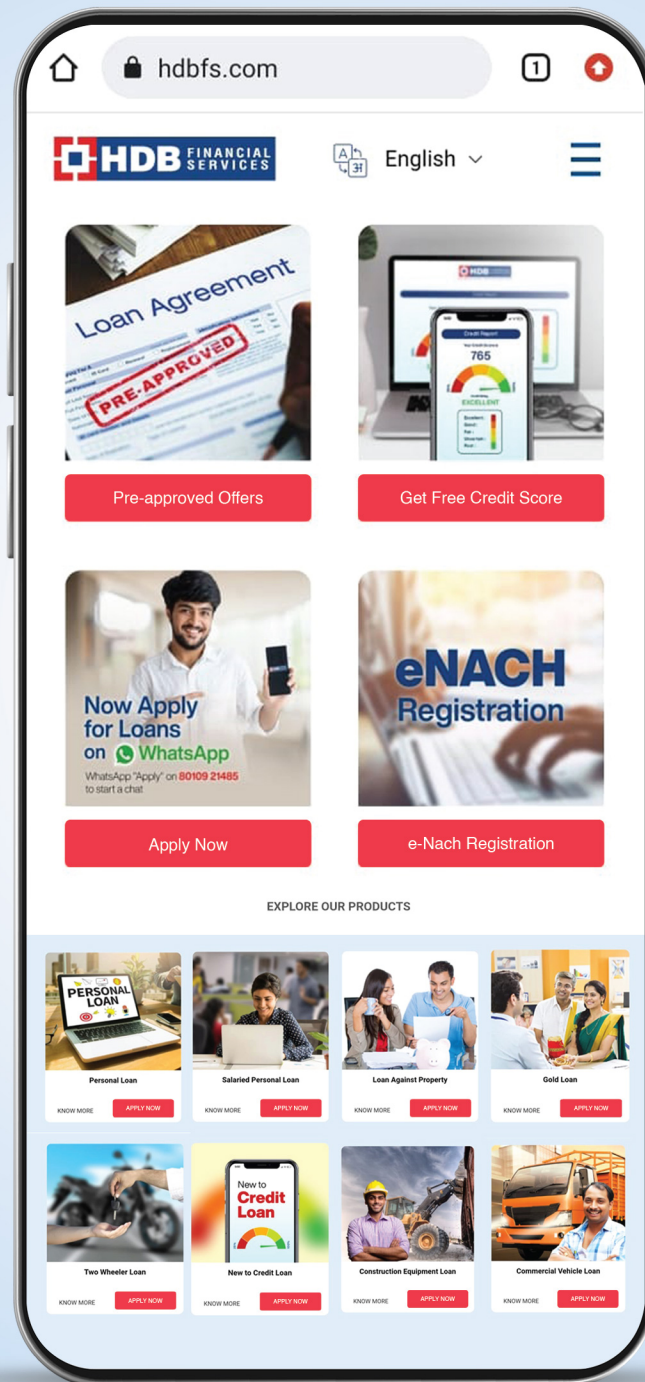


REIMAGINING OPPORTUNITIES

ANNUAL REPORT 2021-2022





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

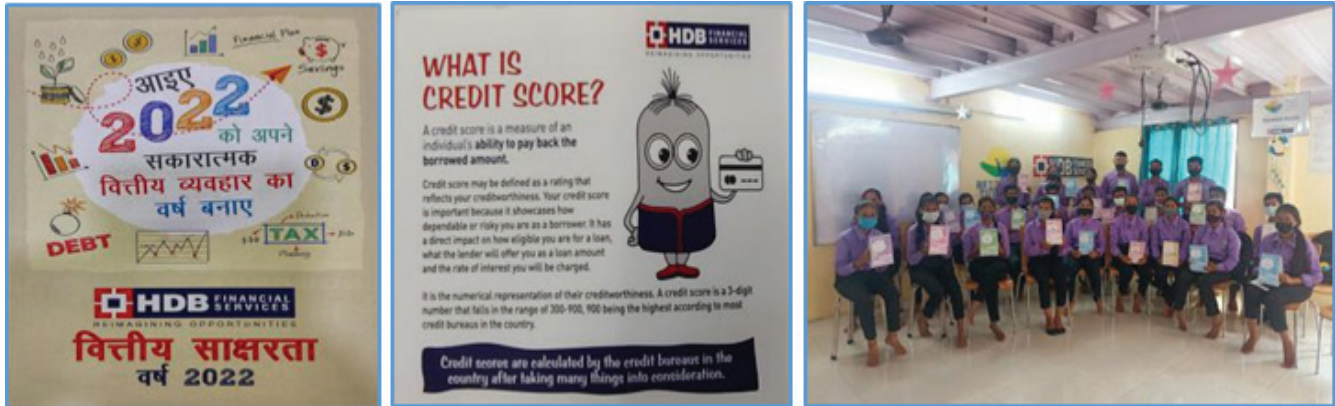
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“Visiting Grace Care Academy as a part of ASK initiative has been such a vivid experience of my life. I never thought we would get an opportunity to spread smiles this New Year. It’s the best New Year gift ever.”

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



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 * Deutsche 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

Notice



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.

Notice



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.

Notice



- 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: <ol style="list-style-type: none">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)	<p>If you are not registered, follow the below steps:</p> <ol style="list-style-type: none"> Option to register is available at https://eservices.nsdl.com Select “Register Online for IDEAS” Portal or click at: https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Please follow steps given in points 1-5. <p>B. E-voting website of NSDL</p> <ol style="list-style-type: none"> Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile phone. Once the home page of e-voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number 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. <p>NSDL Mobile App is available on</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;">   </div>
Individual Members holding securities in demat mode with CDSL	<ol style="list-style-type: none"> 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. 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. 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	<ol style="list-style-type: none"> You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-voting facility. 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. 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@mishah.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: mt.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 casual 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.

Notice

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.

Notice



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.

Notice



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.

Notice



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.

Registered Office:

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

Place : Mumbai
Date : May 18, 2022

**By order of the Board
For HDB Financial Services Limited**

Sd/-
Dipti Khandelwal
Company Secretary
FCS No.: F11340

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 ensuing 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. Semiconductor 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.

Directors' Report



- **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 disbursement 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 disbursements. 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.

Directors' Report



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

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 in 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 -

- Two percent of average net profit of the Company as per section 135(5) = ₹ 24.70 crore.
- Surplus arising out of the CSR projects or programmes or activities of the previous financial years = NIL
- Amount required to be set off for the financial year, if any = NIL
- 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
25.83	Not Applicable	Not Applicable
	Not Applicable	Amount
	Not Applicable	Date of transfer
	Not Applicable	Not Applicable

b. Details of CSR amount spent against ongoing projects for the financial year

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	CSR Regn. No.
				State	District									
1			Yes	RJ	Sirohi	FY21	Jan'21 - Jun'22	0.67	0.30	0.64	-	No	Mamta - HIMC	CSR00001978
2	Mother & Child Health and Nutrition	Healthcare	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, Railam	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			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	School WASH & Clean Drinking Water for Rural Communities	Healthcare	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)	Name	Mode of Implementation - Through Implementing Agency
				State	District									CSR Regn. No.
14			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	Diagnosis & Treatment of Preventable Illness	Healthcare	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			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	CSR000003159
25	Healthcare infrastructure	Healthcare	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	CSR000003159
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	
			Yes	State	District								Name	CSR Regn. No.
30			Yes	Pan India	Pan India	FY21	Sept'20 – Aug'22	2.02	-	1.81	-	No	FPA India	CSR000002424
31			Yes	DL	Delhi	FY21	Sept'20 – Aug'21	0.26	-	0.26	-	No	Sarthak Education	CSR000001093
32			Yes	MH	Mumbai	FY21	Apr'20 – Sept'21	0.50	-	0.50	-	No	NRI	CSR000000754
33			Yes	KA, TL, MH	Bangalore, Hyderabad, Mumbai, Nagpur	FY21	Dec'20 – May'22	1.27	-	1.14	-	No	KSWA	CSR000000920
34			Yes	JH	Ranchi	FY21	Mar'21 – Apr'22	0.50	0.09	0.34	-	No	Pravatha	CSR00001655
35			Yes	RJ, UP	Jaipur, Noida	FY20	Feb'20 – Mar'21	1.00	0.10	1.00	-	No	Development.Alt.	CSR000000829
36			Yes	TN, MH, DL, WB	Chennai, Mumbai, Delhi, Kolkata	FY20	Aug'19 – Aug'22	1.65	-	1.24	-	No	Sambhav Foundation	CSR000000475
37			Yes	WB	Kolkata	FY20	Sept'19 – Jun'22	0.26	0.12	0.24	-	No	HHF	CSR000000919
38			Yes	MH	Mumbai	FY20	Apr'20 – Dec'21	1.60	-	1.60	-	No	TNS India Fn.	CSR000001337
39			Yes	TL	Hyderabad	FY20	Jan'20 – Sept'21	0.65	0.19	0.65	-	No	FUEL	CSR000000051
40			Yes	UP, BH	Varanasi, Patna	FY20	Sept'19 – Jul'21	0.37	-	0.37	-	No	Medha	CSR000004590
41	Youth Training & Development	Livelihood Enhancement	Yes	GJ, MH, DL, TL, KA	Ahmedabad, Mumbai, Delhi, Hyderabad, Bangalore	FY20	Jan'20 - Oct'22	1.00	-	0.50	-	No	SGBS Unnati	CSR000001571
42			Yes	MH, TN, TL	Mumbai, Chennai, Hyderabad	FY20	Feb'20 – Jun'22	0.75	-	0.71	--	No	TCIT	CSR000002739
43			Yes	RJ, UP	Jaipur, Noida	FY22	Aug'21 – Oct'22	0.70	0.45	0.45	-	No	Development.Alt.	CSR000000829
44			Yes	DL	Delhi	FY22	Jul'21 - Oct'22	0.30	0.27	0.27	-	No	Sarthak Education	CSR000001093
45			Yes	MH	Mumbai	FY22	Apr'21 - Sept'22	0.59	0.56	0.56	-	No	NRI	CSR000000754
46			Yes	MH, KA	Pune, Bangalore	FY22	Sept'21 - Aug'22	1.34	0.67	0.67	-	No	FUEL	CSR000000051
47			Yes	MH, MP, RJ	Malegaon, Neemuch, Bhopal, Ajmer	FY22	Nov'21 - Nov'22	0.25	0.23	0.23	-	No	Srujna Charitable Trust	CSR000002690
48			Yes	MH, UP	Mumbai, Noida	FY22	Nov'21 - Oct'22	1.50	0.23	0.23	-	No	TNS India Fn.	CSR000001337
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	CSR000002690
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	CSR000002215

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			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, Tuticorin	FY20	Apr'20 – Mar'22	1.05	-	1.05	-	No	EFI CSR000002310
58	Restoration of Ecological Balance & Disaster Relief	Environmental Sustainability	Yes	AP, GJ Chittoor, Bhuj	FY21	Mar'21 – Mar'22	1.47	0.89	1.48	-	No	EFI CSR000002310
59			Yes	TN, MP, RJ Kanyakumari, Khandawa, Harada, Bhiwara	FY21	Jan'21 – Dec'22	1.00	0.40	0.90	-	No	Impact Guru Fn. CSR000000991
60			Yes	RJ Bhiwara	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 Uthar Kannada	FY20	Nov'19 – Sep'21	1.25	-	1.25	-	No	Manuvikasa CSR00002730
63			Yes	RJ Bhiwara	FY22	Sep'21 – Feb'23	1.52	0.76	0.76	-	No	FES CSR00000637
64			Yes	PAN India	FY22	Oct'21 – Dec'22	1.10	0.82	0.82	-	No	Sankalp Taru 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)	State	District	Amount spent for the project (₹ In crore)	Mode of implementation on - Direct (Yes/No)	Mode of implementation - Through implementing agency
								Name CSR Reg. No.
1			Yes	MH	Mumbai	0.15	No	SSFA&SS CSR00001777
2		Healthcare	Yes	MH	Mumbai	0.01	Yes	-
3	Diagnosis & Treatment of Preventable Illness		Yes	MH	Mumbai	0.00	Yes	-
4			Yes	DL	Delhi	0.00	Yes	-
5			Yes	MH	Mumbai	0.02	Yes	-
6			Yes	PAN India	PAN India	0.02	Yes	-
7			Yes	PAN India	PAN India	0.61	Yes	-
8	Healthcare: COVID-19 Response	Healthcare	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	0.15	No	Human Development Centre Trust CSR00018558
12			Yes	PAN India	0.16	Yes	-
13			Yes	PAN India	0.45	Yes	-
14			Yes	PAN India	0.24	Yes	-
15	Restoration of Ecological Balance & Disaster Relief	Environmental Sustainability	Yes	AP	0.00	Yes	-
16			Yes	GJ	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
				Name of the Fund	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.	
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)	Name of the Fund	Amount (₹ In crore)	Amount remaining to be spent in succeeding financial years (₹ In crore)
1.	FY22	NIL	NIL	Not Applicable	Not Applicable	0.00
2.	FY21	7.31	5.03	Not Applicable	Not Applicable	2.28
3.	FY20	NIL	NIL	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

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;

Directors' Report



- 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

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.

Disclosures in terms of Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- 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.

- 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.

- During the year under review there was no increase in the median remuneration of the employees of your Company.
- As on March 31, 2022 there were 1,21,595 employees on the rolls of your Company.
- It is hereby affirmed that the remuneration paid during the year was as per the Remuneration policy of the Company.
- 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%.

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

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 Report



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.

Corporate Governance Report



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
	Fairchem Organics Limited	Independent Director
Mr. Venkatraman Srinivasan	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.

Corporate Governance Report

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 pur-view	✓	✓	✓	✓	✓	✓	✓
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:

- 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.
- 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:

- 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;
- 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;
- Formulating criteria for evaluation of the performance of the independent directors and the Board;
- Devising a policy on Board diversity;
- 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

Corporate Governance Report



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

¹Member of Executive Management

Note:

- Mr. Venkatraman Srinivasan ceased to be a Member of the Committee consequent to reconstitution of the Committee with effect from August 16, 2021.
- Mr. Arijit Basu was appointed as a Member of the Committee with effect from August 16, 2021, consequent to his appointment as the Director.
- 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:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- 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;
- 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

¹Member 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

¹Member of Executive Management

Note:

- 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.
- 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

¹Member 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

¹Member 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

¹Member 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
14 th AGM	June 25, 2021 at 12 p.m.	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	<ul style="list-style-type: none"> 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
13 th AGM	June 30, 2020 at 12 p.m.	Held through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”)	<ul style="list-style-type: none"> • 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.
12 th 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	<ul style="list-style-type: none"> • 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:

Name of Director	Amount ₹		
	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**.

Corporate Governance Report



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>.

Corporate Governance Report



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 sensx, 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.

Corporate Governance Report



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>.

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

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

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	
	<p>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'.</p>	
	<p>Subjective estimates:</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p> <p>Disclosures:</p> <p>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.</p>	<p>Our key audit procedures included:</p> <p>Review of Policy/procedures & design/controls</p> <ul style="list-style-type: none"> ➤ 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. <p>Substantive verification</p> <ul style="list-style-type: none"> ➤ 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	
	<p>IT systems and controls</p> <p>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.</p> <p>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.</p> <p>These includes implementation of preventive and detective controls across critical applications and infrastructure.</p> <p>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.</p>	<p>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:</p> <ul style="list-style-type: none"> ➤ 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: <ul style="list-style-type: none"> • 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.

Independent Auditors' Report (Continued)



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 to 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	-	0.01
(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

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

Place: Mumbai
Date: 16 April 2022

Sd/-
Dipti Khandelwal
Company Secretary
Membership No.: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

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

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

Place: Mumbai
Date: 16 April 2022

Sd/-
Dipti Khandelwal
Company Secretary
Membership No.: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Standalone Statement of Changes in Equity as at 31 March 2022



(Currency : Indian Rupees in crore)

Statement of Changes in Equity

	As at 31 March 2022	As at 31 March 2021
A Equity Share Capital		
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, 1934.

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

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Managing Director & CEO
DIN: 05291597

Place: Mumbai
Date: 16 April 2022

Sd/-
Dipti Khandelwal
Company Secretary
Membership No.: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

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 instruments	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

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firms' Registration No:
105146W/W-100621

For and on behalf of the Board of Directors of
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Place: Mumbai
Date: 16 April 2022

Sd/-
Dipti Khandelwal
Company Secretary
Membership No.: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Notes to the Standalone Financial Statements for the year ended 31 March 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 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.

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



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 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, 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.

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



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 not 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.

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



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.

**Notes to the Standalone Financial Statements
as at 31 March 2022 (Continued)**



(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						
(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

**Notes to the Standalone Financial Statements
as at 31 March 2022 (Continued)**



(Currency : Indian Rupees in crore)

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	6	1 - 2	2 - 3	More	Total
	than 6	months	years	years	than 3	
	months	- 1 year			years	
(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)

**Notes to the Standalone Financial Statements
as at 31 March 2022 (Continued)**

(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 severally 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

**Notes to the Standalone Financial Statements
as at 31 March 2022 (Continued)**

(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

**Notes to the Standalone Financial Statements
as at 31 March 2022 (Continued)**



(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

**Notes to the Standalone Financial Statements
as at 31 March 2022 (Continued)**



(Currency : Indian Rupees in crore)

13 Property, Plant and Equipment (PPE) and Other Intangible assets

Description	Office equipment	Furniture and fixtures	Leasehold improvements	Computers	Building	Motor cars	Total PPE Tangibles	Software and System development	Total Other Intangibles	Total
Balance as at 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.

**Notes to the Standalone Financial Statements
as at 31 March 2022 (Continued)**



(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 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, 3 rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and receivables under financing activity.	25,357.70	23,356.20

**Notes to the Standalone Financial Statements
as at 31 March 2022 (Continued)**



(Currency : Indian Rupees in crore)

	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)	-	900.00 (600.00)	4,369.00 (4,951.00)
8.5-9.5	1,931.60 (4,207.50)	-	-	-	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

**Notes to the Standalone Financial Statements
as at 31 March 2022 (Continued)**



(Currency : Indian Rupees in crore)

	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	-	-	4,017.00
	(3,874.83)	-	-	(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	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)

**Notes to the Standalone Financial Statements
as at 31 March 2022 (Continued)**



(Currency : Indian Rupees in crore)

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 (3967.43)	216.67 (3934.84)	- (16.67)	333.33 (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 (655.00)	1,562.28 (919.69)	136.67	3,278.48 (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 (210.83)	772.50 (530.83)	- (110.83)	1,204.17 (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 (726.67)	2,286.39 (1,616.70)	1,473.21 (31.82)	4,821.06 (2,375.19)
Mumbai InterBank Offer rate (MIBOR) (0.00% to 3.50%)	725.00 (197.92)	252.08 (450.00)	- (27.12)	977.08 (675.04)
Total (b)	3,906.75 (1899.51)	4,873.25 (4126.31)	1,609.88 (169.77)	10,389.88 (6195.59)
Fixed Interest rate 4.50% - 5.50%	1,018.70 (318.18)	2,187.40 (1,090.91)	362.14 (90.91)	3,568.24 (1,500.00)
Total (a)+(b)	5,042.12 (6,185.12)	7,277.32 (9,152.06)	1,972.01 (277.35)	14,291.45 (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.

**Notes to the Standalone Financial Statements
as at 31 March 2022 (Continued)**



(Currency : Indian Rupees in crore)

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

**Notes to the Standalone Financial Statements
as at 31 March 2022 (Continued)**



(Currency : Indian Rupees in crore)

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%

Notes to the Standalone Financial Statements as at 31 March 2022 (Continued)



(Currency : Indian Rupees in crore)

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

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**

(Currency : Indian Rupees in crore)

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

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(Currency : Indian Rupees in crore)

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

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)

(Currency : Indian Rupees in crore)

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.

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**



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

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**

(Currency : Indian Rupees in crore)

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

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**



(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.

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(Currency : Indian Rupees in crore)

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	

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**



(Currency : Indian Rupees in crore)

Related party	Nature of transaction	31 March 2022	31 March 2021
	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 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.

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(Currency : Indian Rupees in crore)

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

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**



(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

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**



(Currency : Indian Rupees in crore)

	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.

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(Currency : Indian Rupees in crore)

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.

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(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

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(Currency : Indian Rupees in crore)

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 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 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.

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(Currency : Indian Rupees in crore)

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.

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**



(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

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(Currency : Indian Rupees in crore)

Significant increase in credit risk

The Company considers an exposure to have significantly increased in credit risk when the borrower crosses 30 DPD but is within 90 DPD.

Impairment assessment

The company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower crosses 90 days past due on its contractual payments. Further, the borrower is retained in Stage 3 (credit-impaired) till all the overdue amounts are repaid i.e. borrower becomes 0 days past due on its contractual payments.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Loss given default

The credit risk assessment is based on a standardised LGD assessment framework that incorporates the probability of default and subsequent recoveries, discounted.

Current economic data and forward-looking economic forecasts and scenarios are used in order to determine the Ind AS 109 LGD rate. The company uses data obtained from third party sources and combines such data with inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios.

Credit quality of assets

- a) The table below shows credit quality and maximum exposure to credit risk based on year-end stage classification. The amounts presented are gross of Impairment loss allowance.

Stage	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

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**



(Currency : Indian Rupees in crore)

	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.

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(Currency : Indian Rupees in crore)

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.

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(Currency : Indian Rupees in crore)

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.

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(Currency : Indian Rupees in crore)

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
	Assets	Liabilities	Assets	Liabilities				
Cash flow hedge								
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
	Assets	Liabilities	Assets	Liabilities				
Cash flow hedge								
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

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(Currency : Indian Rupees in crore)

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.

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(Currency : Indian Rupees in crore)

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

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(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.	-	-

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**



(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.

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(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 acquired 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 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 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.

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(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 notification RBI/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

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**



(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.

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**

(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

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**



(Currency : Indian Rupees in crore)

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
	<i>* Please note that all investments are held in India</i>		
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

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(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

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**



(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

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**



(Currency : Indian Rupees in crore)

63 Exposure to Real Estate Sector

Categories	31 March 2022	31 March 2021
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);	11,779.72	12,171.29
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 shall also include non-fund based (NFB) limits)	5,345.78	5,506.12
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 <i>2,049.29</i>	2,144.03 <i>1,455.03</i>	1,530.02 <i>781.39</i>	- -	- -
Over one month to 2 months	1.04 -	1,926.23 <i>1,583.03</i>	- -	691.34 <i>1,650.10</i>	- -	- -
Over 2 months upto 3 months	- <i>2.59</i>	1,951.17 <i>1,708.44</i>	- -	1,497.90 <i>1,761.29</i>	- -	- -
Over 3 months to 6 months	25.24 <i>22.90</i>	5,399.67 <i>4,605.46</i>	- -	4,175.78 <i>4,719.02</i>	- -	- -
Over 6 months to 1 year	103.95 <i>195.01</i>	9,568.93 <i>8,554.29</i>	- -	7,195.46 <i>6,571.91</i>	- -	2,264.60 -
Over 1 year to 3 years	- <i>2.37</i>	24,094.04 <i>24,455.10</i>	- -	23,936.94 <i>26,364.01</i>	- -	1,740.02 <i>3,851.76</i>
Over 3 years to 5 years	- -	5,936.77 <i>7,787.17</i>	88.03 <i>136.42</i>	2,614.90 <i>1,401.65</i>	- -	- -
Over 5 years	- -	5,831.89 <i>7,858.66</i>	1.45 <i>1.45</i>	3,326.11 <i>3,257.62</i>	- -	- -
Total	176.19 <i>222.87</i>	57,162.45 <i>58,601.44</i>	2,233.51 <i>1,592.90</i>	44,968.45 <i>46,506.99</i>	- -	4,004.63 <i>3,851.76</i>

* 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*.

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**



(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)	(B)
		Number of accounts where resolution plan has been implemented under this window	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

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**



(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

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(Currency : Indian Rupees in crore)

Qualitative Disclosure on LCR

The Liquidity Coverage Ratio (LCR) is a global minimum standard to measure the Company's liquidity position. 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 its 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 its 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, 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%

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(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, FIs, 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.

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**



(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)	-	-

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**



(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	-	-

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**



(Currency : Indian Rupees in crore)

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

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(Currency : Indian Rupees in crore)

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 conformity 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

**Notes to the Standalone Financial Statements
for the year ended 31 March 2022 (Continued)**



(Currency : Indian Rupees in crore)

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/-.

Notes to the Standalone Financial Statements for the year ended 31 March 2022 (Continued)



(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

- The Company has not traded or invested in crypto currency or virtual currency during the financial year
- There are no transaction which have not been recorded in the books.
- 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.
- The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority
- The Company has not entered into any scheme of arrangement
- 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

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

Place: Mumbai
Date: 16 April 2022

Sd/-
Dipti Khandelwal
Company Secretary
Membership No.: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

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	
	<p>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'.</p>	
	<p>Subjective estimates:</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p> <p>Disclosures:</p> <p>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.</p>	<p>Our key audit procedures included:</p> <p>Review of Policy/procedures & design/controls</p> <ul style="list-style-type: none"> ➤ 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. <p>Substantive verification</p> <ul style="list-style-type: none"> ➤ 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	
	<p>IT systems and controls</p> <p>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.</p> <p>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.</p> <p>These includes implementation of preventive and detective controls across critical applications and infrastructure.</p> <p>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.</p>	<p>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:</p> <ul style="list-style-type: none"> ➤ 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: <ul style="list-style-type: none"> • 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.

Independent Auditors' Report (Continued)



- 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: 22033494AHFFE2260

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: 22033494AHFFE2260

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

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

Place: Mumbai
Date: 16 April 2022

Sd/-
Dipti Khandelwal
Company Secretary
Membership No.: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

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

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firms' Registration No:
105146W/W-100621

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Place: Mumbai
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Company Secretary
Membership No.: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

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, 1934.

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
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DIN: 05291597

Place: Mumbai
Date: 16 April 2022

Sd/-
Dipti Khandelwal
Company Secretary
Membership No.: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

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 instruments	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

For **Khimji Kunverji & Co LLP**
Chartered Accountants
Firms' Registration No:
105146W/W-100621

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DIN: 05291597

Place: Mumbai
Date: 16 April 2022

Sd/-
Dipti Khandelwal
Company Secretary
Membership No.: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Notes to the Consolidated Financial Statements for the year ended 31 March 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

Notes to the Consolidated Financial Statements for the year ended 31 March 2022 (Continued)



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 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

Notes to the Consolidated Financial Statements for the year ended 31 March 2022 (Continued)



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

**Notes to the Consolidated Financial Statements
for the year ended 31 March 2022 (Continued)**



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 arise from past events but probably will not require an outflow of resources to settle the obligation.

Notes to the Consolidated Financial Statements for the year ended 31 March 2022 (Continued)



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 not 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.

Notes to the Consolidated Financial Statements (Continued) as at 31 March 2022



(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.

**Notes to the Consolidated Financial Statements (Continued)
as at 31 March, 2022**



(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	-	-	0.07 (0.02)	0.06 -	-	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)

**Notes to the Consolidated Financial Statements (Continued)
as at 31 March, 2022**



(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 severally 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

Notes to the Consolidated Financial Statements (Continued)
as at 31 March, 2022



(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

**Notes to the Consolidated Financial Statements (Continued)
as at 31 March, 2022**



(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

**Notes to the Consolidated Financial Statements (Continued)
as at 31 March, 2022**

(Currency : Indian Rupees in crore)

Property, Plant and Equipment (PPE) and Other Intangible assets

Description	Office equipment	Furniture and fixtures	Leasehold improvements	Computers	Building	Motor cars	Total PPE Tangibles	Software and System development	Total Other Intangibles	Total
Balance as at 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.

**Notes to the Consolidated Financial Statements (Continued)
as at 31 March, 2022**



(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	1.45	2.78	3.21	246.91
	(326.49)	(3.02)	(2.03)	(2.71)	(334.25)
ii) Disputed dues - MSME	-	-	-	-	-
ii) Disputed dues - Others	-	-	-	-	-
iii) 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 Group's Office no.319, 3 rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and receivables under financing activity.	25,357.70	23,356.20
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

**Notes to the Consolidated Financial Statements (Continued)
as at 31 March, 2022**



(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)	-	900.00 (600.00)	4,369.00 (4,951.00)
8.5-9.5	1,931.60 (4,207.50)	-	-	-	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

**Notes to the Consolidated Financial Statements (Continued)
as at 31 March, 2022**



(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)

**Notes to the Consolidated Financial Statements (Continued)
as at 31 March, 2022**



(Currency : Indian Rupees in crore)

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%)	-	-	-	-
Repo Rate (0.00% to 3.50%)	1,061.46 (726.67)	2,286.39 (1,616.70)	1,473.21 (31.82)	4,821.06 (2,375.19)
Mumbai InterBank Offer rate (MIBOR) (0.00% to 3.50%)	725.00 (197.92)	252.08 (450.00)	- (27.12)	977.08 (675.04)
Total (b)	3,906.75 (1899.51)	4,873.25 (4126.31)	1,609.88 (169.77)	10,389.88 (6195.59)
Fixed Interest rate 4.50% - 5.50%	1,018.70 (318.18)	2,187.40 (1,090.91)	362.14 (90.91)	3,568.24 (1,500.00)
Total (a)+(b)	5,042.12 (6,185.12)	7,277.32 (9,152.06)	1,972.01 (277.35)	14,291.45 (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 (1,198.04)	429.25 (793.05)	12.89 (45.32)	1,205.64 (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.

Notes to the Consolidated Financial Statements (Continued)
for the year ended 31 March 2022



(Currency : Indian Rupees in crore)

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

**Notes to the Consolidated Financial Statements (Continued)
for the year ended 31 March 2022**



(Currency : Indian Rupees in crore)

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.

**Notes to the Consolidated Financial Statements (Continued)
for the year ended 31 March 2022**



(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

**Notes to the Consolidated Financial Statements (Continued)
as at 31 March 2022**



(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

Notes to the Consolidated Financial Statements (Continued)
as at 31 March 2022



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

**Notes to the Consolidated Financial Statements (Continued)
as at 31 March 2022**



(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

Notes to the Consolidated Financial Statements (Continued)
for the year ended 31 March 2022



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.

Notes to the Consolidated Financial Statements (Continued)
for the year ended 31 March 2022



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)

**Notes to the Consolidated Financial Statements (Continued)
for the year ended 31 March 2022**



(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	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.

Notes to the Consolidated Financial Statements (Continued)
for the year ended 31 March 2022



(Currency : Indian Rupees in crore)

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	-	-

Notes to the Consolidated Financial Statements (Continued)
for the year ended 31 March 2022



(Currency : Indian Rupees in crore)

	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

Notes to the Consolidated Financial Statements (Continued)
for the year ended 31 March 2022



(Currency : Indian Rupees in crore)

	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)	IALM (2006-08)
		Urban	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

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(Currency : Indian Rupees in crore)

	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: (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

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(Currency : Indian Rupees in crore)

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

Notes to the Consolidated Financial Statements (Continued)
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(Currency : Indian Rupees in crore)

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

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(Currency : Indian Rupees in crore)

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

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(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

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(Currency : Indian Rupees in crore)

- 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

Notes to the Consolidated Financial Statements (Continued)
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(Currency : Indian Rupees in crore)

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

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(Currency : Indian Rupees in crore)

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.

**Notes to the Consolidated Financial Statements (Continued)
for the year ended 31 March 2022**



(Currency : Indian Rupees in crore)

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
	Assets	Liabilities	Assets	Liabilities				
Cash flow hedge								
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
	Assets	Liabilities	Assets	Liabilities				
Cash flow hedge								
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

**Notes to the Consolidated Financial Statements (Continued)
for the year ended 31 March 2022**



(Currency : Indian Rupees in crore)

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.

**Notes to the Consolidated Financial Statements (Continued)
for the year ended 31 March 2022**



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.

**Notes to the Consolidated Financial Statements (Continued)
for the year ended 31 March 2022**



(Currency : Indian Rupees in crore)

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

Notes to the Consolidated Financial Statements (Continued)
for the year ended 31 March 2022



(Currency : Indian Rupees in crore)

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

- The Company has not traded or invested in crypto currency or virtual currency during the financial year
- There are no transaction which have not been recorded in the books.
- 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.
- The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority
- The Company has not entered into any scheme of arrangement
- 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.

- 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.

**Notes to the Consolidated Financial Statements (Continued)
for the year ended 31 March 2022**



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

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

Place: Mumbai
Date: 16 April 2022

Sd/-
Dipti Khandelwal
Company Secretary
Membership No.: F11340

Sd/-
Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353



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