical copy as aforesaid.

(ii) Notice by the Parties to each other and the Debenture Holders shall be deemed to be effectively given and received upon delivery in person, or 1 (One) Business Day after delivery by overnight courier service, if sent for next business day delivery, or by facsimile transmission with senders acknowledgment of transmission receipt, or 5 (Five) Business Days after deposit via certified or registered mail / speed post (postage prepaid), return receipt requested, or in case of e-mail at the time of the sending thereof (provided no delivery failure notification is received by the sender within 24 hours of sending such email), in each case addressed as below:

(a) **Company**
HDB FINANCIAL SERVICES LIMITED
Address: Ground Floor, Zenith House,
Opp. Race Course, Gate No-6,
K K Marg, Mahalaxmi,
Mumbai- 400034
Attention: Ms. Dipti Khandelwal - Company Secretary
Email: compliance@hdbfs.com
Tel. No.: 022-49116368
Fax No. (H.O.): 022 – 49116666

(b) **Trustee**
IDBI Trusteeship Services Limited
Address: Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai – 400 001

Attention: Mr. Aditya Kapil
Email: itsl@idbitrustee.com
Tel. No.: +91 022 4080 7012
Fax No.: +91 22 6631 1776

(iii) All information exchanged/ to be exchanged between the Parties may, notwithstanding anything contained in this Clause 10 (Communications), be exchanged in the manner mentioned herein below:

a. Company to the Trustee: Either by facsimile or courier. However, an email can be sent as an initial communication followed by either facsimile or courier.
b. Debenture Holder(s) to the Trustee: Written communication by means of email(s) received from the Majority Debenture Holder(s) or Super Majority Debenture Holders (as the case may be).

(iv) This Clause 10 shall survive the termination or expiry of this Agreement.

11. COUNTERPARTS

This Agreement may be signed in any number of counterparts, all of which taken together and when delivered to the Trustee shall constitute one and the same instrument.

12. PARTIAL INVALIDITY

The illegality, invalidity or unenforceability of any provision of this Agreement under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

13. FURTHER ASSURANCES

The Parties hereby agree to execute and do such further documents, assurances, deeds, acts or things as may be necessary to give full effect to the provisions herein contained.

IN WITNESS WHEREOF the Parties hereto have caused these presents to be executed the day and year first hereinabove written in the manner hereinafter appearing.

SIGNED AND DELIVERED by the within named **HDB Financial Services Limited** being the Company above named by the hand of Mr. Haren Parekh, Chief Financial Officer an authorized representative of the Company	)))))	**For HDB Financial Services Limited** Authorized Signatory
SIGNED AND DELIVERED by the within named **IDBI TRUSTEESHIP SERVICES LIMITED** in its capacity as the Trustee by the hand of Mr. Nikhil Lobana an authorized representative of the Trustee	))))))	For IDBI TRUSTEESHIP SERVICES LTD. AUTHORISED SIGNATORY

ANNEXURE A

Trustee Consent Letter

[redacted]

IDBI Trusteeship Services Ltd
CIN : U65991MH2001GOI131154

IDBI Trusteeship

No.23738/ITSL/OPR/CL/2021-22/DEB/U-380
July 2, 2021

To,
Ms. Ananta Guruji – Manager Treasury
HDB Financial Services Limited
Ground Floor, Zenith House, Keshavrao Khadye Marg, Opposite Race Course,
Mahalaxmi, Mumbai – 400034

Dear Madam,

Umbrella Consent to act as Debenture Trustee for Unsecured Listed Subordinated Bonds of Rs.500 crore to be issued through one or more tranches

This is with reference to the email dated 01.07.2021 regarding appointment of IDBI Trusteeship Services Limited (ITSL) as Debenture Trustee for Unsecured Listed Subordinated Bonds of Rs.500 crore to be issued through one or more tranches.

It would indeed be our pleasure to be associated with your esteemed organization as Debenture Trustee for the NCD issuances on trusteeship remuneration as under.

Acceptance fees	Rs.2,50,000/- (plus applicable taxes) onetime payment payable upfront;
Service Charges	Rs.3,75,000/- (plus applicable taxes) p.a. First such payment would become payable immediately for pro-rata period from date of execution of document till immediately succeeding March 31, thereafter the Service Charges are payable on an annual basis in advance on 1st April every year till full redemption of NCDs under each ISIN/ Tranche.
Delay Payment Charges	In case the payment of service charges not received within a period of 30 days from the date of the bill, ITSL reserves the right to charge "delayed payment charges" @ 1.2% p.a. on the outstanding amount.
Out of Pocket Expenses & Statutory Dues	Would be reimbursable on actual basis within 30 days of the claim.
Enforcement Charges	Minimum Rs.5,00,000/- plus taxes excluding litigation/ other expenses which will be on actual basis.

Assure you of our best services at all times.

Yours faithfully,
For IDBI Trusteeship Services Limited

(Authorised Signatory)
NAME: ADITYA KAPIL
DESIGNATION: VICE PRESIDENT

we accept the above terms
for HDB Financial Services Limited

Digitally signed by HAREN PAREKH
Date: 2021.07.05 15:52:58 +05'30'

(Authorised Signatory)
NAME: HAREN PAREKH
DESIGNATION: CHIEF FINANCIAL OFFICER

NOTE: *As per current GST guidelines, ITSL would be required to pay the applicable GST on the amounts / charges payable to us as indicated above. Please note that the Company would be liable to pay all such charges even in the event of cancellation of the aforesaid transaction. Therefore, no refund of any statutory dues already paid would be made.*

Regd. Office : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001.
Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : ho@idbitrustee.com • response@idbitrustee.com
Website : www.idbitrustee.com

HDB Financial Services Limited

IDBI Trusteeship Services Ltd. ITSL

IDBI Trusteeship Services Ltd
CIN : U65991MH2001GOI131154

IDBI trustee

No.23738/ITSL/OPR/CL/2021-22/DEB/U-380
July 2, 2021

To,
Ms. Sourabh Gangji – Manager Treasury
HDB Financial Services Limited
Ground Floor, Zenith House, Keshavrao Khadye Marg, Opposite Race Course,
Mahalaxmi, Mumbai – 400034

Dear Madam,

Undertaking Consent to act as Debenture Trustee for Unsecured Listed Subordinated Bonds of Rs.500 crore to be issued through one or more tranches

This is with reference to the email dated 01.07.2021 regarding appointment of IDBI Trusteeship Services Limited (ITSL) as Debenture Trustee for Unsecured Listed Subordinated Bonds of Rs.500 crore to be issued through one or more tranches.

In this connection, we confirm our acceptance to act as Debenture Trustee for the same, subject to the company agreeing the conditions as set out in annexure A.

We are also agreeable for inclusion of our name as trustees in the Company's offer document / disclosure document / listing application / any other document to be filed with SEBI / ROC / the Stock Exchange(s) or any other authority as required.

HDB Financial Services Limited shall enter into Debenture Trustee Agreement for the said issue of the NCDs.

Thanking you,

Yours faithfully,
For IDBI Trusteeship Services Limited

Aditya Kapil
Vice President

Regd. Office : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001.
Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : [illegible] • response@idbitrustee.com
Website : www.[illegible]

HDB Financial Services Limited

IDBI Trusteeship Services Ltd. ITSL

IDBI Trusteeship Services Ltd
CIN : U65990MH2001GOI131154

IDBI trustee

Annexure A

1. The Company agrees & undertakes to pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration as stated above for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other Documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.

2. The Company agrees & undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 1956 to the extent not repealed and The Companies Act, 2013 to the extent notified and other applicable provisions as amended from time to time and agrees to furnish to Trustees such information in terms of the same on regular basis.

For IDBI Trusteeship Services Limited

Aditya Kapil
Vice President

Regd. Office : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001.
Tel. : 022-4080 7008 • Fax : [illegible] 1776 • Email : [illegible] • [illegible]@idbi-trustee.com
Website : [illegible]

HDB Financial Services Limited

IDBI Trusteeship Services Ltd. ITSL

भारतीय गैर न्यायिक

भारत INDIA

रु. 500 FIVE HUNDRED RUPEES

पाँच सौ रुपये Rs. 500

सत्यमेव जयते

INDIA NON JUDICIAL

महाराष्ट्र MAHARASHTRA ..... 2021 BD 113048

THIS STAMP PAPER FORMS A PART & PARCEL OF AMENDMENT DEED EXECUTED BETWEEN HDB FINANCIAL SERVICES LTD & IDBI TRUSTEESHIP SERVICES LIMITED, DATED OCTOBER 13, 2021

प्रधान मुद्रांक कार्यालय, मुंबई
प.मु.वि.क्र. 6000008
22 JUN 2021
सक्षम अधिकारी

श्री. सी. टि. आंबेकर

HDB Financial Services Limited

Trusteeship Services Ltd

CERTIFIED TRUE COPY
For IDBI TRUSTEESHIP SERVICES
AUTHORISED SIGN...

AMENDMENT DEED

This **AMENDMENT DEED** to the Trustee Agreement ("**Amendment Deed**") is made at Mumbai on this 13th day of October, 2021

BETWEEN

HDB FINANCIAL SERVICES LIMITED, a company incorporated and registered under the Companies Act, 1956 and registered with the Reserve Bank of India as a systemically important non-deposit taking non-banking financial company and having its registered office at Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad – 380009 and corporate office at Ground Floor, Zenith House, Opp. Race Course, Gate No-6, KK Marg, Mahalaxmi, Mumbai- 400034, Maharashtra, hereinafter called "**the Company**" (which expression shall, unless excluded by or repugnant to the context or meaning thereof, include its successors in office and assigns) of the **ONE PART**;

IN FAVOUR OF

IDBI TRUSTEESHIP SERVICES LIMITED, a company within the meaning of the Companies Act, 1956 and having its registered office at Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001, hereinafter called the **"Trustee"** (which expression shall, unless excluded by or repugnant to the context or meaning thereof, include its successors in office and permitted assigns) of the **OTHER PART**.

The Company and the Trustee are hereinafter collectively referred to as the "**Parties**" and individually as a "**Party**".

WHEREAS:

A. We refer to the proposed issuance of unsecured, rated, listed, redeemable, non-convertible sub-ordinated bonds, aggregating up to Rs. 500,00,00,000/- (Rupees Five Hundred Crores only) by the Company ("**Subordinated Bonds**"), in dematerialised form on a private placement basis in one or more Series/Tranches in accordance with the terms and conditions of one or more information memorandums ("**Information Memorandums**"). Capitalised terms used in this letter but not defined herein shall have the meaning assigned to such terms in the Trustee Agreement.

B. The Trustee has, at the request of the Company, agreed to act as the Trustee for the benefit of the Subordinated Bond Holders from time to time and the Parties entered into a trustee agreement dated July 08, 2021 as amended by the amendment deed dated August 06, 2021 ("**Trustee Agreement**") *inter alia* setting out the terms and conditions upon which the Trustee has been appointed.

C. The Company has requested the Trustee for amending certain provisions of the Trustee Agreement. Pursuant thereto, the Trustee has agreed to amend certain provisions of the Trustee Agreement in the manner hereinafter appearing.

D. Accordingly, the Parties are desirous of executing an Amendment Deed in the manner hereinafter appearing.

HDB Financial Services Limited

IDBI Trusteeship Services Ltd.

NOW THIS AMENDMENT DEED WITNESSETH and it is hereby agreed and declared by and between the Parties hereto as follows:

1. The recitals set forth hereinabove shall form an integral part of this Amendment Deed.

2. Any capitalised term used in this Amendment Deed unless otherwise defined or appearing contrary to the intention of the Parties, shall have the meaning set out in the Trustee Agreement.

3. The Parties agree to amend the Trustee Agreement as set out in the **Annexure I** hereto which amendments shall be an integral part of the Trustee Agreement and shall be construed as a single agreement.

4. This Amendment Deed shall form an integral part of the Trustee Agreement and shall be read along with the Trustee Agreement. All references in the Trustee Agreement to "this Agreement" or "this Trustee Agreement" shall include a reference to this Amendment Deed, wherever the context so requires. Further, reference to the Trustee Agreement in any other document shall be deemed to be reference to the Trustee Agreement as amended and modified by this Amendment Deed.

5. This Amendment Deed shall modify the agreement and the understanding set out in the Trustee Agreement, as applicable, only to the limited extent set out herein. Save and except as specifically and expressly amended by this Amendment Deed, all other provisions of the Trustee Agreement shall remain unchanged and in full force and effect and shall continue to remain applicable and binding on the Parties.

6. In the event of conflict between the terms of this Amendment Deed and the provisions of the Trustee Agreement, the provisions of this Amendment Deed shall prevail in relation to the matters set out herein.

7. The amendments set out in this Amendment Deed shall be effective from the date of execution of this Amendment Deed.

8. Applicable Law and Jurisdiction

8.1 This Amendment Deed and any matters relating to this Amendment Deed shall be governed by and construed in accordance with Clause 8 (*Disputes and Governing Law*) of the Trustee Agreement.

HDB Financial Services Limited

IDBI Trusteeship Services Ltd.

IN WITNESS WHEREOF the signature of the Authorised Signatory of the Company has been hereunto affixed and the Trustee have caused these presents to be executed the day and year first hereinabove written in the manner hereinafter appearing.

SIGNED AND DELIVERED by **HDB FINANCIAL SERVICES LIMITED**, has been hereunto affixed in the presence of HAREN PAREKH, CHIEF FINANCIAL OFFICER, Authorised Signatory of the Company who has subscribed his signature hereto in token thereof

For HDB Financial Services Limited

Authorized Signatory

SIGNED AND DELIVERED by **IDBI TRUSTEESHIP SERVICES LIMITED** the within named Trustee by the hand of Mr./Ms. Pradeep Hande, Authorised Signatory who has subscribed his signature hereto in token thereof

For IDBI TRUSTEESHIP SERVICES LTD.

AUTHORISED SIGNATORY

ANNEXURE I

1.1 On and from the date of this Deed, references to the term "Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008" in the Trustee Agreement shall be deemed to include "Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021" and the "Securities and Exchange Board of India's Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated August 10, 2021 (bearing reference no. SEBI/HO/DDHS/P/CIR/2021/613, as the context may require, and as may be amended or supplemented from time to time.

1.2 On and from the effective date of this Deed, references to the term "Information Memorandum" in the Trust Deed shall be deemed to mean "Placement Memorandum" as defined under the Proposed Amendments.

HDB Financial Services Limited

IDBI Trusteeship Services Ltd.

CERTIFIED TRUE COPY
For IDBI TRUSTEESHIP SERVICES LTD.

AUTHORISED SIGNATORY

HDB FINANCIAL SERVICES

HDB Financial Services Limited
Ground Floor, Zenith House,
Keshavrao Khadye Marg,
Opp. Race Course, Mahalaxmi,
Mumbai - 400034.
Tel : 022 - 4911 6300
Fax : 022 - 4911 6666
Web : www.hdbfs.com
CIN : U65993GJ2007PLC051028
Email ID : compliance@hdbfs.com

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF HDB FINANCIAL SERVICES LIMITED HELD ON SATURDAY, APRIL 15, 2023 AT 11:30 A.M. AT BOARD ROOM, ZENITH HOUSE, GROUND FLOOR, KESHAVRAO KHADYE MARG, MAHALAXMI, MUMBAI– 400034

"**RESOLVED THAT** pursuant to the Reserve Bank of India (RBI), circular no. RBI/2014-15/100 IDMD.PCD.04/14.01.02/2014-15 dated July 01, 2014, circular no. RBI/2017-18/43FMRD. DIRD.2/14.01.002/2017-18 dated August 10, 2017 and operational guidelines issued by Fixed Income Money Market and Derivatives Association of India (FIMMDA), as amended from time to time, be and is hereby approved by the Board for issuance of Commercial Paper **(CP)** on private placement basis, in one or more tranches, for an aggregate amount of Rs. 15,000 crores (Rupees Fifteen Thousand Crore Only) for the Financial Year 2023-24, 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;

RESOLVED FURTHER THAT the total outstanding amount under commercial paper shall not exceed Rs. 5,000 crore (Rupees Five Thousand Crore Only) as approved by the board in its earlier meeting;

RESOLVED FURTHER THAT any of the Directors and Chief Financial Officer of the Company (collectively referred as the 'Authorised Signatories'), are hereby severally authorised to further sub-delegate its powers to any employee of the Company and to discuss, negotiate and finalize the terms and conditions for each tranche(s) of CPs with the investor(s), agree to such changes and modifications in the said terms and conditions as they deem fit;

RESOLVED FURTHER THAT the Authorised Signatories are hereby severally authorised on behalf of the Company to sign all concerned agreements, deeds, letters, documents and papers and to finalize terms and conditions for appointment of Issuing & Paying Agent and such other agencies as may be required and to do all such acts as may be required, for the proposed CPs Issue;

RESOLVED FURTHER THAT the Authorised Signatories and / or Company Secretary are hereby severally authorised on behalf of the Company to execute any such formal contract, agreements, applications, deeds, indemnities, guarantees, demand promissory notes and such other documents, as may be required for creation of requisite security for the CPs, for issue of CPs, for submitting the same with National Securities Depository Limited, Central Depository Services (India) Limited, in connection with allotment, dematerialization, listing of the proposed CPs and to do all such acts, deeds, matters and things, as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in order to give effect to this resolution;

RESOLVED FURTHER THAT the Authorised Signatories and / or Company Secretary of the Company, are hereby severally authorised on behalf of the Company to sign and file all such forms and returns with the Ministry of Corporate Affairs, Reserve Bank of India and such other authorities and to do all such acts, deeds and things as may be necessary and as they may in their absolute discretion deem necessary to comply with applicable provisions of the Companies Act, 2013 and Rules made there under including applicable RBI Circulars (as may be amended from time to time);

HDB Financial Services Ltd

HDB FINANCIAL SERVICES

RESOLVED FURTHER THAT the common seal of the Company shall be affixed wherever necessary in presence of any of the aforesaid Authorised Signatories and/or Company Secretary of the Company;

RESOLVED FURTHER THAT a copy of the aforesaid resolutions certified to be true by any one of the Authorised Signatories and / or the Company Secretary of the Company be furnished to appropriate authorities for their records and necessary action thereon."

Certified True Copy

For HDB Financial Services Limited

Dipti Khandelwal
Company Secretary
Membership No. F11340

HDB Financial Services Ltd

May 08, 2023

HDB FINANCIAL SERVICES

HDB Financial Services Limited
Ground Floor, Zenith House,
Keshavrao Khadye Marg,
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Mumbai - 400034.
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CIN : U65993GJ2007PLC051028
Email ID : compliance@hdbfs.com

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF HDB FINANCIAL SERVICES LIMITED HELD ON WEDNESDAY, MAY 31, 2023 AT 3:30 P.M. AT BOARD ROOM, ZENITH HOUSE, GROUND FLOOR, KESHAVRAO KHADYE MARG, MAHALAXMI, MUMBAI– 400034

Approval of new limit of Rs. 20,000 Crore for issue of Non-Convertible Securities

"**RESOLVED THAT** pursuant to the Reserve Bank of India's Master Direction No. RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17dated September 01, 2016 and Section 42, 71 and 179 of the Companies Act, 2013 read with applicable rules and regulations made there under, as amended from time to time, and subject to the approval of the members of the Company by way of a special resolution pursuant to Section 42 of the Companies Act, 2013, read with applicable rules and regulations made there under, as amended from time to time, and the provisions of Memorandum and Articles of Association of the Company, and in addition to the limit of Rs. 10,697.22 Crore (Rupees Ten Thousand Six Hundred Ninety Seven Crore Twenty Two Lakh only) approved by the Board up to which the Company may borrow funds by issue of secured redeemable non-convertible debentures on private placement basis in one or more tranches/series pursuant to the resolution dated April 15, 2023, the consent of the Board be and is hereby accorded to borrow additional funds by issue of secured redeemable non-convertible debentures(NCDs) on private placement basis, in one or more tranches/series as may be decided by the Authorised Signatories, upto additional limit of Rs. 20,000 Crore (Rupees Twenty Thousand crore only), and 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, as per the terms and conditions briefed as under:

Issuer	HDB Financial Services Ltd. ('the Issuer'/ 'the Company'/ 'the Borrower'/'HDB')
Issue Size	Upto Rs. 20,000 Crore in aggregate in various tranches/series, as may be decided by the Authorised Signatories (Issue of all tranches/series collectively referred to as 'Issue')
Instrument	Secured Redeemable Non-Convertible Debentures ('NCDs'/ 'Debentures') The appropriate description of the NCDs to be issued would be as set out in the Placement Memorandum and/or Private Placement Offer cum Application Letter issued for each tranche/series.
Object of issue	On-lending, general corporate purpose or such other purposes as may be identified in the transaction documents
Security	Exclusive charge or paripassu charge by way of hypothecation over the receivables of the Company, as may be decided by the Authorised Signatories at the time of issuance, having asset cover of not more than 1.25 times to be maintained during the tenor of the NCDs.
Face Value	Rs. 1 lakh each or as may be prescribed under applicable law, including by any regulatory authority or securities depository
Rating Agency	CARE Ratings Limited and/ or CRISIL Ratings Limited or such other agency as the Company may appoint from time to time

HDB Financial Services Ltd

HDB FINANCIAL SERVICES

Tenor	For a period not exceeding ten years. Exact tenure to be identified in the Placement Memorandum and/or Private Placement Offer Letter issued for each tranche/series.
Put / Call Option	As may be decided by the Authorised Signatories and specified in the Placement Memorandum from time to time.
Redemption	As per the terms that may be agreed by the Authorised Signatories at the time of issue of each tranche/series and specified in the Placement Memorandum.
Indicative Coupon rate	To be decided by the Authorised Signatories as per market conditions at the time of issue of each tranche/series and would be as set out in the Placement Memorandum and/or Private Placement Offer cum Application Letter issued for each tranche/series.
Coupon payment	Annual or such other frequency as may be decided for each series subject to TDS. The frequency of coupon payment would be as set out in the Placement Memorandum and/or Private Placement Offer cum Application Letter issued for each tranche/ series.
Debenture Trustees	IDBI Trusteeship Services Limited or such other agency/ company as the Company may appoint from time to time
Deemed Date of Allotment	As may be decided by the Authorised Signatories and specified in the Placement Memorandum from time to time
Listing	On the Wholesale Debt Market (WDM) Segment of the BSE Limited or such other stock exchanges as may be required
Settlement	Payment of interest and repayment of principal shall be made by way of cheque(s) / interest / redemption warrant(s)/ demand draft(s) / credit through RTGS / ECS system
Issuance Format	In dematerialized form

RESOLVED FURTHER THAT any of the Directors and Chief Financial Officer of the Company (collectively referred as the **'Authorised Signatories'**), be and are hereby severally authorised on behalf of the Company to discuss, negotiate and finalize the terms and conditions for each tranche(s)/series of NCDs with the investor(s), agree to such changes and modifications in the said terms and conditions as they deem fit and to further sub-delegate its powers derived hereunder to any employee of the Company;

RESOLVED FURTHER THAT pursuant to Section 42(2) of the Companies Act, 2013, the Board hereby identifies the below select group of persons as identified persons from whom the Company may borrow funds (subject to the laws applicable to such entities) by issuance of NCDs and also subject to such persons being eligible to participate in the electronic book mechanism on the electronic book platform and to whom allocation may be made by the Company pursuant to selection under the electronic book mechanism for issuance of Debentures on private placement basis in terms of the relevant circulars and directions issued by the Securities and Exchange Board of India and the relevant electronic book providers ("**EBP**"):

(a) Banks;
(b) Financial Institutions;
(c) Non-Banking Financial Companies;
(d) Company, Bodies Corporate, Statutory Corporation;
(e) Mutual Funds;
(f) Insurance Companies;
(g) Provident Funds, Gratuity, Superannuation and Pension Funds, subject to their investment guidelines;

HDB Financial Services Ltd

(h) Individuals;
(i) Foreign Portfolio Investors (FPIs);
(j) Hindu Undivided Family (HUF);
(k) Partnership firms including Limited Liability Partnership firms;
(l) Registered Society;
(m) Private Trust / Public charitable trust;
(n) Any other entity who is eligible to invest;

RESOLVED FURTHER THAT the Board hereby approves the enrolment of the Company with any EBP for the private placement of the Debentures as per the applicable Securities and Exchange Board of India regulations/ guidelines/ circulars read along with the operating guidelines of such Electronic Book Provider and in this regard, the Company be and is hereby authorised to finalize, execute and/ or ratify (and if required, amend and ratify) the necessary or requisite agreement(s) with such EBP and to do all such acts, deeds and things and execute or ratify such other documents, papers and writings as may be necessary for the purpose and to provide all such documents and/ or provide such information or details whether in relation to the Company's KYC or otherwise as may be required by the Electronic Book Provider in this regard;

RESOLVED FURTHER THAT the Authorised Signatories be and are hereby severally authorised on behalf of the Company to sign Placement Memorandum(s) / Private Placement Offer cum Application Letter(s) and all other concerned agreements, deeds, letters, documents and papers, to finalise terms and conditions for appointment of Debenture Trustee, Registrar to the issue, Arranger(s), Collecting Banker(s) and such other agencies or intermediaries as may be required and to create charge on the assets of the Company and to do all such acts as may be required, for the proposed Issue;

RESOLVED FURTHER THAT the Authorised Signatories be and are hereby severally authorised on behalf of the Company to negotiate, finalise and execute or ratify, the Debenture Trustee Agreement for the appointment of the Debenture Trustee and the Debenture Trust Deed setting out *inter alia* the terms upon which the NCDs are being issued and to do all such acts, deeds and things as may be necessary or expedient to implement this resolution and to do and execute all acts and deeds as may be required by the Debenture Trustee in connection with the aforesaid;

RESOLVED FURTHER THAT the Authorised Signatories be and are hereby severally authorised on behalf of the Company to negotiate, finalise and execute or ratify amendments to such executed documents and other documents as and when they become necessary and to sign letters of undertaking, declarations, agreements and other papers which may be required;

RESOLVED FURTHER THAT the Authorised Signatories be and are hereby severally authorised on behalf of the Company to execute and ratify any such contracts, agreements, applications, deeds, indemnities, guarantees and such other documents, as may be required for creation of requisite security for the NCDs, for issue of NCDs, for submitting the same with Stock Exchange(s), or as may be required by National Securities Depository Limited, Central Depository Services (India) Limited, in connection with issuance, allotment, dematerialization, listing of the proposed NCDs or to do such actions as may be necessary for creation and perfection of security, including signing all forms, filings and documents and registration with the relevant sub-registrar of assurances, CERSAI or any other authority or to open bank accounts, or for appointment of necessary agencies and intermediaries and to do all such acts, deeds, matters and things, as they may in their absolute discretion deem necessary, proper or desirable and for ensuring compliance with applicable laws, and to settle any question, difficulty or doubt that may arise in order to give effect to this resolution;

HDB Financial Services Ltd.

RESOLVED FURTHER THAT the Authorised Signatories and / or Company Secretary be and are hereby severally authorised on behalf of the Company to sign and file all such forms and returns with the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India, the Stock Exchange and such other authorities and to do all such acts, deeds and things as may be necessary and as they may in their absolute discretion deem necessary to comply with applicable laws including the provisions of the Companies Act, 2013 and Rules made there under including applicable RBI Circulars (as may be amended from time to time) and applicable regulations, circulars and notifications issued by the Securities and Exchange Board of India (as may be amended from time to time);

RESOLVED FURTHER THAT the common seal of the Company shall be affixed wherever necessary in presence of any of the aforesaid Authorised Signatories and / or Company Secretary of the Company;

RESOLVED FURTHER THAT a copy of the aforesaid resolutions certified to be true by any one of the Authorised Signatories and / or the Company Secretary of the Company be furnished to appropriate authorities for their records and necessary action thereon."

Certified True Copy

For HDB Financial Services Limited

Dipti Khandelwal
Company Secretary
Membership No. F11340

HDB Financial Services Ltd

June 22, 2023

HDB FINANCIAL SERVICES

HDB Financial Services Limited
Ground Floor, Zenith House,
Keshavrao Khadye Marg,
Opp. Race Course, Mahalaxmi,
Mumbai - 400034.
Tel : 022 - 4911 6300
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CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF HDB FINANCIAL SERVICES LIMITED HELD ON WEDNESDAY, MAY 31, 2023 AT 3:30 P.M. AT BOARD ROOM, ZENITH HOUSE, GROUND FLOOR, KESHAVRAO KHADYE MARG, MAHALAXMI, MUMBAI– 400034

Renewal of existing limit for issue of secured redeemable Non-Convertible Debentures (NCDs) on private placement basis

"**RESOLVED THAT** the consent of the Board be and is hereby accorded to renew the limit of Rs. 10,697.22 Crore (Rupees Ten Thousand Six Hundred Ninety Seven Crore Twenty Two Lakh only) up to which the Company may borrow funds by issue of secured redeemable non-convertible debentures **(NCDs)** on private placement basis, in one or more tranches/series, which limit was approved by the Board pursuant to the resolution passed by the Board dated April 16, 2022 and January 14, 2023;

RESOLVED FURTHER THAT pursuant to the Reserve Bank of India's Master Direction No. RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17dated September 01, 2016 and Section 42, 71 and 179 of the Companies Act, 2013 read with applicable rules and regulations made there under, as amended from time to time, and subject to the approval of the members of the Company by way of a special resolution pursuant to Section 42 of the Companies Act, 2013, read with applicable rules and regulations made there under, as amended from time to time, and the provisions of Memorandum and Articles of Association of the Company, the consent of the Board be and is hereby accorded to borrow funds by issue of secured redeemable non-convertible debentures (NCDs) on private placement basis, in one or more tranches/series as may be decided by the Authorised Signatories, upto Rs. 10,697.22 crore (Rupees Ten Thousand Six Hundred Ninety Seven crore Twenty Two Lakh only), and 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, as per the terms and conditions briefed as under:

Issuer	HDB Financial Services Ltd. ('the Issuer'/ 'the Company'/ 'the Borrower'/'HDB')
Issue Size	Upto Rs. 10,697.22 Crore in aggregate in various tranches/series, as may be decided by the Authorised Signatories (Issue of all tranches/series collectively referred to as 'Issue')
Instrument	Secured Redeemable Non-Convertible Debentures ('NCDs'/ 'Debentures') The appropriate description of the NCDs to be issued would be as set out in the Placement Memorandum and/or Private Placement Offer cum Application Letter issued for each tranche/series.
Object of issue	On-lending, general corporate purpose or such other purposes as may be identified in the transaction documents
Security	First and exclusive charge by way of hypothecation over the receivables of the Company, having asset cover of not more than 1.25 times to be maintained during the tenor of the NCDs.

HDB Financial Services Ltd

Face Value	Rs. 1 lakh each or as may be prescribed under applicable law, including by any regulatory authority or securities depository
Rating Agency	CARE Ratings Limited and/ or CRISIL Ratings Limited or such other agency as the Company may appoint from time to time
Tenor	For a period not exceeding ten years. Exact tenure to be identified in the Placement Memorandum and/or Private Placement Offer cum Application Letter issued for each tranche/series.
Put / Call Option	As may be decided by the Authorised Signatories and specified in the Placement Memorandum from time to time
Redemption	As per the terms that may be agreed by the Authorised Signatories at the time of issue of each tranche/series and specified in the Placement Memorandum
Indicative Coupon rate	To be decided by the Authorised Signatories as per market conditions at the time of issue of each tranche/series and would be as set out in the Placement Memorandum and/or Private Placement Offer cum Application Letter issued for each tranche/series.
Coupon payment	Annual or such other frequency as may be decided for each series subject to TDS. The frequency of coupon payment would be as set out in the Placement Memorandum and/or Private Placement Offer cum Application Letter issued for each tranche/ series.
Debenture Trustees	IDBI Trusteeship Services Limited or such other agency/ company as the Company may appoint from time to time
Deemed Date of Allotment	As may be decided by the Authorised Signatories and specified in the Placement Memorandum from time to time
Listing	On the Wholesale Debt Market (WDM) Segment of the BSE Limited or such other stock exchanges as may be required
Settlement	Payment of interest and repayment of principal shall be made by way of cheque(s) / interest / redemption warrant(s)/ demand draft(s) / credit through RTGS / ECS system
Issuance Format	In dematerialized form

RESOLVED FURTHER THAT any of the Directors and Chief Financial Officer of the Company (collectively referred as the **'Authorised Signatories'**), be and are hereby severally authorised to discuss, negotiate and finalize the terms and conditions for each tranche(s)/series of NCDs with the investor(s), agree to such changes and modifications in the said terms and conditions as they deem fit and further to sub-delegate its powers derived hereunder to any employee of the Company;

RESOLVED FURTHER THAT pursuant to Section 42(2) of the Companies Act, 2013, the Board hereby identifies the below select group of persons as identified persons from whom the Company may borrow funds (subject to the laws applicable to such entities) by issuance of NCDs and also subject to such persons being eligible to participate in the electronic book mechanism on the electronic book platform and to whom allocation may be made by the Company pursuant to selection under the electronic book mechanism for issuance of Debentures on private placement basis in terms of the relevant circulars and directions issued by the Securities and Exchange Board of India and the relevant electronic book providers ("**EBP**"):

(a) Banks;
(b) Financial Institutions;
(c) Non-Banking Financial Companies;
(d) Company, Bodies Corporate, Statutory Corporation;
(e) Mutual Funds;

HDB Financial Services Ltd

(f) Insurance Companies;
(g) Provident Funds, Gratuity, Superannuation and Pension Funds, subject to their investment guidelines;
(h) Individuals;
(i) Foreign Portfolio Investors (FPIs);
(j) Hindu Undivided Family (HUF);
(k) Partnership firms including Limited Liability Partnership firms;
(l) Registered Society;
(m) Private Trust / Public charitable trust;
(n) Any other entity who is eligible to invest;

RESOLVED FURTHER THAT the Board hereby approves the enrolment of the Company with any EBP for the private placement of the Debentures as per the applicable Securities and Exchange Board of India regulations/ guidelines/ circulars read along with the operating guidelines of such Electronic Book Provider and in this regard, the Company be and is hereby authorised to finalize, execute and/ or ratify (and if required, amend and ratify) the necessary or requisite agreement(s) with such EBP and to do all such acts, deeds and things and execute or ratify such other documents, papers and writings as may be necessary for the purpose and to provide all such documents and/ or provide such information or details whether in relation to the Company's KYC or otherwise as may be required by the Electronic Book Provider in this regard;

RESOLVED FURTHER THAT the Authorised Signatories be and are hereby severally authorised on behalf of the Company to sign Placement Memorandum(s) / Private Placement Offer cum Application Letter(s) and all other concerned agreements, deeds, letters, documents and papers, to finalize terms and conditions for appointment of Debenture Trustee, Registrar to the issue, Arranger(s), Collecting Banker(s) and such other agencies or intermediaries as may be required and to create charge on the assets of the Company and to do all such acts as may be required, for the proposed Issue;

RESOLVED FURTHER THAT the Authorised Signatories be and are hereby severally authorised on behalf of the Company to negotiate, finalise and execute or ratify, the Debenture Trustee Agreement for the appointment of the Debenture Trustee and the Debenture Trust Deed setting out *inter alia* the terms upon which the NCDs are being issued and to do all such acts, deeds and things as may be necessary or expedient to implement this resolution and to do and execute all acts and deeds as may be required by the Debenture Trustee in connection with the aforesaid;

RESOLVED FURTHER THAT the Authorised Signatories be and are hereby severally authorised on behalf of the Company to negotiate, finalise and execute or ratify amendments to such executed documents and other documents as and when they become necessary and to sign letters of undertaking, declarations, agreements and other papers which may be required;

RESOLVED FURTHER THAT the Authorised Signatories be and are hereby severally authorised on behalf of the Company to execute and ratify any such contracts, agreements, applications, deeds, indemnities, guarantees and such other documents, as may be required for creation of requisite security for the NCDs, for issue of NCDs, for submitting the same with Stock Exchange(s), or as may be required by National Securities Depository Limited, Central Depository Services (India) Limited, in connection with issuance, allotment, dematerialization, listing of the proposed NCDs or to do such actions as may be necessary for creation and perfection of security, including signing all forms, filings and documents and registration with the relevant sub-registrar of assurances, CERSAI or any other authority or to open bank accounts, or for appointment of necessary agencies and intermediaries and to do all such acts, deeds, matters and things, as they may in their absolute discretion deem necessary, proper or desirable

HDB Financial Services Ltd.

and for ensuring compliance with applicable laws, and to settle any question, difficulty or doubt that may arise in order to give effect to this resolution;

RESOLVED FURTHER THAT the Authorised Signatories and / or Company Secretary be and are hereby severally authorised on behalf of the Company to sign and file all such forms and returns with the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India, the Stock Exchange and such other authorities and to do all such acts, deeds and things as may be necessary and as they may in their absolute discretion deem necessary to comply with applicable laws including the provisions of the Companies Act, 2013 and Rules made there under including applicable RBI Circulars (as may be amended from time to time) and applicable regulations, circulars and notifications issued by the Securities and Exchange Board of India (as may be amended from time to time);

RESOLVED FURTHER THAT the common seal of the Company shall be affixed wherever necessary in presence of any of the aforesaid Authorised Signatories and / or Company Secretary of the Company;

RESOLVED FURTHER THAT a copy of the aforesaid resolutions certified to be true by any one of the Authorised Signatories and / or the Company Secretary of the Company be furnished to appropriate authorities for their records and necessary action thereon."

Certified True Copy

For HDB Financial Services Limited

Dipti Khandelwal
Company Secretary
Membership No. F11340

June 22, 2023

HDB FINANCIAL SERVICES

HDB Financial Services Limited
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CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF HDB FINANCIAL SERVICES LIMITED HELD ON WEDNESDAY, MAY 31, 2023 AT 3:30 P.M. AT BOARD ROOM, ZENITH HOUSE, GROUND FLOOR, KESHAVRAO KHADYE MARG, MAHALAXMI, MUMBAI– 400034

Renewal of existing limit for issue of Perpetual Debt Instruments on private placement basis

"**RESOLVED THAT** the consent of the Board be and is hereby accorded to renew the limit of Rs. 350 crore (Rupees Three Hundred Fifty Crore only) up to which the Company may borrow funds by issue of Perpetual Debt Instruments ('**PDIs**') on private placement basis, in one or more tranches/series, which limit was approved by the Board pursuant to the resolution passed by the Board dated April 16, 2022;

RESOLVED THAT pursuant to the Reserve Bank of India's Master Direction No. RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17dated September 01, 2016and Chapter V of the Securities and Exchange Board of India's Issue and Listing of Non-Convertible Securities Regulations, 2021 dated August 9, 2021 and Section 71 and 179 of the Companies Act, 2013, read with applicable rules and regulations made there under, as amended from time to time, and subject to the approval of the members of the Company by way of a special resolution in the ensuing shareholders' meeting of the Company as per Section 42 of the Companies Act, 2013, read with applicable rules and regulations made there under, the consent of the Board be and is hereby accorded to borrow funds by issue of Perpetual Debt Instruments ('**PDIs**') on private placement basis in one or more tranche/series as may be decided by the Authorised Signatories, upto Rs. 350 crore Only (Rupees Three Hundred and Fifty Crore Only), and 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 on the following broad terms and conditions of PDIs issuance:

Issuer	HDB Financial Services Ltd. ('the Issuer'/ 'the Company'/ 'the Borrower')
Amount	Upto Rs. 350 Crore in aggregate in various tranches/series, as may be decided by the Authorised Signatories (Issue of all tranches/series collectively referred to as 'Issue')
Instrument	Unsecured Perpetual Debt Instrument (**PDI**). The appropriate description of the PDI to be issued would be as set out in the Placement Memorandum and/or Private Placement Offer cum Application Letter issued for each tranche/series.
Object of issue	For regular business activities including its financing / lending activities, working capital, general corporate purposes or such other purposes as may be identified in the transaction documents in compliance with the provisions of Applicable Laws.
Security	The PDIs shall be unsecured.
Face Value	Rs. 1 Crore per PDI or as prescribed under applicable law, including by any regulatory authority or securities depository
Rating Agency	CARE Ratings Limited and/ or CRISIL Ratings Limited or such other agency as the Company may appoint from time to time

HDB Financial Services Ltd

Tenor	Perpetual
Put / Call Option	As may be decided by the Authorised Signatories and specified in the Placement Memorandum from time to time
Redemption	As may be decided by the Authorised Signatories and specified in the Placement Memorandum
Indicative Coupon Rate	As may be decided by the Authorised Signatories as per market conditions at the time of issue of each tranche/series and would be as set out in the Placement Memorandum and/or Private Placement Offer cum Application Letter issued for each tranche/series.
Coupon payment	Annual or such other frequency as may be decided for each series subject to TDS. The frequency of coupon payment would be as set out in the Placement Memorandum and/or Private Placement Offer cum Application Letter issued for each tranche/ series.
PDI Trustees	Axis Trustee Services Limited or such other agency as the Company may appoint from time to time.
Lock-In	As may be decided by the Authorised Signatories
Deemed Date of Allotment	As may be decided by the Authorised Signatories and specified in the Placement Memorandum from time to time
Discount	The PDI instruments shall not be subjected to a progressive discount for capital adequacy purposes since these are perpetual.
Listing	On the Wholesale Debt Market (WDM) Segment of the BSE Limited ('BSE') or such other stock exchanges as may be required.
Settlement	Payment of interest and repayment of principal shall be made by way of cheque(s) / interest / redemption warrant(s)/ demand draft(s) / credit through RTGS / ECS system
Issuance Format	In dematerialized form

RESOLVED FURTHER THAT any of the Directors of the Company and Chief Financial Officer (collectively referred as the **'Authorised Signatories'**), be and are hereby severally authorised to discuss, negotiate and finalize the terms and conditions for each tranche(s) of PDIs with the investor(s) and agree to such changes and modifications in the said terms and conditions as they deem fit and further to sub-delegate its powers derived hereunder to any employee of the Company;

RESOLVED FURTHER THAT pursuant to Section 42(2) of the Companies Act, 2013, the Board hereby identifies the below select group of persons as identified persons from whom the Company may borrow funds (subject to the laws applicable to such entities) by issuance of PDI and also subject to such persons being eligible to participate in the electronic book mechanism on the electronic book platform and to whom allocation may be made by the Company pursuant to selection under the electronic book mechanism for issuance of Debentures on private placement basis in terms of the relevant circulars and directions issued by the Securities and Exchange Board of India and the relevant electronic book providers ("**EBP**"):

a) Qualified Institutional Buyers ("QIB") as defined in Section 2(1) (ss) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

RESOLVED FURTHER THAT the Board hereby approves the enrolment of the Company with any EBP for the private placement of the Debentures as per the applicable Securities and Exchange Board of India regulations/ guidelines/ circulars read along with the operating guidelines of such Electronic Book Provider and in this regard, the Company be and is hereby authorised to finalize, execute and/ or ratify (and if required, amend and ratify) the necessary or requisite agreement(s) with such EBP and to do all such acts, deeds and things and execute or ratify such other documents, papers and writings as may

HDB Financial Services Ltd

be necessary for the purpose and to provide all such documents and/ or provide such information or details whether in relation to the Company's KYC or otherwise as may be required by the Electronic Book Provider in this regard;

RESOLVED FURTHER THAT the Authorised Signatories be and are hereby severally authorised on behalf of the Company to sign the Placement Memorandum(s) / Private Placement Offer cum Application Letter(s), to finalize terms and conditions, for appointment of PDI Trustee, Registrar to the Issue, Arranger(s), Collecting Banker(s) and such other agencies, as may be required for the proposed PDI Issue;

RESOLVED FURTHER THAT the Authorised Signatories be and are hereby severally authorised on behalf of the Company to execute any such formal contract, agreements, applications, deeds, indemnities, guarantees and such other documents, as may be required for the PDIs Issue, for submitting with Stock Exchange(s), National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) in connection with allotment, dematerialization, listing of the proposed PDIs and to do all such acts, deeds, matters and things, as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in order to give effect to this resolution;

RESOLVED FURTHER THAT the Authorised Signatories be and are hereby severally authorised on behalf of the Company to sign and file all such forms and returns with the Ministry of Corporate Affairs, Reserve Bank of India, the BSE Limited and such other authorities and to do all such acts, deeds and things as may be necessary and as they may in their absolute discretion deem necessary to comply with applicable provisions of the Companies Act, 1956 and/or the Companies Act, 2013 and Rules made thereunder including applicable RBI Circulars (as may be amended from time to time);

RESOLVED FURTHER THAT the Authorised Signatories be and are severally authorised on behalf of the Company to delegate any of the powers and responsibilities conferred herein by the aforesaid resolutions, to any of the employees / officials of the Company from time to time;

RESOLVED FURTHER THAT the common seal of the Company shall be affixed wherever necessary in presence of any of the Authorised Signatories;

RESOLVED FURTHER THAT a copy of the aforesaid resolutions certified to be true by any one of the aforesaid authorised signatories of the Company or the Company Secretary of the Company be furnished to appropriate authorities for their records and necessary action thereon."

Certified True Copy

For HDB Financial Services Limited

Dipti Khandelwal
Company Secretary
Membership No. F11340

HDB Financial Services Ltd

June 22, 2023

HDB FINANCIAL SERVICES

HDB Financial Services Limited
Ground Floor, Zenith House,
Keshavrao Khadye Marg,
Opp. Race Course, Mahalaxmi,
Mumbai - 400034.
Tel : 022 - 4911 6300
Fax : 022 - 4911 6666
Web : www.hdbfs.com
CIN : U65993GJ2007PLC051028
Email ID : compliance@hdbfs.com

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF HDB FINANCIAL SERVICES LIMITED HELD ON WEDNESDAY, MAY 31, 2023 AT 3:30 P.M. AT BOARD ROOM, ZENITH HOUSE, GROUND FLOOR, KESHAVRAO KHADYE MARG, MAHALAXMI, MUMBAI– 400034

Renewal of existing limit for issue of Tier – II unsecured redeemable non-convertible Subordinated Bonds on private placement basis

"**RESOLVED THAT** the consent of the Board be and is hereby accorded to renew the limit of Rs. 500 crore (Rupees Five Hundred Crore only) up to which the Company may borrow funds by issue of Tier – II unsecured redeemable non-convertible Subordinated Bonds (**'Subordinated Bonds'**) on private placement basis, in one or more tranches/series, which limit was approved by the Board pursuant to the resolution passed by the Board dated April 16, 2022:

RESOLVED FURTHER THAT pursuant to the Reserve Bank of India's Master Direction No. RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17dated September 01, 2016and Chapter V of the Securities and Exchange Board of India's Issue and Listing of Non-Convertible Securities Regulations, 2022 dated August 9, 2021 and Section 71 and 179 of the Companies Act, 2013 read with applicable rules and regulations made there under, as amended from time to time, and subject to the previous approval of the members of the Company by way of a special resolution pursuant to Section 42 of the Companies Act, 2013, read with applicable rules and regulations made there under, as amended from time to time, the consent of the Board be and is hereby accorded to borrow funds by issue of Tier – II unsecured redeemable non-convertible Subordinated Bonds **('Subordinated Bonds')** on private placement basis in one or more tranche/series as may be decided by the Authorised Signatories, upto Rs. 500 crore (Rupees Five Hundred Crore Only), and 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, on the following broad terms and conditions of Subordinated Bonds issuance:

Issuer	HDB Financial Services Ltd. ('the Issuer'/ 'the Company'/ 'the Borrower'/'HDB')
Issue Size	Upto Rs. 500 Crore in aggregate in various tranches/series, as may be decided by the Authorised Signatories (Issue of all tranches/series collectively referred to as 'Issue')
Instrument	Unsecured redeemable non-convertible Subordinated Bonds (Subordinated Bonds) The appropriate description of the Subordinated Bonds to be issued would be as set out in the Placement Memorandum and/or Private Placement Offer cum Application Letter issued for each tranche/series.
Object of issue	For meeting capital adequacy requirements and disbursements of loans to borrowers, refinancing existing borrowings, augmenting the working capital requirements of the Company, for general corporate purposes of the Company or such other purposes as may be identified in the transaction documents.

HDB Financial Services Ltd.

Face Value	Rs. 1 Crore per Subordinated Bond or as prescribed under applicable law, including by any regulatory authority or securities depository
Rating Agency	CARE Ratings Limited and/ or CRISIL Ratings Limited or such other agency as the Company may appoint from time to time
Tenor	For a period not exceeding ten years. Exact tenure to be identified in the Placement Memorandum and/or Private Placement Offer cum Application Letter issued for each tranche/series.
Put / Call Option	As may be decided by the Authorised Signatories and specified in the Placement Memorandum from time to time
Redemption	As may be decided by the Authorised Signatories and specified in the Placement Memorandum
Indicative Coupon rate	As may be decided by the Authorised Signatories as per market conditions at the time of issue of each tranche/series and would be as set out in the Placement Memorandum and/or Private Placement Offer cum Application Letter issued for each tranche/series.
Coupon payment	Annual or such other frequency as may be decided for each series subject to TDS. The frequency of coupon payment would be as set out in the Placement Memorandum and/or Private Placement Offer cum Application Letter issued for each tranche/ series.
Subordinated Bond Trustees	IDBI Trusteeship Services Limited or such other agency/company as the Company may appoint from time to time.
Deemed Date of Allotment	As may be decided by the Authorised Signatories and specified in the Placement Memorandum from time to time
Listing	On the Wholesale Debt Market (WDM) Segment of the BSE Limited or such other stock exchanges as may be required
Settlement	Payment of interest and repayment of principal shall be made by way of cheque(s) / interest / redemption warrant(s)/ demand draft(s) / credit through RTGS / ECS system
Issuance Format	In dematerialized form.

RESOLVED FURTHER THAT any of the Directors of the Company and Chief Financial Officer (collectively referred as the **'Authorised Signatories'**), be and are hereby severally authorised to discuss, negotiate and finalize the terms and conditions for each tranche(s) of Subordinate Bonds with the investor(s) and agree to such changes and modifications in the said terms and conditions as they deem fit and further to further sub-delegate its powers derived hereunder to any employee of the Company;

RESOLVED FURTHER THAT pursuant to Section 42(2) of the Companies Act, 2013, the Board hereby identifies the below select group of persons as identified persons from whom the Company may borrow funds (subject to the laws applicable to such entities) by issuance of Subordinated Bonds and also subject to such persons being eligible to participate in the electronic book mechanism on the electronic book platform and to whom allocation may be made by the Company pursuant to selection under the electronic book mechanism for issuance of Debentures on private placement basis in terms of the relevant circulars and directions issued by the Securities and Exchange Board of India and the relevant electronic book providers (**"EBP"**):

a) Banks;
b) Financial Institutions;
c) Non-Banking Financial Companies;
d) Company, Bodies Corporate, Statutory Corporation;

HDB Financial Services Ltd

e) Mutual Funds;
f) Insurance Companies;
g) Provident Funds, Gratuity, Superannuation and Pension Funds, subject to their investment guidelines;
h) Individuals;
i) Foreign Portfolio Investors (FPIs);
j) Hindu Undivided Family (HUF);
k) Partnership firms including Limited Liability Partnership firms;
l) Registered Society;
m) Private Trust / Public charitable trust;
n) Any other entity who is eligible to invest;

RESOLVED FURTHER THAT the Board hereby approves the enrolment of the Company with any EBP for the private placement of the Debentures as per the applicable Securities and Exchange Board of India regulations/ guidelines/ circulars read along with the operating guidelines of such Electronic Book Provider and in this regard, the Company be and is hereby authorised to finalize, execute and/ or ratify (and if required, amend and ratify) the necessary or requisite agreement(s) with such EBP and to do all such acts, deeds and things and execute or ratify such other documents, papers and writings as may be necessary for the purpose and to provide all such documents and/ or provide such information or details whether in relation to the Company's KYC or otherwise as may be required by the Electronic Book Provider in this regard;

RESOLVED FURTHER THAT the Authorised Signatories be and are hereby severally authorised on behalf of the Company to sign the Placement Memorandum(s) / Private Placement Offer cum Application Letter(s), to finalize terms and conditions, for appointment of Subordinated Bond Trustee, Registrar to the Issue, Arranger(s), Collecting Banker(s) and such other agencies, as may be required for the proposed Subordinated Bonds Issue;

RESOLVED FURTHER THAT the Authorised Signatories be and are hereby severally authorised on behalf of the Company to execute any such formal contract, agreements, applications, deeds, indemnities, guarantees and such other documents, as may be required for the Subordinated Bonds Issue, for submitting with Stock Exchange(s), National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) in connection with allotment, dematerialization, listing of the proposed Subordinated Bonds and to do all such acts, deeds, matters and things, as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in order to give effect to this resolution;

RESOLVED FURTHER THAT the Authorised Signatories be and are hereby severally authorised on behalf of the Company to sign and file all such forms and returns with the Ministry of Corporate Affairs, Reserve Bank of India, the BSE Limited and such other authorities and to do all such acts, deeds and things as may be necessary and as they may in their absolute discretion deem necessary to comply with applicable provisions of the Companies Act, 1956 and / or the Companies Act, 2013 and Rules made thereunder including applicable RBI Circulars (as may be amended from time to time);

RESOLVED FURTHER THAT the common seal of the Company shall be affixed wherever necessary in presence of any of the Authorised Signatories;

HDB Financial Services Ltd

RESOLVED FURTHER THAT a copy of the aforesaid resolutions certified to be true by any one of the aforesaid authorised signatories of the Company or the Company Secretary of the Company be furnished to appropriate authorities for their records and necessary action thereon."

Certified True Copy

For HDB Financial Services Limited

Dipti Khandelwal
Company Secretary
Membership No. F11340

HDB Financial Services Ltd

June 22, 2023

HDB FINANCIAL SERVICES

HDB Financial Services Limited
Ground Floor, Zenith House,
Keshavrao Khadye Marg,
Opp. Race Course, Mahalaxmi,
Mumbai - 400034.
Tel : 022 - 4911 6300
Fax : 022 - 4911 6666
Web : www.hdbfs.com
CIN : U65993GJ2007PLC051028
Email ID : compliance@hdbfs.com

CERTIFIED TRUE COPY OF SPECIAL RESOLUTION PASSED BY THE MEMBERS OF THE COMPANY AT THEIR 16TH ANNUAL GENERAL MEETING HELD ON FRIDAY, JUNE 30, 2023 AT 12 NOON THROUGH VIDEO CONFERENCING / OTHER AUDIO VISUAL MEANS

AUTHORITY TO ISSUE REDEEMABLE NONCONVERTIBLE DEBENTURES AND/OR OTHER INSTRUMENTS ON PRIVATE PLACEMENT BASIS

"**RESOLVED THAT** pursuant to the provisions of Section 42, 71 and all other applicable provisions, if any of the Companies Act, 2013, 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 - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016 ("RBI Master Directions"), the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Securities and Exchange Board of India's Operational Circular for Issue and Listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the relevant provisions of the Memorandum of Association and the Articles of Association of the Company, any other 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 modifications or re-enactments thereof for the time being in force) and subject to such terms, conditions and modifications as may be considered necessary and proper by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee of the Board constituted/to be constituted by the Board, from time to time, to exercise its powers conferred by this resolution), the consent of the Members be and is hereby accorded to the Board to offer and /or invite for issue of Non-Convertible Securities whether secured or unsecured, listed / unlisted, fixed rate or market /benchmark linked and /or any other hybrid Instruments (not in the nature of Equity Shares) including but not limited to Subordinated Bonds, Perpetual Debt Instruments which may or may not be classified as being additional Tier I or Tier II capital under the provisions of the RBI Master Directions, on a private placement basis (collectively "Debentures / Instruments"), in one or more tranches /series, with the consent being valid for a period of 1 (one) year from the date hereof, on such terms and conditions including the price, coupon, premium /discount, tenor etc., as may be determined by the Board (or any other person so authorised by the Board), based on the prevailing market condition;

RESOLVED FURTHER THAT the aggregate amount to be raised through the issuance of Debentures /Instruments pursuant to the authority under this Resolution aggregating up to Rs. 31,547.22 Crore (Rupees Thirty One Thousand Five Hundred Forty Seven Crore and Twenty Two Lakhs Only) under one or more shelf placement memorandums and /or in one or more letter(s) of offer as may be issued by the Company and in one or more tranches /series as the Board may decide;

HDB Financial Services Ltd

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RESOLVED FURTHER THAT the Board of the Company be and are 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."

Certified true copy
For HDB Financial Services Limited

Dipti Khandelwal
Company Secretary
Membership No. F11340

July 03, 2023

HDB Financial Services Ltd

HDB FINANCIAL SERVICES

CERTIFIED TRUE COPY OF THE EXPLANATORY STATEMENT TO THE NOTICE OF THE 16TH ANNUAL GENERAL MEETING HELD ON FRIDAY, JUNE 30, 2023 AT 12 NOON THROUGH VIDEO CONFERENCING / OTHER AUDIO VISUAL MEANS

Item No. 6

The Company has been raising funds by offer and/or invite for issuing non-convertible debentures, secured or unsecured, listed/unlisted, fixed rate or market /bench mark linked and /or any other hybrid 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 Debt Securities 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 Debt Securities 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 Debt Securities to be issued during a year and such a Special Resolution is required to be passed every year.

The Members at the 15th Annual General Meeting held on June 23, 2022 and vide postal ballot dated March 26, 2023 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 Rs. 20,328.90 Crore which included existing limit of Rs. 10,328.90 Crore and new limit of Rs. 10,000 Crore (Rs. 5,000 Crore was approved vide postal ballot on March 26, 2023). As on March 31, 2023 the Company had raised NCDs of Rs. 9,599.18 Crore and the charge has been released for Debenture Trust Deed of Rs. 7,500 Crore of which unissued amount is Rs. 32.50 Crore. The unutilised limit of Rs. 10,697.22 Crore is available for issuance of NCDs.

B. Subordinated Bonds (Sub Debts) up to a limit of Rs. 500 Crore. No issue of Sub Debts was done during the FY 2022-23, hence the unutilised limit of Rs. 500 Crore continues to subsist for issuance of Sub Debts.

C. Perpetual Debt Instruments (PDIs) up to a limit of Rs. 500 Crore. As on March 31, 2023 the Company had raised PDIs of up to Rs. 150 Crore. The unutilised limit of Rs. 350 Crore is available for issuance of PDIs.

Further, the Board, at its meeting held on May 31, 2023, has approved issuance of NCDs, Sub Debts and PDIs from the above unutilised limit of Debt Securities and in addition to the above limit has also approved new limit for issuance of NCDs of Rs. 20,000 Crore, subject to the approval of the Members. Thus, the approved limit of NCDs, Sub Debts and PDIs for Issuance is Rs. 30,697.22 Crore, Rs. 500 Crore and Rs. 350 Crore respectively.

In terms of the requirements of Resource Planning Policy of the Company and Business planning for the FY 2023-24, 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.

HDB Financial Services Ltd

Pursuant to the notification dated August 07, 2018, by which Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 has been amended, it is now mandated that 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 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 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 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 at this stage. This will be determined by the Board (including any committee duly authorised by the Board thereof), from time to time, for each issuance;

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 Rs. 31,547.22 Crore (Rupees Thirty One Thousand Five Hundred Forty Seven Crore and Twenty 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 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 committee duly authorised by the Board thereof), from time to time.

In view of the aforesaid, the Board of Directors at its meeting held on May 31, 2023, has approved issuance of Debt securities in one or more tranches, on private placement basis and within the overall borrowing limit of Rs. 80,000 Crore (Rupees Eighty Thousand Crore Only).

Accordingly, the approval of the Members is being sought by way of Special Resolution as set out at Item No. 6 of this Notice authorising the Board to issue Debt Securities and /or any other hybrid 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 Rs. 31,547.22 Crore (Rupees Thirty One Thousand Five Hundred Forty Seven Crore and Twenty Two Lakhs Only) on Private Placement basis during a period of one year from the date of this AGM.

HDB Financial Services Ltd

The Board, accordingly, recommends the passing of the Special Resolution as set out at Item No. 6 of this Notice, for the approval of the Members.

None of the Directors, Key Managerial Personnel 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.

Certified true copy
For HDB Financial Services Limited

Dipti Khandelwal
Company Secretary
Membership No. F11340

July 03, 2023

BSE
The Power of Vibrance

DCS/COMP/RM/IP-PPDI/239/23-24

September 01, 2023

HDB Financial Services Limited
Radhika, 2nd Floor
Law Garden Road
Navrangpura, Ahmedabad 380 009

Dear Sir/Madam

Re: Private Placement for Issue of

- **Secured, Rated, Listed, Redeemable Non-Convertible Debentures,**
- **Unsecured, Rated, Listed, Perpetual Debt Instruments in Non-Convertible Debentures,**
- **Unsecured Rated, Redeemable Non-Convertible Subordinated (Tier II)**
- **The offer Document shall also govern the Issue of Commercial Papers which shall be issued / offered by the Company during the validity of this General Information Document. (The "Issue") As Per Gid No. 01/2023-24**

We acknowledge receipt of your application on the online portal on September 01, 2023, seeking In-principle approval for issue of captioned security. In this regard, the Exchange is pleased to grant in-principle approval for listing of captioned security subject to fulfilling the following conditions at the time of seeking listing:

1. Filing of listing application.

2. Payment of fees as may be prescribed from time to time.

3. Compliance with SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder and also Compliance with provisions of Companies Act 2013.

4. Receipt of Statutory & other approvals & compliance of guidelines issued by the statutory authorities including SEBI, RBI, DCA etc. as may be applicable.

5. Compliance with change in the guidelines, regulations, directions, circulars of the Exchange, SEBI or any other statutory authorities, documentary requirements from time to time.

6. Compliance with below mentioned circular dated June 10, 2020 issued by BSE before opening of the issue to the investors.:
https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20200610-31

7. Issuers, for whom use of EBP is not mandatory, specific attention is drawn towards compliance with Chapter XV of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and BSE Circular No 20210519-29 dated May 19, 2021. Accordingly, Issuers of privately placed debt securities in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 or ILDM Regulations for whom accessing the electronic book platform (EBP) is not mandatory shall upload details of the issue with any one of the EBPs within one working day of such issuance. The details can be uploaded using the following links Electronic Issuance - Bombay Stock Exchange Limited (bseindia.com).

8. It is advised that Face Value of NCDs issue through private placement basis should be kept as per Chapter V of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021

9. Issuers are hereby advised to comply with signing of agreements with both the depositories as per Regulation 7 of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.

10. Company is further requested to comply with SEBI Circular SEBI/HO/DDHS/DDHS-RACPOD1/CIR/P/2023/56 dated April 13, 2023, (if applicable) read along with BSE Circular https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230428-18 and ensure compliance of the same.

This In-Principle Approval is valid for a period of 1 year from the date of issue of this letter or for period of 1 year from the date of opening of the first offer of debt securities under General information Documents which ever applicable. The Exchange reserves its right to withdraw its in-principle approval at any later stage if the information submitted to the Exchange is found to be incomplete/ incorrect/misleading/false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Guidelines/Regulations issued by the statutory authorities etc. Further, it is subject to payment of all applicable charges levied by the Exchange for usage of any system, software or similar such facilities provided by BSE which the Company shall avail to process the application of securities for which approval is given vide this letter.

Yours faithfully,
For BSE Limited

Mangesh Tayde
Deputy General Manager

Akshay Arolkar
Deputy Manager